THE

BANKER'S MAGAZINE

AND

STATISTICAL REGISTER.

"*No expectation of forbearance or indulgence should be encouraged. Favor and benevolence are not the attributes of good banking. Strict justice and the rigid performance of contracts are its proper foundation.*"

"*The revenue of the State is* THE STATE; *in effect, all depends upon it, whether for support or for reformation.*"

"*Rightfully considered, no principle is more conservative than that which identifies the laborer with the capitalist.*"

VOLUME THIRTY-EIGHTH,

OR,

VOLUME EIGHTEENTH OF THE THIRD SERIES.

FROM JULY, 1883, TO JUNE, 1884, INCLUSIVE.

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GENERAL INDEX

TO THE

THIRTY-EIGHTH VOLUME

OF THE

BANKER'S MAGAZINE AND STATISTICAL REGISTER,

FROM

JULY, 1883, TO JUNE, 1884, BOTH INCLUSIVE.

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"Clearing-houses of United States," on page 671. The figures showing exchanges of Boston and New York should be transposed—New York being first.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XXXVIII. JULY, 1883. No. 1.

RAILROAD WARS AND RUMORS OF WARS.

The atmosphere is thick with predictions of short crops and railroad wars. Prophets declare that if there be not enough business to occupy all of the railroads running from the East to Chicago they are sure to commit the egregious blunder of knocking the profits out of whatever business will be transacted. This is a grave prophecy, and has had the effect, doubtless, of leading many to sell their stocks through fear of greater loss if holding them longer. We believe that this gloomy prediction is not altogether warranted; that in studying the basis on which it rests, many important facts will be seen which the prophets have left out, and which are worth considering.

It is true that the transportation facilities between the East and the West have been greatly increased within a few years. On the other hand the freight to be moved has enormously increased. But beside the through traffic there has been a large increase of the local traffic. Those who say that the facilities for transportation have outrun the products to be carried do not properly estimate the growth of population and the increase of freight along the lines. They look at the question too much as one of through traffic solely. Besides, with the general increase of wealth the travel is growing, and thus the total income is likely to be larger than the figures given by the aforesaid prophets who profess to know all about it.

On the other hand, the art of managing railroads is every day advancing nearer to perfection. Indeed, the problem of transportation has already become to no small degree a scientific one. The cost of doing everything relating to transportation is becoming more and more a matter of knowledge, and less and less a guess, than they were formerly. New economies are constantly going into effect; experiments on the best railroads are conducted with that end in view, and thus, through the experience already acquired and the wise experiments that are constantly made, the cost of transportation is likely to be diminished.

These considerations, without going further, show that the profits will, probably, be somewhat larger than many have predicted. We now approach the question, What reason exists for supposing a railroad war will break out in case there is not employment enough for all the railroads? The old stock answer is, because, heretofore, on several similar occasions, the railroads sharply competed with each other, and cut rates to a ruinous extent. But, supposing it were true that the railroads had done these things a thousand times, is it certain that the railroads will ever do so again? There are very clear and strong reasons why they should not repeat the policy of cutting rates, whatever they may have done in the past, and we propose to show briefly what those reasons are.

In the case of individual competition, one object often is to cripple a rival and drive him from the business; but competition among railroad companies is a very different thing. The stronger concerns may drive the weaker ones into bankruptcy, but if they do competition is not ended. The weaker ones are, by the act of bankruptcy, absolved from many obligations, whereby they can compete more effectively than before. The history of railroads in this country shows that the bankrupt concerns are the very ones that carry competition to the farthest limits, and from which the worst evils are to be feared. The Grand Trunk and the Vermont Central railroads are well-known illustrations. Required to pay out only what they receive, after deducting the expense of management, such concerns are not troubled with questions of dividends and interest on bonded indebtedness. A sound railroad company fears nothing so much, therefore, as a bankrupt competitor; and the game of cutting rates, in order to drive out weak companies, is one which is sure to prove in the end exceedingly costly to the strongest companies, and to fail utterly in destroying competition. Railroad managers have learned much, and among other things, that railroad competition is not the way to make money for stockholders. It means the reduction or passing of dividends, but never the driving of any company out of business. If ten lines exist now between New York and Chicago, those lines on some basis or other are to be continued, and any policy aiming at their destruction is worse than foolish.

If, then, freights are likely to be lighter than they were, it is obvious that the companies are interested in keeping the rates as high as the products transported will bear, in order to get as much as possible out of whatever business there may be. The theory of the "bears" is, that if business be light the railroads will compete so sharply for it that they will offer to carry it for almost nothing, thereby reducing their income to zero, or at least to a very low figure. Possibly their view may be correct, but we do not believe it. We believe that railroads have learned something from former railroad wars, and are not likely to engage in another war very soon. They may, indeed, growl at each other, and resort to sharp practices and cut rates somewhat, but there is every reason to believe that in the future they will abstain from a long and open contest, which only means the loss of income, accompanied with no corresponding gain.

THE PUBLIC FINANCES.

The pension payments for the first eight months of the fiscal year, beginning July 1, 1882, amounted to only $35,000,000, but in the next three months they amounted to $30,000,000, the large additions made last autumn to the clerical force of the Pension Bureau having been at last got into good working order. If $10,000,000 was paid out last month, which must be very near the fact, it makes the total expenditure of the year $75,000,000. The appropriation for the year having been $100,000,000, there will be left over to be expended during the fiscal year beginning July 1, 1883, the sum of $25,000,000 in addition to the new appropriation of $86,000,000 made for it. It does not follow that $111,000,000 will be paid out for pensions during the current year, because there are available appropriations to that amount, and, on the other hand, if the Pension Bureau is able to adjust claims enough to call for a greater expenditure, the additional appropriations required will be promptly made by Congress at its next session.

The Arrears of Pensions Bill was passed in the winter of 1878–9, when the country did not have one single dollar of surplus revenue, and when nobody anticipated that there would be any surplus revenue. During the same session of Congress at which it was passed, the Treasury Department made a persistent effort to procure legislative authority to borrow money. The men who voted for the Arrears bill, whatever ignorance about it they may now find it convenient to allege in excuse for their votes, ought to have known, and did know, that it would take a great sum from the Treasury, although the money which it will actually take is probably greater than anybody anticipated. The maximum limit of it is even now not known.

Some time ago a rough estimate, not claiming any exactness of figures, was made at the Pension Bureau that the aggregate pension payments (the Arrears being the principal part of the whole) would be $100,000,000 for the year ending June 30, 1883; $125,-000,000 for the year ending June 30, 1884, and $75,000,000 for the year ending June 30, 1885. This estimate turned upon a calculation as to the capacity of the official force of the Bureau to dispose of the claims for arrears, and the hope which it held out of a diminished expenditure during the year ending June 30, 1885, was based upon the idea of a very large disposal of those claims during the two previous years, and of a larger disposal by $25,000,000 than was actually accomplished in the year ending June 30, 1883.

A gentleman who has been obliged, from being on one of the pension committees of Congress, to study the subject a good deal, advises us that there is no reason to expect a diminution of the pension payments for three years to come, even if the pension laws are not further changed in the direction of a more generous liberality, and it is in that direction that they will be changed, if they are changed at all. Additions were made last winter to the amounts received by certain classes of pensioners already on the rolls. New classes of pensions are likely to be granted hereafter. During the past winter the Legislatures of New York and Pennsylvania passed bills giving State pensions to the surviving soldiers of the Mexican War. Both these bills were vetoed by the governors of those States; but with this manifestation of popular feeling in the two largest northern communities in favor of doing something for those veterans, it looks as if it was almost certain that a measure in their favor, which has always received a warm support from the South, will before long be carried through Congress.

The situation, roughly stated, is, that the annual charges of the National debt, being the interest and the sinking fund together (and the public honor is as distinctly pledged to keep up the sinking fund as it is to pay the interest), will be for many years $100,000,000, while the pensions will for several years average $100,-000,000. The total revenue for the year just ended was hardly $400,000,000, from which we must hereafter take the reductions made by the tax law of last winter. If imports remain the same as heretofore we cannot now count upon a greater total revenue than $340,000,000, of which the larger half is mortgaged to the public creditor and to the pensioners.

With an annual burden of $200,000,000 imposed upon us by the war debt and by the pension rolls, which originated in wars, it would seem to be about time to give up the senseless demand that, because we are now at peace, all the taxes imposed during the war should be repealed. It is true enough that the war is over, but the war debt and the war pensions still remain, and are likely to remain for long years yet.

Nothing pleases the witless demagogues of this country better, and nothing serves their purposes better, than a catch-phrase. It was under the cry of "*a free breakfast table*," that they threw away $20,000,000 of revenue from taxes on tea and coffee, without any reduction in the cost of those articles to the consumer. Their present cry, that "*war taxes must not be collected in times of peace*," may not prove to be equally potent. It does not require any abstruse mathematics to discover that if our internal revenue is destroyed, we must either repudiate the National debt, stop payment on the pension rolls, or appropriate no more money for the ordinary expenditures of the Government. It will be found, we apprehend, that the country is not prepared to do either of those things.

THE MONETARY QUESTION IN GERMANY.

The following article by M. de Pulitz, and which first appeared in the *Economiste Française*, describes with candor and clearness the actual situation of the monetary question in Germany at the present time. It brings out especially the unexpected difficulties with which Germany has been obliged to contend in adopting a gold standard, and the change in opinion since the experiment was undertaken.

The law of the fourth of December, 1871, says the writer, which established in Germany the gold standard in place of the silver one, was applauded not only by the German people, but by the entire civilized world. It was principally Soetbeer who demonstrated—thanks to his indefatigable ardor—the superiority of the gold standard to the silver one. Commerce joyfully exchanged the heavy silver money for gold, which was lighter and more convenient for traffic; and science proved the indisputable advantage of the gold standard. Nobody at that time doubted that the establishment of an exclusive gold standard was not only advantageous, but absolutely necessary for the German people; they rejoiced that the inevitable cost of every monetary reform had been easily borne, favored by the flourishing state of the German finances, and they expected that this reform would be promptly and easily accomplished.

By the monetary law of the ninth of June, 1873, the gold standard was introduced in principle with the new money, yet, in order to have enough time to buy sufficient gold and to sell the superfluous silver, the fifteenth article of the law declared that, provisionally, instead of demonetizing the one and two-thaler pieces, they would be accepted at their full value as a legal instrument of circulation.

Afterward the two-thaler pieces were demonetized on the fifteenth of November, 1876, but the one-thaler pieces are still received as a legal medium of payment to the value of three marks, although nobody is obliged, according to the principle of the single gold standard, to take the new silver money of the Empire in payment of a sum exceeding twenty marks. As the silver thaler truly had, in 1873, the value of three marks, nobody lost anything in accepting as such. Throughout the nineteenth century the value of gold has maintained the ratio of one to 15.5 to silver, and the Government was clearly right in basing its reform on these figures.

According to the monetary conference of Vienna, held on the fourteenth of June, 1857, thirty thalers were equal to one pound of pure silver; by the law of the Empire of the ninth of December, 1871, one pound of pure gold was equal to 139½ ten-mark pieces. The ratio of gold to silver was the same, one to 15.5; a silver thaler, therefore, which represented 1.30 of a pound of silver was equal to 1.465 of a pound of gold, which made a pound of gold valued at 1.395 marks, the equivalent of 465 three-mark pieces.

But afterward the price of silver fell very much; the ratio of gold to silver, therefore, is changed to the detriment of the latter metal. The difference has sometimes been one to twenty, and often one to very nearly eighteen. The thaler, therefore, does not actually represent twenty-five marks, and as the thalers have been generally accepted throughout the Empire at the value of three marks, we may consider them as a kind of fiduciary money, having a forced value, as a substitute for payment in gold, having indeed some value, but less than that indicated. In 1879 the old German money was retired from commerce; it was melted down, and the silver was sold in London to foreigners. In this way, Germany sold in all 7,104,895 pounds of silver at the price of 567,139,992 marks. As the silver sold had cost Germany 663,621,128 marks, there had been lost by these sales 96,481,135 marks. We may say that about twenty-five millions of this loss were occasioned by the deterioration of the metal during its employment as money, and seventy-one millions by depreciation. In consequence of these losses, and the difficulty of continuing the sales without making still greater losses, the President of the Bank of Berlin, in May, 1879, put an end to the sales of silver, and this measure was approved by the Reichstag, notwithstanding the opposition of the leaders of the monometallist party. The Government stopped the sales for a moment, hoping that the price of the metal would improve. This hope has not been realized; the price of silver, which at first advanced a little, soon fell again, and its value has not been very different since, than during, the sales of silver by Germany. If the sales should be begun, the price would probably fall more. Therefore the Empire has abandoned, by stopping the sales of silver, the establishment of the gold standard, though retaining it in principle, and hoping to introduce it wholly at a more favorable time. Science and practice have no doubt of its necessity, and consider its introduction only a question of time. But since the sales of silver have ceased the state of things has suddenly changed, and has given rise in Germany to an anti-monometallic movement, which, starting from almost nothing, has made a great progress. This movement takes as a point of departure the great cost of the conversion to a gold standard thus far incurred, and seeks to demonstrate that, without incurring still greater cost, the conversion can never be effected, and concludes that it is necessary to return to the bimetallic standard. The instigation of the movement comes from France, a country which maintained bimetallism from 1803 to 1873, but which did not defend the free coinage of silver after the sales by Germany, through fear of being inundated with this metal. In this matter France had, in fact, to abandon bimetallism, but it has always adhered to the principle, and it cherishes the hope of being able to introduce it through the adhesion of England, the German Empire, and the United States. In France, Wolowski and Cernuschi have principally represented this opinion, and it has been adapted to the German situation by Arendt, a disciple of Cernuschi, in a book on *Conventional Bimetallism*, which appeared in 1880. Arendt describes in a very candid spirit all the experience acquired during the experiment to establish a gold standard, and he has thus revived the monetary disputes which, it was believed, were forever dead. In Germany his book inaugurated a new mode of considering and treating the monetary question. So far as considering this question essentially National, and demonstrating, from this point of view, that bimetallism is impossible, Arendt, on the contrary following the example of Cernuschi, pleads for "international bimetallism," and seeks to demonstrate the impossibility of a single standard of gold for Germany in the light of its recent experiences. Many of the professors of political economy, who previously had been monometallists, have been convinced by Arendt's arguments; to-day Wagner, Schaffle, Lexis, Neuwarth, and others are outspoken for bimetallism, the men of science who have never been its German opponents, except Soetbeer, Nasse and Roscher.

Many brochures treating of this matter have also appeared, and the question has been considered from all sides, demonstrating the falsity of certain monometallist arguments. The opponents of bimetallism are attacked less with respect to their principle than the great difficulty of carrying it out. The change in the ideas does not naturally stop without consequences, and by all the discussions of the monetary question, the anti-monometallist movement for universal bimetallism is expanding more and more.

The injurious consequences of the enormous depreciation of silver have been felt in other countries, and America, with its great production of silver, is the principal sufferer. In 1878 it succeeded in organizing a monetary conference at Paris, in order to find some means for remedying the general inconvenience of a great depreciation of silver. Germany refused to take part in this conference, for it was not willing to abandon the gold standard, but, on the contrary, to finish its introduction as promptly and completely as possible. The practical proposition of the United States, which demanded a general return to bimetallism, was almost unanimously declined by the conference. But afterward, in 1881, America again took the initiative for a monetary conference at Paris, and Germany this time sent its representatives. It did not aim for a general return to bimetallism, but to find the means to regulate the monetary question in the different countries. During this conference, America, France, Holland, Italy and Spain declared in favor of introducing bimetallism, while the other powers, and especially England and Germany, convinced of the difficulties caused by the depreciation of silver, made several concessions in order to lessen them, but held firmly to the principle of a gold standard. The discussions of the conference, which lasted from the nineteenth of April to the nineteenth of May, and from the thirtieth of June to the eighth of July, reached no positive result. The conference was then adjourned to the twelfth of April, 1882, and from that time indefinitely. Each party considered itself victorious. The monometallists were able to prove the impossibility of bimetallism, because it had failed at the conference; the bimetallists, on their side, found that the conference was more favorable than that of 1879, and consequently regarded it as a victory. In order to have a controlling influence in the next session of the conference, the bimetallists seek to gain everywhere public and official opinion. Bimetallist meetings have been held in the different countries, especially in England, and not without success; in Germany they have established a society in favor of international bimetallism, and which seeks to put in vogue these ideas, both in writing and orally, and which held a bimetallic congress at Cologne from the eleventh to the thirteenth of last October.

The bimetallists affirm that the return to the gold standard has been occasioned by three causes:

1. The preference, in all countries, for gold in comparison with silver.

2. The hope of establishing, by the adoption of the gold standard in Germany, a universal gold standard.

3. The fear of a general depreciation of gold.

Since then, they say, this fear is changed into a fear of a general depreciation of silver. The idea of a universal standard is not more realizable than a gold one; in consequence of the diminution in the production of gold, it can be effected only through bimetallism. Without gold, the most civilized people are trying to adopt a gold standard, because of the growing predilection for this metal, and the experiment will necessarily fail, seeing the need for gold occasioned prior to the coming of disastrous crises in commerce. Germany suffers from the depreciation of silver, in view of the quantity it possesses and its commerce in metallic merchandise, and for its own best interest it should move toward international bimetallism. Naturally the monometallists, and especially Bamberger and Soetbeer, have not been idle for a long time. They are attacked from all sides, with much energy and shrewdness, but often without impartiality and with a pride, by their adversary, who injures the cause itself which he defends. The greatest success of the bimetallists is perhaps the famous article in the *North German Gazette*, the organ of Bismarck, generally attributed to M. de Dechend, director of the Bank of Berlin, in which he declares himself entirely in favor of bimetallism. But, in general, the press retains its former opposition to bimetallism; from time to time it is forced to treat the question, which is not often done, without much prejudice. The discussion is the most lively on the subject of the causes of the depreciation of silver. The two parties are in accord that it has not been occasioned by the production of this metal in America. The bimetallists see its origin solely in the monetary reform of Germany, and in the consequent suspension of the free coinage of silver in France. The monometallists, and Soetbeer especially, endeavor to ascribe the fall to the diminution of the purchase of silver by Asia.

Among the merchants, the bankers and the financiers the opinion is generally favorable to the gold standard; several tribunals have declared themselves in favor of bimetallism, but the progress which it makes in these circles is very slow. In truth, this is purely a technical question, and has nothing to do with politics: and the two parties emphasize this strongly. Notwithstanding this, the friends of bimetallism are just at present chiefly members of the conservative and clerical parties, besides several socialists, while the liberals are in general very favorable.

This is the actual condition of things, and the question is: What shall be done? We have seen that the German Empire has engaged in an enterprise to establish a gold standard, although the experiment has already cost it nearly one hundred millions of marks. After the most exact investigations it is supposed that there still exists between 410 and 450 millions of marks in one-thaler pieces; as we have seen, these pieces are extremely depreciated, and although they are a legal medium of circulation, and must be taken everywhere in order to complete the establishment of the gold standard, it is necessary to exchange all these pieces for gold, which, seeing that the price of silver is so low, cannot be done without incurring a very great apparent loss.

What is the Empire to gain by it? To this question three different answers have been given:

1. The monometallists desire that the sales of silver be renewed, notwithstanding the losses which have been sustained, and that they be continued until the absolute establishment of a single standard; for, they say, as the price of silver continues to fall, it will be greater in the meantime than thet sustained by selling the superfluous silver.

2. The Government seems desirous of maintaining in *statu quo*, that is to say, to wait for better times before selling its silver.

3. The bimetallists finally declare that the introduction and the preservation of a single gold standard are impossible, and they desire, consequently, the abandonment, not simply for the time being, but definitely, of all sales of silver, and that the thalers be always kept as a legal medium of payment.

After thus abandoning monometallism, the bimetallists then desire a return to the former condition of things, so far as public opinion in England can be convinced of the advantages of international bimetallism; and an international bimetallic treaty be made between England, India, France, Italy, Spain, Holland, Germany and the United States. The establishment of such a form of international bimetallism should be, according to the opinion of the bimetallists, the end of the monetary policy in Germany, and the abandonment of the sales of silver is only the first step toward this end.

In harmony with this, a law, containing a number of signatures of conservative and clerical members, has been presented by M. de Kardorf to the Reichstag. The discussions on this subject have been postponed for a time, but will surely take place before the end of the session. The principal object of this law is to show the strength of the bimetallist party in Germany, and to constrain the Government to convoke promptly the monetary conference at Paris.

Germany will not adopt international bimetallism unless England does likewise, and we do not believe that that country has any intention of abandoning its gold standard; the chances of the success of international bimetallism, therefore, are very feeble to the eves of the bimetallists themselves.

GOLD CERTIFICATES.

There has always been in some quarters an apprehension that the issue of gold certificates would tend to reduce the amount of gold owned by the United States Treasury. It was that apprehension which led to the insertion in the law passed by Congress last year, requiring the Treasury to issue certificates to anybody depositing gold, of the qualifying restriction that the issue of certificates shall be suspended whenever the gold owned by the Treasury falls below $100,000,000.

The only ground for this apprehension which we have ever happened to see definitely stated is, that whenever the gold certificates become sufficiently numerous, no gold in the metallic form will be paid at the Custom Houses, on account of the greater trouble, risk and expense of handling it, as compared with handling certificates, and that the Treasury being thus cut off from the receipt of any gold will have nothing to balance the outgo of it, and must sooner or later be left without any. As one of our city contemporaries expressed it:

> All payments of revenues in gold will very soon cease. No man will pay "Honest John Barkely" a dollar a bag to have his gold carried to the Custom-house, or will take it there himself at greater risk, when he can obtain a certificate which will do the same work and go in his vest pocket.

What is thus said is undoubtedly true. Nobody will pay gold who finds certificates abundant and within easy reach. But it is also true that when the Government receives a gold certificate, it receives not merely a paper title to gold, but that metal itself, because it was already the holder of it, and the issuer of the voucher for its deposit. An individual receiver of a gold certificate gets nothing but a good right to demand the gold, but in the case of the Government, the right to exercise full ownership over the metal is added to the previous actual possession of it, and it has in its vaults for its own uses just so much more gold than it had before. It can make no difference whether it has counted out to it for customs duties one thousand gold dollars, or receives its own certificate for one thousand dollars, which it may thereupon use for its own purposes, but over which, so long as the certificate was outstanding, it had no right of use, but only had a certain defined duty to perform, namely, the duty of guarding and safely keeping it until the owner called for it. The idea that the Government can lose its gold revenues, or any part of them, by being compelled to receive its own certificates of the deposits of gold, seems to have no foundation whatever.

There is another way in which the issue of gold certificates may really operate to reduce the amount of gold in the Treasury, and in which it has undoubtedly already reduced it, although the rapidity and present extent of the reduction have been far less than what was anticipated in most quarters.

Under our existing method of coining silver dollars, they are struck only for the account of the Government, and from bullion purchased by the Government; and they all belong at the moment of coinage to the Government. They remain the property of the Government until they pass into circulation, in either the metallic or certificate form, and the less of them that get into circulation the more are left in the Treasury, and as only a certain amount of coin is intended to be kept, the larger the proportion of silver in that coin the less the proportion of gold will be. The manifest tendency of supplying gold certificates to the market is to diminish the uses and room for silver certificates. The general expectation was, when the gold certificates began to make their appearance at the beginning of last October, that the silver certificates would rapidly disappear, as the gold certificates would answer every purpose which the silver certificates could or did answer, and were on many accounts, and to many persons, more acceptable. The New York *Financial Chronicle*, of the twenty-eighth of last October, expressed what was a common opinion at that time in saying of the gold certificates, that they were "sure *to wholly supplant silver certificates.*" It was anticipated, and has proved to be true, that deposits of gold to procure silver certificates would cease altogether after the law had been so changed as to give depositors of gold the right to demand gold certificates. But it was not foreseen, or was overlooked, that while the issue of silver certificates would in that way greatly fall off, the return of silver certificates to the Treasury in payment of Custom-house duties would also fall off, because there was the new medium of gold certificates in which they could lawfully be paid. What has in fact happened, is that the silver certificates outstanding when the gold certificates came into the market have not been "*supplanted*," but have even slightly increased, say from sixty-eight to seventy-two million dollars. But they would doubtless have increased more if the gold certificates had not been issued, so that the silver circulation in the certificate form is now less, and the accumulation of silver dollars in the Treasury is now greater than would have been the case if the gold-certificate law had not been passed.

It is the opinion of many observant and competent bankers that the issue of coin certificates without reference to the particular kind of coin, whether gold or silver, tends to diminish the field for and to reduce the capacity of the country to absorb, the circulation of other forms of paper money, such as the greenbacks and the National bank notes. There certainly seems to be many good grounds for such an opinion, although there are many intelligent persons who do not concur in it. It is not a question of any present practical urgency, under the actual circumstances of law and fact, which limit the total amount of greenbacks, bank-notes and coin certificates in the country. The volume of the greenbacks is absolutely fixed by law, and the volume of the bank notes is substantially steady, as a matter of fact. If the volume of the silver certificates is increasing, it is only very slightly, As to the gold certificates, the existing provision of law that their issue shall be suspended whenever, and so long as, the gold held and owned by the Treasury falls below $ 100,000,000, may, of course, be changed by Congress, but is not likely to be.

The present Secretary of the Treasury is opposed to coin certificates of any kind. He objected to the passage of the gold certificate law last year, and he has advised that the law authorizing silver certificates should be repealed.

UNEASINESS OF EUROPEAN CAPITALISTS.

The London *Economist* of May 12 has a good deal to say about what it calls "*the depth of the unrest still existing in Europe.*" It says in so many words that "*the ablest men of business abroad are the least satisfied with the situation and the most averse to enterprises the returns of which may be postponed for any length of time.*" The alarms to which it refers all have relation to the outbreak of war. Nobody knows what will happen when Bismarck dies, which may happen any day. It is believed by some that the war party in Russia will get into the ascendant, and by still a greater number that some form of monarchy will supplant the French Republic, and that the new French ruler, whoever he may be, will seek to strengthen himself by fighting for Alsace-Lorraine, or for compensation in Belgium or somewhere else for those lost provinces. It is added that "*the well informed suspect the sincerity of Austria,*" and fear some enterprises from that quarter for the possession of the Balkan peninsula. The *Economist* declares that this diffused feeling of distrust, even if exaggerated, "*is quite real, and explains the low price of what ought to be good securities, even Prussia paying four per cent. for loans.*" The *Economist* adds that Englishmen who "*are not disturbed by the feeling that fourteen days after a quarrel a foreign army may have crossed the frontier,*" cannot very well realize the apprehensions of persons on the Continent of Europe. Nowhere in the article of the *Economist*, which is somewhat lengthy, do we find any reference made to apprehended dangers to existing governments from the political sects known as Nihilists, Communists, Socialists, and Red Republicans. The fears on that score felt abroad are either actually less than is commonly supposed in this country, or it is not thought expedient to express such fears.

Mr. Eckstein, United States Consul at Amsterdam, in a report to the State Department, dated February 28, 1883, says of the ideas of the Dutch about investments:

What seems particularly to attract their attention to our country, with a view of investments therein, is considered to be the comparative immunity of the United States from external political complications of any such character as at any time to justify apprehensions for the preservation of almost perpetual peace.

In this report of Mr. Eckstein, as in the article of the *Economist*, no allusion is made to Socialism as a menace to the security of investment. The thing dreaded is war, which in Europe means addition to public debts, already swollen in most European countries to very near the unbearable point, and it is in such debts that a large part of their (so-called) wealth consists.

Four per cent. seems to the *Economist* a high rate of interest to be paid by such a country as Prussia, which owns little if anything more than the of value the domains and railroads owned by its Government. But Belgium pays as high a rate as that, having just sold a four-per-cent. stock at the merely nominal premium of one and a-half per cent., although its Government holds productive railroad property reputed to be a full offset to its debts.

Whatever difficulties European capitalists may have in making satisfactory investments at home, there is nothing which either will or ought to induce them to purchase securities in this country. The abundance of capital in the United States has now carried our strong and sound investments to figures which put them beyond the reach of foreign buyers. No bond of our National Government can be bought at a rate which will yield the purchaser three per cent. on his money. As to our speculative securities, foreigners must be infatuated, indeed, if they meddle with them. Their inspection of such things must of necessity be made at a long distance and through glasses, the color of which is shifted from time to time to suit the purposes of persons on this side.

The only safe course for Europeans who have money and wish to share in our superior and more stable prosperity, is to come here to live, and bring their capital with them. Some of them are doing that now, and more of them will do it hereafter. On the spot, and with as complete and prompt access to existing facts as anybody can have, they can buy lands and engage in all branches of agriculture, manufacturing, and commerce, with a reasonable prospect of securing the average rate of profit in this country.

Purchases of real property in this country by foreigners are increasing, and especially of cultivable and grazing lands. When the London *Times* observed a few weeks ago that no small portion of British wealth consisted of real estate in Great Britain, the present value of which depended upon an artificial condition of things, and was to that extent precarious, it gave expression to ideas which must have occurred to all Englishmen who think at all. They cannot fail to see the greater reliability of the value of lands which will produce sugar, cotton, wheat, and other crops, for which the demand is as permanent as the essential wants of mankind.

In the letter of Mr. Eckstein, already quoted from, the following appears:

The National wealth of the Netherlands suffered a considerable diminution in 1882. The losses from securities of many descriptions contributed to this result, but as represented to me it is *more chiefly on account of the recent and great depreciation in the value of all kinds of real estate throughout the country*, and the rather unfavorable outcome of the general commerce and trade of the country.

In England, as is well known, the rents of agricultural lands have fallen largely in recent years, from poor crops, the competition of foreign breadstuffs and meats, and the general impoverishment of the tenant farmers as a class, but no statements have been made of any fall being now in progress in respect to town property. The contrary may be inferred from the activity reported in the building trades.

L'Economiste Française said recently that house rents, except of the very poorest classes, in Paris and the other principal towns in France, had rather tended to fall within ten or fifteen years past. It is fairly inferrible from its expressions, that the fall which has occurred in house rents is less than the fall which has occurred in the rates of income obtainable by the purchasers of securities, so that the sale price of houses may have rather increased than diminished, unless taxation has become heavier.

GOLD PRODUCTION.—According to a statement just made by the Director of the Mint, the gold production of this country has fallen from $51,000,000 in 1878, to $32,500,000 in 1882. But of this fall $13,000,000 occurred in a single year, between 1878 and 1879, and was caused by the sudden giving out of the Comstock Lode. Since 1879 the production has fallen only $5,500,000, and it seems to be the opinion of the Mint director that it will be likely to recover itself. Of the prospects of mining in California, which is still the chief source of our gold supply, he speaks very hopefully. The yield of the placers has been checked by the controversies between the miners and the farmers, whose lands have been injured by the washing operations. An adjustment in some way of these controversies is expected, and in the meantime the gold quartz mining is being steadily and successfully increased.

IMPORTING GOLD.

The amount of the full-tender money of this country may be roughly stated at $1,300,000,000, as follows:

Gold (including coin and bars)	$600,000,000
Silver coined dollars	150,000,000
Greenbacks	247,000,000
Bank notes	303,000,000
Total	$1,300,000,000

In this reckoning we make no allowance for the greenbacks and bank notes destroyed and lost in various ways during the upwards of twenty years they have been in circulation, but we deduct from the net amount of outstanding bank notes the five-per-cent. redemption fund of $16,000,000 held in the United States Treasury, and from the amount of outstanding greenbacks $100,000,000, of coin held in the same custody as a reserve against them. We deduct nothing for the metallic reserves of the banks, which are held exclusively against deposits. The reader, understanding the principles upon which our computation is made, can, of course, change the result so as to conform to his own views; but the figure of $1,300,000,000 of full-tender money cannot be much varied by any method of computation which is at all allowable.

Whatever the exact amount may be, it is as large an amount of money as the country can at the present time retain in its circulation. The test of that is a comparison of our prices with those prevailing in other parts of the commercial world, in connection with the course of our foreign trade, in which the merchandise exports and imports now very nearly approximate each other. It is altogether plain that, under existing circumstances, an increase of our volume of money and of our prices, relatively to the volume of money and to the prices of the commercial world, would speedily check our exports and swell our imports, and thereby involve us in all the consequences of an adverse balance of trade, one of which would be the outflow of such descriptions of our money as are available abroad. Nothing is more completely settled by authority and reason than that the proportionate volumes of money in all countries on the metallic standard are fixed in each country, not by its own wishes, interests, or currency regulations, but by the higher law of the course of the foreign exchanges.

It will be said that the United States needs an annual addition to its money equal to the annual increase of its population. So it does, in order to maintain that very desirable thing—a steady general range of prices. But it is not every desirable thing which is also an attainable thing. A steady range of prices can not be maintained here, if, under all the circumstances of the situation, it is not maintainable throughout the commercial world. How that may be at the present time is a matter of very considerable uncertainty, and it is at this moment the subject of animated discussion in Europe, whether a general constriction of money and a general fall of prices are not now in progress. If that proves to be so, we may rely upon it that we shall not escape our share of participation in the consequences.

But if the gloomy predictions made in some quarters prove to be erroneous, and if the course of monetary events in the immediate future shall be fairly favorable, the most that we can hope is to retain in our circulation an increase of money of three per cent. per annum, which is about the annual addition to our population. That would be an annual increase of $39,000,000 in our money, and necessarily in the metallic part of it only, inasmuch as the volume of the paper part is so fixed by law and circumstances as to be substantially non-elastic. If $39,000,000 is the limit, and it is probably too high a figure, of the possible annual increase of our metallic money, we cannot, so long as we coin 27,000,000 silver dollars annually, retain in monetary use a greater annual addition to our gold money than $12,000,000; so that of the $22,000,000 of the gold from our mines, which is the annual amount disposable after supplying the consumption in the arts, we must export $10,000,000. If we stop coining silver dollars, we might retain our annual gold supply of $22,000,000, and import besides, every year, $17,000,000 from Europe, provided we maintain such a scale of prices on this side of the Atlantic, as compared with the scale on the other, as to cause gold to flow this way.

We may as well look the situation in the face, and not delude ourselves with the idea of inflating prices in this country by means of gold imported from Europe, which has none to spare, and which has the realized wealth and the organized and controllable industries to retain what it possesses. If they cannot coerce such a course of trade by lowering the prices of their merchandise as will defeat an attempt from this side to drain away their money, they still hold an abundance of our securities, which they will sell on any terms necessary to defeat it. The Bank of England has no idea of suspending coin payments to accommodate the United States. The English are too rich and too proud to think of that. The gold in their bank is down now to about twenty millions sterling, which is a less quantity than it has held at any time since November, 1873, and they will know how to prevent its going any lower. They are already exporting steel rails at prices below five pounds, free on board ship, and if necessary to protect their sovereigns they will reduce the prices to four pounds, and even less than that. They will reduce all their prices, and to any degree necessary to protect their gold.

The prudent thing for this country to do, in the actual position of things at home and abroad, is to give up the mischievous and impossible hope of swelling our prices by drafts upon the money of other countries, and to be content to accomplish, if we can, the object of keeping our prices steady by an increase of money from our own mines corresponding with the increase of our population. It is not certain that even so much as that is practicable, but it is, at any rate, not preposterously impracticable, like the scheme of drawing gold from Europe, which is the last and very forlorn hope of drooping speculations in Wall Street and elsewhere.

RUSSIAN FINANCES.

On his death-bed the Emperor Nicholas said in dismay at the calamitous results of his iron rule, developed by the Crimean War: "My successor may do as he pleases, but I cannot change." His successor, Alexander II, availed himself of this paternal permission, and early turned his attention, among other matters, to the finances of Russia, which stood sorely in need of reform. There had been a growing deficit in the budgets for some years; the war had cost close upon 500 million rubles, the paper money was fast depreciating, and abundant means were indispensable for carrying out the reforms projected by the new monarch and anxiously awaited by his subjects.

In 1858 a commission was appoined to lay down general principles, then a special commission elaborated their application to the budget, and the result was imperially approved May 22, 1862. The budget of the latter year was the first ever published in Russia, an event almost as memorable as the appearance of Necker's famous *Compte rendu*. Previously each ministry had had its own budget of receipts and expenditures, subjected to no efficient control, and buried in manuscript, so that a general survey was next to impossible, and anarchy reigned where order should be supreme. The reforms put the estimates of the different ministries and institutions in the same form, incorporated all receipts and expenditures in the imperial budget with explanations of items, and concentrated all the State's financial means and operations in the ministry of finance. Separate and special funds were abolished; all the public revenue flowed into the general treasury, whence payments were made directly to the individual creditors of the State.

From an able survey, based upon official documents and published in the *Russische Revue*, of the operations of the Russian ministry of finance during the twenty-five years between 1855 and 1880, embracing all but a few months of the reign of Alexander II, we find that the budget of 1855 put the revenue at 206,860,000 rubles, and the expenditures at 263,300,000 rubles, while the budget of 1880 estimated revenue at 666,452,434 and expenditure at 666,-256,500 roubles. The public revenue has therefore more than tripled within a quarter of a century, and the expenditures have increased in almost like progression. Subordinate to the main treasury there were, in 1879, 674 offices, employing 3077 officials, and at the end of that year the Russian Government had in its treasury, or with foreign bankers, 487,384,000 rubles cash, of which 245 millions were deposits.

After the Crimean War a special commission of the finance ministry investigated the old system of taxation with a view to its improvement. The public revenue is derived from direct taxes (capitation and land tax, and taxes on commerce and industry), indirect taxes, and special imposts. In 1855 the inhabitants of town and country paid a poll tax, and the peasantry of the imperial domains paid ground rent, while the provincial governments required a separate poll tax and a commercial tax. Reform expenses made successive increases of the poll tax necessary, but in 1863 the poorer inhabitants of cities were relieved of their poll tax, the deficiency being made good by imposts on real estate and commerce. Further reductions of the poll tax were effected later, and from 1875 troops were no longer quartered on the inhabitants, the Government, instead, paying their rent, heat and light. The whole burden of direct taxes falls upon the peasant; a few years since it was estimated that two-thirds of his net income went to the Government; and though the finance ministry ever deals gently with the peasant, whose poverty is his misfortune and not his fault, never selling his land to pay arrears of taxes, it has been seriously proposed to abolish the capitation tax. Russian merchants belong to either the wholesale or the retail guild, each paying fixed dues, and a license tax is also imposed on even the smallest dealers and manufacturers; the taxes on commerce and industry rose from four, in 1862, to about fourteen and a-half million rubles in 1880. The indirect taxes form the chief source of the public revenue, and they were about fifty-one per cent. of the whole in 1855 and 1880. The Russian peasant is proverbially fond of his *vodka*, or brandy, and the Government reaps a rich harvest from intemperance, more than a third of its entire receipts coming from the excise tax on spirituous liquors. The right of distilling liquors was formerly farmed out, but the excise system was adopted in 1863, and the rate of taxation has since been doubled, saloon-keepers having also to pay a heavy license tax. The Government of Russia used to provide its inhabitants with salt; in 1862 salt was thrown open to competition and subjected only to an excise duty, and at the end of 1880 even this excise was abolished, and the duty lowered on imported salt. The excise on tobacco was introduced in 1838, and has been increased several times since. A tax was laid on sugar in 1848, and has been since modified. No item of the public income has increased so rapidly as the customs, and they have fallen behind in one year only out of the last fifteen—in 1877, on account of war with Turkey. The tariff was revised in 1857, again in 1868, and duties were made payable in gold from 1877. The stamp tax has often been changed; the seventy-three kinds of stamped paper were reduced to forty-nine in 1875, and the revenue therefrom has tripled within twenty-five years. The dues on real estate sales amount to four per cent. of value, and have constantly increased in amount. Legal dues brought a larger revenue after the law reforms of 1869, while the chancery dues have varied little during the last quarter of a century. Other contributions to the public revenue are the deductions from official salaries to form a pension fund, and for furloughs, dues from officials on entering the State's service and on receiving an increase of salary, fees for passports, tolls on roads, payments for the privilege of carrying weapons in Poland, dues on fire insurance. Penalties are inflicted when lawsuits are unjustly brought or appealed, and likewise on infractions of the press law and on fraudulent stamped paper. The State guarantee of railroads imposed burdens equally upon people deriving no benefit from them, to obviate which a tax was put, in 1878, on railway passenger tickets and freight.

In the early part of the reign of Alexander II the imperial institutions of credit were the only ones to which private parties could have recourse for a cheap credit, and the Government for its means as needed. These institutions were the Loan Bank and the Commercial Bank under the finance ministry, the Boards of General Aid under the Ministry of the Interior, and the St. Petersburg and Moscow Deposit and Loan Offices, belonging to the department of the Foundling Hospital; they all loaned on real estate at five per cent., with gradual amortization for long periods (up to thirty-seven years), except the Commercial Bank, founded chiefly for the more convenient transfer of money on order, and for granting loans of not over ten months on notes, securities, and merchandise. The original capital of these institutions, amounting to but thirty-eight million rubles in 1857, was insufficient for their operations, and they were accordingly empowered to receive deposits and pay interest thereon at four per cent. The depositor took a certificate of deposit, and could withdraw his deposit at any time. The war of 1855 reduced commercial transactions, and the large issue of paper money to cover extraordinary expenses of the State in a period of commercial dullness caused money to flow into the credit institutions, the deposits reaching 1276 million rubles in 1857, of which about 180 millions found no employment. To prevent the banks from losing considerable interest an imperial ukase lowered the interest on deposits from four to three per cent., and on loans from five to four per cent. A rush to withdraw deposits followed; over forty-eight millions were taken out in the latter half of 1857, and about 110 millions during 1858, leaving but thirty millions in the coffers of the institutions, and making necessary a subvention of seventy-seven millions in 1859 from the State's resources. The great defect of the old banking system of Russia was thus shown to be the unequal conditions of receiving deposits and granting loans; while deposits could be withdrawn at any time, loans were repaid in small amounts and at long intervals. It was so easy to hand about the certificates of deposit that they soon got the character of a monetary medium to the detriment of the real monetary circulation, whose extent had to be measured not alone by the quantity of paper money issued, but also by the amount of the certificates of deposit in circulation. The subordination of the banking institutions to three different departments permitted of no uniformity in their operations. All these circumstances induced the Government to underake an entire reform. To end the extensive withdrawal of deposits that had been loaned out for long terms depositors were allowed to exchange their three-per-cent. certificates of deposit for four-per-cent. scrip certficates, and the unused deposits of the old credit institutions were invested in these new scrip certificates; as other Government securities realized more than four per cent. on the investment, this measure did not prove eminently successful, and probably the whole amount of scrip certificates is now only 154 million rubles. In 1859 all the credit institutions were put under the finance ministry, and they were no longer permitted to grant loans on real estate or receive deposits; the Commercial Bank for a year, however, paying two per cent. on deposits. The notes of the credit institutions then existing were allowed to be exchanged for five-per-cent. imperial-bank notes issued for this purpose.

The Imperial Bank first opened its doors July 1, 1860. It undertook to settle up most of the affairs of the old credit institutions, and its ordinary operations were limited to short credit only, to receiving deposits at the market rate of interest, opening current accounts, receiving deposits in precious metals and securities, purchasing gold and silver, discounting of bills, buying and selling of Government securities, and the granting of loans for not over six months on Governments and securities guaranteed by Government, on stocks of private companies and on merchandise. A foundation capital of fifteen million rubles and a reserve of one million were taken from the capital of the Commercial and Loan Banks. The Imperial Bank was located in St. Petersburg, and its field of activity is now extended to Moscow and other centers by eight branch offices and forty-seven divisions. This institution has been of immense service in developing commerce, for while the Commercial Bank's operations in 1859, the last year of its existence, footed up about 535 millions, the operations of the Imperial Bank in 1878 amounted to twenty-nine milliards 327 million rubles. The profit of the Imperial Bank during the eighteen years of its life, ending with 1878, amounted to seventy-two million rubles. Of this sum twelve millions in round figures have been applied to increasing capital and reserve, fourteen millions to paying a part of the loans obtained by the State Treasury from the former credit institutions, twenty-seven millions to making up to the bank a portion of the costs of the liquidation of those credit institutions, and 15,600,000 rubles to covering the difference between the nominal and purchase price of the specie bought by the bank for the exchange fund. The capital of the Imperial Bank now amounts to twenty-five million rubles, and its reserve to three millions.

The Polish Bank was founded in 1828, put under the finance ministry of Russia in 1869, and gradually reorganized, its loans being settled and its notes withdrawn. It now has ten branch divisions.

There were special Savings banks in the old deposit offices and boards of general aid. They were made more accessible to people of small means, and from 1862 allowed to be established in all cities, suburbs and towns. Deposits in Savings banks bear three per cent. interest, but the depositor of over 100 roubles is free to take five-per-cent. bank notes. There are now 126 such Savings banks, and the deposits (exclusive of those changed into five-per-cent bank notes) amount to more than seven million rubles.

Since 1859 the deposit offices and boards of general aid have only been engaged in settling up with their debtors; their long loans amounted in 1859 to one milliard thirty-eight million roubles, of which less than sixty millions now remain unpaid. Loan offices, or pawnbrokers, were connected with the old deposit offices; the finance ministry has increased their officials, and authorized them to loan on gold, silver, and valuables, deriving the means from the Imperial Bank, and now over seven millions are loaned out. The State Treasury itself was not above lending in particular cases, and up to 1855 about 12,300,000 rubles had been loaned, principally to inhabitants of cities, towns and villages, who had suffered from fire, flood, and bad harvests, and between 1860 and 1870 these loans were still further increased. Private mining and metallurgical works claimed State aid to about four million rubles, and one and a-half millions more were lent to purchasers of land in the western part of the Empire, in order to introduce Russian ownership there. There was a balance of thirty-three million rubles in favor of the State Treasury in 1873, including arrears. Loans from the Treasury have fallen off since then, and in 1879 the balance in its favor was about thirty millions. Some foreign Governments, besides, are debtors to the Russian Treasury; the Greeks owe 31,245,000 francs for the guarantee of the loan of 1832; the Roumanians have not yet paid 1,862,000 rubles for the troops sent in 1848 to restore order in Moldavia and Walachia; Turkey is to be mulcted of war costs amounting to 200,625,000 francs, and payments are due from Servia, Bulgaria, and East Rumelia.

O. A. BIERSTADT.

[TO BE CONCLUDED IN THE NEXT NUMBER.]

PAPER ISSUES IN EUROPE—ENGLAND.

Next to the quantity in France, the most considerable stock of the precious metals now used for currency purposes in Europe is in Great Britain. The British silver money amounts to $100,000,000. The British gold money includes bars as well as coins, inasmuch as the owners of that metal can have it coined at will, and as a matter of right. No estimates of the amount which are really authoritative, or seem to rest upon any basis of reasonable probability, make it more than $500,000,000. Some officials, speaking oracularly, giving no data, and probably having none to give, rate it as high as $600,000,000. But, whether the true figure is 500 or 600 million dollars, a good deal of it might be given up for monetary use in other countries without affecting the present British gold standard, and without any deviation from the principles upon which the existing British currency system was established in 1844. The fundamental ideas of that system are the issue of paper, having no metal behind it, to which the name of "*fixed issue*" is given, and the supplying of paper in excess of that amount, without limit, to anybody who will deposit gold for it, pound for pound. The legislation of 1844 made this "*fixed issue*" $160,000,000, upon the basis that the experience of many preceding years had shown that the paper kept afloat in the circulation and not presented for redemption would always be in excess of that figure. British population and exchanges have increased very greatly since 1844, far more, indeed, than the legislators of that period anticipated, but they made no provision at all for any future enlargement of the "*fixed issue.*" In fact, instead of being enlarged, it has since diminished to $153,500,000, as the

Bank of England falls heir not to the whole, but only to two-thirds, of the lapsed issues of such country banks as become insolvent or go into liquidation, or voluntarily surrender their circulation. But it is plain that an issue fixed forty years ago, on the principle of being safely below the minimum to which the circulation could fall, under any reasonably possible circumstances, might now be very much enlarged, even if the denominations of the bank notes remained the same. And it is also plain that the enlargement might be still greater if the prohibition of £1 notes was removed in England and Wales, which contain three-fourths of the population of the United Kingdom. How much paper the channels of circulation in any country will absorb and permanently hold, depends, other things being equal, upon how many of the channels of circulation the denominations of the paper fit it to occupy. Neither gold nor silver coins can possibly hold the ground in a commercial country against any acceptable paper of the same denominations.

There is, undoubtedly, a considerable tendency of English opinion at the present time towards the issue of £1 notes, the assigned grounds for it being their superior convenience to gold sovereigns, and the economy of saving, by the substitution of paper, the wear and tear and loss of metal used as money, and the interest of the capital invested in it while so used. Obviously, the substitution of paper for gold in England, if it had no other than these results, would be a purely local question, of no interest to anybody outside of England, inasmuch as it can be of no consequence to mankind whether the English have a convenient or an inconvenient currency, or whether the maintenance of their currency costs them annually a million sterling more or a million sterling less. It is only because the issue of English £1 notes might be so managed as to have another effect, which the English themselves strangely overlook, of increasing the volume of money, and consequently prices, in all commercial countries, including their own, by liberating a large amount of gold for general monetary use, that it becomes a matter of concern to others. Even to the English, the enlargement of the world's money from the issue by them of £1 notes is vastly the most important of its consequences, and it yet remains to be seen how the discovery which they will make sooner or later, that this must be one of its consequences, will affect their final decision in respect to the adoption of such a policy.

During now nearly sixty years, it is only very lately that the issue of £1 notes has been proposed in England. In 1877, Jevons, (in a paper read before the American Social Science Convention) characterized the British opposition to such notes as "*an absurd prejudice*," but he never thought it worth while to undertake to combat it. About three years later Robert Giffen appeared as an advocate of the £1 notes, but his views brought down upon him so much censure that he substantially retracted them. But in 1882 it became apparent that the issue of the £1 notes had many more supporters than anybody supposed it to have, and it is now the subject of active discussions.

In the House of Commons (May 28, 1882), Wm. Fowler moved resolutions looking to the issue of £1 notes by the Bank of England. They were objected to and negatived on the ground that no such important step should be taken without first appointing a commission to collect evidence and the opinions of financial experts. Mr. Fowler stated, generally, that he intended that a part of the proposed new notes should be a fixed issue, based upon the deposit of Government securities by the bank, and that all notes in excess of the fixed issue should rest upon deposits of gold, pound for pound, but he did not state how large a fixed issue he contemplated. The points which he pressed were the convenience of £1 notes in handling and in transmission by the mails; the saving of the wear and tear of gold; and the profit to the country from substituting paper for metal, in whatever proportion that profit might be divided between the bank and the Government. On the subject of the alleged greater danger of the counterfeiting of small notes than of large notes, which was much dwelt upon two generations ago, he said that with the superiority of modern art in engraving bank notes, it was only large notes which would pay the expenses of counterfeiting, and he cited the experience of Scotland, Ireland, and the United States* as confirming this view. On that particular point the opinions of Mr. Fowler were conceded to be sound by his opponents in the debate.

Mr. Williamson was in favor of the issue of £1 notes by the bank, but only upon the deposit of gold "*for each note issued.*" It is obvious that such notes, being in principle exactly like the gold and silver certificates used in the United States, would completely effect the saving of the wear and tear of the metal and the object of convenience in handling desired by Mr. Fowler.

Mr. Goschen (Chairman of the British Silver Commission of 1876) said that "*the whole of the vast transactions of the country rested on gold,*" and he was opposed *in toto* to Mr. Fowler's proposition, because it "*would diminish the amount of gold in the country, and nothing would induce him to lessen the extent to which our currency rested on gold.*"

* Mr. Fowler showed that in the United States, during the fiscal year ending June 30 1881, the denominations and numbers of notes rejected at the Treasury as counterfeits were as follows:

Denomination of notes.	*Number of notes rejected.*	*Denomination of notes.*	*Number of notes rejected.*
1	22	$5	540
2	42	50	953

Mr. Gladstone made some observations, evidently showing his leanings to be in favor of £1 notes. Among other things, he said:

The conditions of a good currency were safety, convenience, cheapness, and that it should be profitable to the nation. We had already applied in the case of notes over £1 the principle that it was wise, to a certain extent, to economize the monetary circulation by the issue of bank notes. Although in some quarters something heretical was supposed to lurk in £1 notes, he did not know why that principle should not apply to £1 notes.

Mr. Gladstone took particular pains to express his dissent from the view that the gold sovereigns circulating from hand to hand, in consequence of the prohibition of £1 notes, constituted a fund which could be drawn upon in periods of financial pressure, "*because*," he said, "*in point of fact, that large metallic currency is hard at work in the daily business of life, conducting the cash transactions absolutely essential to the operations of civil society.*" He declared that it "*was an entire fallacy*" that England, in consequence of the gold in daily and ordinary circulation, "*putting aside the case of a great war, was better able to encounter monetary crises, such as arose from bad harvests.*"

There is evidence that the Cabinet of which Mr. Gladstone was the head, continued to hold, certainly to the end of 1882, his ideas in respect to £1 notes.

The London *Economist* (December 16, 1882), stating and replying to one of the apprehensions which induced the Scotch bankers to oppose any legislation in respect to the Scotch banking system, said:

Any material alteration of the present system is deprecated, because that would involve legislation, and if the Government interferes it may not leave the note currency of the country on its present basis, and may abolish altogether the £1 notes, which the people of Scotland have found so convenient, and with which they most certainly are not willing to part. . . . But in the recent correspondence between the Treasury and the Scotch banks, the Government gave it to be clearly understood that the desirability of continuing the £1 notes was fully recognized, and so far from there being any chance of legislation adverse to notes of that denomination the probability rather is that any change will be in the direction of extending their use. There is a strong and growing opinion in England that the prohibition against the issue of £1 notes there is unwise and injurious.

To the same effect the *Economist* (January 13, 1883) said, referring to fears expressed by the Glasgow Chamber of Commerce of an interference with the issue of £1 notes in Scotland:

The apprehensions of the Glasgow merchants are groundless; but they are instructive, nevertheless, and may serve to remove the doubts of those on this side of the Tweed, who are dubious as to the result of abolishing the restriction upon the issue of small notes in England. For surely a currency which the shrewd Scotch merchants are so eager to retain cannot be one which others need be at all apprehensive of using.

In the London Bankers' Institute, December 20, 1882, there was a general discussion of the small-note question, which is reported in the February (1883) journal of that association. No new views of the subject were developed.

Mr. Fowler defined his plan to be a fixed issue of £25,000,000 [$125,000,000] of £1 notes, with a requirement of deposits of gold for notes in excess of that sum, although expressing the opinion that the amount retained in circulation could never fall below £30,000,000. In his proposition made to the House of Commons in the preceding May he had not indicated his views as to the amount of the fixed issue.

It was stated in the course of the discussion that the India Government issued notes as small as five rupees, about $2, and that of the £5,000,000 of bank-note circulation in all the Australian colonies, sixty per cent. was in £1 notes, and that the Government, of these colonies take their share of the profit of circulating paper in the shape of an annual tax upon it of two per cent., except Queensland, which exacts three per cent.

Mr. Grenfell, Governor of the Bank of England, who took part in the discussion, agreed with Mr. Gladstone that a large amount of metal in actual circulation could not be regarded as a resource under ordinary circumstances, because it must remain in use as active currency until something else supplied its place and could not be availed of except by the substitution of paper. But he insisted strongly that the power of substituting paper for metal in the emergency of a great war was an important one, and worth maintaining at even a great cost, citing, in support of that view, the example of France under the disasters of its late contest with Germany.*

Nothing more can be safely said, than that the issue of £1 notes in England and Wales, until lately regarded as a wholly heterodox proposition, is now seriously discussed, and that it derives from the favor shown to it by the Gladstone Ministry, that degree of respectability of authority which the average Englishman always requires before he will at all entertain any new proposition. Whether they will finally issue such notes, and if so, at what period, and upon what terms, cannot be forecast with any confidence, and certainly not in this country, where so little can be known as to the influences which really control the settlement of financial and political questions in Europe.

So far as the use of £1 notes is advocated merely upon the

* It was one of the favorite ideas of Mr. Jefferson, which he continued to press in many letters after he had retired from public service, that the money of this country in time of peace should be exclusively metallic, so that the means of sustaining war might be obtained by substituting paper, and without a resort to other methods of borrowing.

grounds of convenience and of saving the wear and tear and loss of metal in handling, it is plain that these objects can be completely accomplished by issuing them upon deposits of gold, pound for pound, without affecting in any degree the substantive features of the British currency as at present established, and without producing any effect upon the aggregate volume of money in the commercial world.

Against the issue of any amount of £1 notes not actually representing gold held for their redemption, the objection of Mr. Grenfell that it would destroy a resource in the emergency of war, or of any other serious political calamity, does not seem likely to have a great effect. There is a certaln force in it, but mankind are not much inclined to forego anything which they believe to be a present benefit, because it would deprive them of a security in a contingency which may never occur, or may not occur until a very distant period. The objection of Mr. Goschen that it would be dangerous to reduce the amount of gold fn England, because "*the whole of the vast transactions of the country rest on*" that metal, may have much more effect upon the British mind. The objection of Mr. Grenfell, being in itself a rational one, the force of it can be brought within the range of some approximate mensuration; but the objection of Mr. Goschen, being addressed to the strongest of the inherited monetary superstitions of the English, it cannot be known how great or enduring may be the terrors which it will inspire.

The English believe that a pound sterling consists of a certain number of grains and pennyweights of gold, because Sir Robert Peel has told them so, although they have only to use their own senses of touch and sight to perceive that while a good many pounds sterling do in fact consist of metal, a good many others consist of paper; and they might easily know, by reading the Bank Act of 1844, that a considerable portion of these paper pounds sterling depend for their value upon limitation of quantity, and not upon reserves of gold for their redemption. To persons outside of England, Sir Robert Peel is no more an oracle than Mr. Goschen is, and they have no difficulty in seeing that the part of the British currency which neither consists of gold nor in any imaginable sense rests upon it, may now be increased above the limit fixed in 1844, and that it may be very much increased, if the issue of £1 notes is allowed, without affecting the parity of value between gold and paper pounds, or the relation between the British currency and such currencies of other nations as are kept at the metallic standard. But whether £1 notes shall be issued in England does not depend upon the opinions of mankind in general, but upon the opinion of the English themselves, and they may, perhaps, agree with Mr. Goschen that their currency would no longer "*rest on gold,*" whatever that may mean, if their fixed issue of paper not representing gold should ever be raised above the figure at which it was established thirty-nine years ago.

How much weight, if any, the consideration of the profit derivable from an issue of £1 notes upon securities would have, depends upon many circumstances. If that profit was given in whole, or in considerable part, to bankers, by empowering them to make the issue, it would at least assuage their opposition, and might very possibly enlist their support. If the profit was made to enure to the use of the National Treasury of Great Britain, it would depend upon what appropriation was made of the profit, whether more votes in Parliament for £1 notes would be gained than lost. If it was devoted to reducing the British debt, the project of issuing £1 notes would unquestionably be defeated, inasmuch as an experience of seventy years has made it certain that it is the fixed purpose of the governing classes in England to maintain that debt in tact, whatever declarations to the contrary the established etiquette of British politics may require ministers and Parliamentary leaders to make from time to time. Votes for £1 issues would probably be gained if the profit on them was devoted to the remission or mitigation of taxes disagreeable to the persons composing the House of Commons, such as the income tax, or as the rates for loca expenditures which are imposed exclusively upon real estate.

As already observed, the effect most important to Englishmen of an issue of £1 notes upon securities, and the only effect of it which is of any importance to others, is the addition which such an issue would make to the money of the commercial world, and the consequent relief to the monetary constriction which now exists in all parts of it, as shown by the infallible test of steadily falling prices. As yet, the English do not discuss that aspect of the case, and do not seem as yet to see that that would be one of the effects of the measure. When they do see it, it is not certain how they may be influenced by the discovery. At the present time the journals, writers and speakers who appear at this distance to represent the interests most powerful in England, maintain that that country, having the whole world in debt to it, is clearly a gainer in its international relations by shrinking money and declining prices, and that it is at least doubtful whether, upon the the whole, they are not favorable circumstances at home and internally. It may be, however, that these appearances are deceptive, and that there may be in the end, and after discussion, a controlling majority in England in favor of some measure of relief, and especially if the existing depression of industry should become acute and intolerable. In that case it would still be uncertain what form of relief might be most acceptable to the English, whether the remonetization of silver or the issue of £1 notes as a part of a considerable enlargement of their fixed paper issue not representing gold.

GEO. M. WESTON.

NEW YORK, June, 1883.

EXTENSION OF THE ENGLISH NOTE CIRCULATION.

This subject is undergoing renewed discussion in England, and we reproduce an article thereon from the *London Bankers' Magazine*:

The member of Parliament for Cambridge, Mr. William Fowler, has recently been vigorously advocating the re-issue of the £1 note, the cause of which he has actively espoused since his return from America, and it must be admitted that in these days it is rather hard to comprehend why that note should have been rightly abolished in England and Wales, while it was left practically undisturbed in Scotland and Ireland, and has flourished in those sister kingdoms ever since. But if we carry our thoughts back to the close of 1825, when, almost immediately following upon the resumption of specie payments, there came the crash of over seventy banks in about six weeks, and that those banks had large amounts of £1 notes in circulation, it is hardly to be wondered at that in those days our legislators, groping in the dark for a remedy to a great evil, should have singled out the small notes for sacrifice. Besides which, the pressure upon the Bank of England was at the time largely for £1 and £2 notes, and during the long suspension of specie payments it was found that many forged £1 Bank of England notes had been put into circulation. Therefore the bank directors were found to acquiesce in the abolition of the small issues, and from the 5th April, 1829, the issue of fresh notes of this class altogether ceased. The country, however, was not long in finding out that the remedy was of small avail. The financial crisis of 1837 and the stoppage of a number of important banking institutions, led up to the great "Charter" of 1844, which virtually dried up the issue of country notes. It may be said that that act did no such thing; it only limited their issue to the banks already possessing notes in circulation, and made the amounts in circulation in the Spring of 1844 their maximum. But so many restrictions were at the same time involved in the act that the gradual decadence of the country note issues became a certainty; and that diminution must continue to be, however the wealth and trade and necessity for a larger circulating medium increased. It is probable that when the Act of 1844 was passed the notes of the English private and joint-stock banks combined represented considerably more than ten per cent. of the entire coin and note circulation of the country, whereas at the present day they probably do not amount to more than three per cent., and it is likely that a good proportion of those notes now returned as in circulation have not passed from hand to hand for years. But the Act of 1844 did more than sign the death-warrant of the country note; it hopelessly crippled the Bank of England itself in any effort it might hereafter make to expand the note circulation. It is, of course, open to any one to pay gold coin into the bank and to take notes out; but we are in this way bound to lock up five sovereigns for every £5 note, and there is no expansion of the circulating medium produced thereby.

In times of monetary pressure any such operation would be useless, and is therefore little resorted to. The way Bank of England notes are circulated is mainly in drawings against deposits held in the banking department. At the end of every half year, for instance, bankers have extensive payments to make to and for their customers, and draw upon their balances at the bank for that purpose, taking such extra amounts as are required in notes or coin. Then again the "dividends" involve a certain proportion of notes, and the "compounding banks," under the Act of 1844, have an interest in notes in circulation, which are at the same time constantly filtering back to the bank through the operations of the banking department. Thus it is that, however much the form of the weekly return may endeavor to separate the "issue" from the "banking" department, the two are inseparably connected. The question, therefore, resolves itself to this: "To what extent the issue department can help or hinder the banking department?"

The best answer to this question is to be obtained by an appeal to actual facts, and we will with this object contrast the years 1844, at the date of the Charter, with 1881.

AVERAGE AMOUNTS RETURNED BY THE BANK OF ENGLAND.

	1844.		1881.		*Increase.*
BANKING DEPARTMNT.	£		£		
Total deposits	13,300,000	..	31,700,000	..	139 per cent.
" securities	24,000,000	..	37,000,000	..	54 "
ISSUE DEPARTMENT.					
Coin and bullion	14,660,000	..	24,600,000	..	68 "
Notes in circulation	20,250,000	..	26,500,000	..	31 "
AID TO BANKING FROM ISSUE DEPARTMENT.					
Reserve of notes	7,800,000	..	12,500,000	..	60 "

Here it will be seen that the deposits which have been rightly described as the backbone of a bank, have very much more than doubled, while the securities (excluding the Government securities held by the issue department) show an expansion of only fifty-four per cent. In the issue department there is a fair growth in the store of coin and bullion, although that store had in 1879 and 1880 been heavily drawn upon for America; and the most stagnant item of all is the note circulation. "How can it be," we may ask, "that with deposits growing thus rapidly, and with a really substantial increase in the cash on hand, the bank is not in a position to afford greater accommodation to the public?" Bankers are more and more complaining that they cannot much longer be bound by an obsolete rate in the matter of their allowances on deposits; and yet; measured by an ordinary standard, the position of the Bank of England has certainly improved. Thus,

	In 1844.	*In* 1881.	*Increase.*
The proportion of coin and bullion held to notes in circulation was..	72 per cent. .	92½ per cent. .	20½ per cent.

This, however, is not the "proportion" we are taught to measure the strength of bank returns by. On the contrary, the following is the gauge accepted by the London Money Market:

	In 1844.	*In* 1881.	*Decrease.*
The proportion of the reserve to liabilities was	58 per cent. .	43 per cent. .	15 per cent.

So that, though the proportion of gold to notes is larger by twenty per cent., and the deposits have gone on increasing, while the additions to the securities have been carefully checked, so as to allow the bank's free resources to be augmented, the proportion of the reserve (consisting almost entirely of notes supplied by the issue department to the banking department) to the banking liabilities is less by fifteen per cent. Consequently, the bank in 1881 was on average 15 per cent. weaker than in 1844, in spite of the two chief increases shown in its accounts being in the items of deposits and coin and bullion.

For the sake of argument, let us regard the issue department as absorbed into the banking department. How would the contrast between 1844 and 1881 stand then?

BANK OF ENGLAND—AVERAGE OF RETURNS IN 1844.

Capital.............	£ 14,550,000	....	Coin and bullion...	£ 14,600,000
Rest................	3,400,000	....	Securities...........	38,000,000
Notes...............	20,250,000			
Deposits............	13,300,000			
Bank post bills......	1,100,000			
	£ 52,600,000	....		£ 52,600,000

Here the liabilities to the public in notes, deposits, and post bills are found to have been £ 34,850,000, and the proportion the coin and bullion thereto was therefore nearly forty-two per cent.

BANK OF ENGLAND—AVERAGE 1881.

Capital.............	£ 14,550,000	....	Coin and bullion...	£ 24,600,000
Rest................	3,200,000	....	Securities...........	52,600,000
Notes...............	26,500,000			
Deposits............	31,700,000			
Bank post bills.....	250,000			
	£ 76,200,000	....		£ 76,200,000

Here the liabilities to the public reached £ 58,450,000, and the proportion of the coin and bullion thereto exceeded forty-two per cent.

Upon the face of these two returns, how could it be urged that the Bank of England had really lost in strength to the extent of fifteen per cent.? The London money market undoubtedly measures the position by the reserve, which is undeniably weaker in relation to the banking liabilities; while, on the other hand, the gold cover for the note circulation, it has been shown, is fully twenty per cent. stronger. Thus, the banking department is being constantly sacrificed to the issue department. But, as years progress, and if business in London and the country generally is found yet further to expand, the weakness of the banking department and the strength of the issue department are bound to become yet more marked. Nor is the reason far to seek. It was the favorite theory af those who framed the Bank Charter that notes should be based upon gold alone; and the fact was unanswerable that, if the Bank were compelled to hold gold for every note issued, there could never be a question as to their convertibility. The great difficulty, however, was that in 1844, though the item of coin and bullion was exceptionally high, it was still a long way below the note circulation, and to have compelled the bank to call in the excess of notes, or to buy gold sufficient to cover them and to provide a margin for further expansion would, of itself, have been sufficient to provoke a crisis. What was to be done? The bank, at the time, was holding about £28,000,000 of Government securities, one-half of which was covered by its capital; and it was at length determined to give it permissive powers to issue notes upon about one-half (or £14,000,000) of those Government securities, which were, consequently, transferred to the issue department. It was argued that the note circulation could not by any possibility fall below £14,000,000. The Government, at the same time, took care that the bank should not derive exclusive benefit from its privileges. This power to issue notes against securities has since been extended to £15,750,000, owing to the lapsed privileges of country bankers being claimed by the Bank of England. It must be remembered that this power to issue notes against securities is a most important factor in reserve. Indeed, it would usually happen that if this power were removed, there would be no reserve at all. Contrasting the position of this "fixed issue" in the bank return in 1844 and 1881, we obtain the following results:

	1884..	1881.	
	£	£	
a Power to issue notes against Government stock	14,000,000	15,750,000	Increase 12½ per cent.
b Coin and bullion	14,660,000	24,600,000	Increase 68 "
Proportion of *a* to *b*	95½ per ct.	64 per ct.	Decreuse 31½ "
c Notes in circulation	20,250,000	26,500,000	Increase 31 "
Proportion of *a* to *c*	70 per ct.	60 per ct.	Decrease 10 "
d "Banking" liabilities	14,400,000	31,950,000	Increase 122 "
Proportion of *a* to *d*	97 per ct.	49½ per ct	Decrease 47½ "

It is this final comparison which we make every week when we work out the "proportion of the reserve to liabilities." The liabilities (mainly on deposits) have grown 122 per cent., and against this is set the reserve, which is very largely compounded of the "fixed issue" against Government stock. The result is that, as the deposit liabilities—which should be the mainstay of the bank—increase, the "proportion" diminishes. That the "proportion" has diminished may be gathered from the fact that it averaged fifty-eight per cent. in 1844, fifty-one per cent. in 1851, forty-nine per cent. in 1871, and forty-three per cent. in 1881.

But it cannot be supposed that the "banking department" can be allowed hereafter to remain stationary, while Lombard Street grows so rapidly. In the quarter of a century previous to 1881 the bank's deposits grew to the extent of £15,000,000, and if in the next quarter of a century they grew another £15,000,000, the liabilities of the banking department will amount to about £47,000,000. In that case the stationary item (*a*) would represent a proportion of (*d*), not quite equal to thirty-four per cent., against forty-nine and a-half per cent., in 1881, and ninety-seven per cent. in 1844. Hence the bank should have further to check its accommodation to the public to permit of the maintainance of the reverse.

These details respecting the Bank of England have been entered into not only to show that the position of that establishment is becoming more and more strained in relation to the open market, but to prove that, under present circumstances, there will be very little to hope from it in respect to an extension of the note circulation. If power were granted to it to issue £1 notes, the result would be still further to intensify the struggle to maintain the reserve. If it was considered in 1844 that the notes could not fall below £14,000,000, it would be equally safe to say they could not now fall below £20,000,000. If it was financially sound to issue notes in 1844 against £14,000,000 of Government securities and £14,000,000 of coin and bullion (that is, in equal proportions) it should now equally be permissable to issue notes against £24,600,000 of Government securities and £24,600,000 of coin and bullion; in which case the bank reserve in 1881 would have averaged some £9,000,000 larger than it did. There are many who consider that the permission granted by the Charter to issue notes against securities at all was a mistake, and that is an intelligible ground to take, in the abstract. But, looking to things as they are, the increase in the "fixed issue" will be the only practical way to maintain the proportion of the reserve, unless the Bank of England permanently ceases to be a guide and assistanee to the London money market. This is not proving that the note circulation of the country should be based on securities as well as gold, nor even that our increased banking facilities have obviated the necessity for a larger note issue; it only proves that under the present system any expansion in England has been impossible.

CIRCULATION IN THE UNITED KINGDOM.

	1844.	1881.			
	£	£			
Gold coin (estimate)	46,000,000	125,000,000	Increase	172	per cent.
Scotch notes	2,800,000	5,700,000	"	104	"
Irish notes	5,200,000	6,700,000	"	30	"
Bank of England notes	20,250,000	26,500,000	"	31	"
English country notes	8,500,000	3,300,000	Decrease	61	"
Total English notes	28,750,000	29,800,000	Increase	3¾	"

BRITISH GOLD COINAGE.

Great Britain is confronted with a grave question, that of the recoinage of her gold circulation. The last number of the *London Quarterly* discusses the subject as follows:

It is notorious to most of us, in the course of our daily dealings in the way of purchases and otherwise, that the gold coin we carry about in our pockets and purses is frequently very much worn, and consequently deficient in weight. If any person doubts this statement, and will only as he reads examine the gold coins he has about him, the probability is that he will find the truth of it amply confirmed by the result of this investigation. People do not notice the circumstance, because there is, in a general way, nothing whatever to point it out to them. Shopkeepers without exception take the coinage as it comes to them over their counters, without more investigation than is sufficient to satisfy them that each piece is genuine. Any traveler would be very much astonished indeed, if the booking-clerk at a railway station were to scrutinize very closely, and then reject, on the ground that it was light, any genuine English gold coin that was offered him. Nor are the banks throughout the country, with the single exception of the Bank of England, more particular on this score; nor even the public offices, at least as a rule. Complaints are not infrequent in the newspapers from persons who have received gold coins from one of the public departments, which have been rejected by another. These persons have a right to complain, but they have hitherto found no redress. Their numbers, however, are not large. The inconvenience to them is also slight, when compared with that often experienced by the banks. Custom, in their case almost as stringent as law, induces—it might almost be said, compels—them to receive the gold coin brought to them by their customers, however light almost it may be. Unless its condition through wear has become most exceptionally bad, they never refuse it. And if what they take is more than they can employ in the way of their own business, unless some other bank will take it off their hands, embarrassed with a stock of coin which they do not want, and which can only be made useful to them by sending it up to the Bank of England. Here again they are confronted with another difficulty. The Bank of England will not take light coins, as such. It receives, indeed, but it defaces immediately, all the light gold coins handed to it; and as it charges those who bring the coin with the deficiency in value, it is not to be wondered at if as little light gold coin as is possible is brought to the Bank. Nor would the loss thus incurred by bankers be trifling. Mr. Martin, a well-known banker in Lombard Street, has estimated in the course of his investigations on the subject, to which we shall have to refer more fully further on, that if £100,000 in sovereigns of the weight of the ordinary circulation were sent into the Bank of England, the loss incurred would be £637. This would be the loss if the amount paid in consisted of sovereigns only. If it had been in half-sovereigns, the loss would have been very considerably larger—about £961. The half-sovereigns, owing to the larger proportionate surface which they expose to wear, and also probably to their being in more active circulation than sovereigns, detoriate more rapidly by wear than the sovereigns.

The loss now spoken of as occurring on the payment of gold coin to the Bank of England is no ideal or imaginary thing. A story was current recently in banking circles of a bank which had been compelled to receive in the way of its business about £50,000 in gold coin from the local collectors of Inland Revenue receipts. The bank in question had to pay over the amount to the Government account with the Bank of England, and to give full value for it. But the Bank of England, if the coin had been tendered to it, would have declined to take the very coin in which the payment was made by the Government officials to the provincial bank. That bank was unable to make use of the gold coin in the way of its business. The demand for gold coin on account of wages happened to be slack at the time, and the coin was not required: hence the gold had to be held over. The working out of the transaction was this: the bank which received the coin was compelled to pay over the amount to the Bank of England as agents of the Government; but the Bank of England, following its own rules, would have declined to receive the very coin which was the subject of this payment, had it been tendered to it. Thus it was useless to offer it.

This instance shows what occurs at the present time. The evil itself, the deficiency in weight of our gold coin, is now of very considerable standing. More than forty years ago a considerable mount of the gold coin then circulating was found to be deficient in weight, and a large quantity was withdrawn. For about twenty years after that time the question did not arise, as the circulation had been brought to a tolerably fair condition; and, backed as this was by the immense coinages of gold which took place immediately after the discoveries of that metal in Australia and California, nothing further was required for a considerable time. Gradually, however, one investigator after another began to discuss the fact, that the gold coinage was becoming very deficient in weight. The matter was referred to in the evidence given before the Royal Commission on International Coinage in 1868. It formed also the subject of a careful paper read before the Statistical Society in that year, and written by Professor W. Stanley Jevons. The investigation was continued in a paper written by Mr. J. B. Martin, whom we have mentioned before, and also in another paper, written by Mr. Inglis Palgrave, in the present year. Both the papers of Mr. Martin and of Mr. Inglis Palgrave were read before the Institute of Bankers, which has, as might naturally be expected, given a great deal of attention to the subject. Professor Jevons's and Mr. Martin's papers were occupied with an enquiry into the admitted deficiency in weight of the gold coinage; Mr. Inglis Palgrave's paper with a proposal for its reform.

The investigations made by Professor Jevons and Mr. Martin showed one remarkable feature in the case: the enormous and progressive increase in the deficiency of weight. Professor Jevons in 1868 estimated that about thirty-one and one-half per cent.—that is to say, somewhat less than one gold coin out of every three—was deficient in weight. The gold coinage is now, however, considerably more deficient in weight, as far as the mass of the circulation is concerned, than it was in 1868. Mr. Martin, however, writing in 1882, and basing his estimate on the results shown by an investigation quite as wide as that initiated by Professor Jevons, came to the conclusion that, taking sovereigns and half-sovereigns together, fifty-five per cent.—that is to say, more than half the gold coinage in the country—was light at the later date. The difficulty of dealing with the question in a practical way is therefore increased from two points of view: the number of coins to be replaced by others of full weight is far larger than it was forty years ago, and the deficiency in weight on the coins collectively is also greater. The whole matter is therefore a much heavier one than it was, both in the numerical cost of recoinage, and the total loss on the bullion to be restored. The course which matters have followed illustrates very clearly the truth of what is called the Gresham Law in monetary matters—it being the observation of that celebrated British merchant of old, Sir Thomas Gresham—that, when the circulation of a country consists of two classes of coin, employed to fulfil the same functions, the worse coin will certainly drive the better out of use. The course of events pursued in England of recent years has completely exemplified this law. New full-weight gold coins have been continually poured from the mints in England and Australia into the hands of the public. When these coins were put into circulation, they passed current side by side with old, worn, and light coins—coins generally deficient in weight, but which possessed within the limits of the Empire equal purchasing power with full-weight coins. Many full-weight coins have consequently been withdrawn from use; probably to a great extent melted down for export, or, whether melted or not, at all events taken for export. Meanwhile the light coins were left, and became rapidly still more deficient in weight from continued circulation. It is clear, therefore, that unless some effort is made, and speedily, to restore the coinage to its full weight, the circulation will continue to deteriorate even more swiftly than before. The full-weight coins will disappear more and more, and the light coins will prevail in the circulation. As it is, in the course of fifteen years the deficiency in weight has extended from thirty-one and one-half per cent. to fifty-five per cent. of the total circulation; and there can be no doubt that a persistence in the same policy of doing nothing, which has been pursued so long, would soon lead to a state of matters in which the greatest confusion would arise in all monetary transactions. We have been accustomed so long to accept passively all the advantages arising from a well-arranged monetary standard, that we can hardly picture to ourselves what the condition of a country is, in which the current medium of ordinary exchange is out of order. We have spoken of a policy of doing nothing. Strictly speaking, this is scarcely quite correct. The Government has, indeed, made one or two feeble efforts to ameliorate the condition of the coinage, by slightly raising the buying price of worn gold coin at the Bank of England. But their efforts have been futile, as such efforts always will be if the price offered is not raised to such a point as to create an effective demand. There may be a thousand persons willing to purchase an article at a given price; but if the price required is higher than what they are willing to pay, their demand remains entirely ineffectual.

This is eminently a case in which the policy of 'letting alone' is pernicious. There are many cases in which such a policy is very valuable; but this is not one of them. The result of letting matters alone is marked in the rapid deterioration between the dates of Professor Jevons's and Mr. J. B. Martin's investigations. Let us then consider, in the first place, what has to be done; and in the next, how it had best be done. The quantity of light gold coin now circulating is very large indeed. The total gold circulation of the country is believed to be at the present time about one hundred millions sterling, and of this about twenty millions is in half-sovereigns. The total would divide—according to the proportion given above—between a value of forty-five millions in full-weight coins, and fifty-five millions in those of light-weight. Part of this sum is in the hands of the banks, but how much is a matter of uncertainty. The banks in Scotland and Ireland are compelled by law to publish every month what quantity of gold coin they hold, in connection with the returns they have to make respecting their note circulation. But it is one of the many anomalies of our banking system, that, while Scotch and Irish banks are under this obligation, no bank in England whatever, not even the Bank of England itself, is compelled to give any public statement of the amount of gold coin in its possession. The Bank of England, it is true, is bound, under the provisions of the Act of 1844, to publish every week a statement of the gold it holds; but the whole of the gold might be in bars, or in the shape of foreign coin, without infringing the principle of that Act. The Bank of England is exposed to very heavy demands for sovereigns, as well as bullion, from time to time. The recent suspension of operations on gold at the Mint, during the years 1881–1882, could not have been ventured upon had not the stock of sovereigns at the Bank been unusually large in 1881. Mr. Grenfell, the Governor of the Bank at that time, stated the amount in his evidence before the Select Committee of the House of Commons' City Lands (Thames Embankment) Bill. As it may be wondered why the Governor of the Bank of England was brought to give evidence on the subject of the quantity of sovereigns held at the Bank of England on such an occasion, it may be observed parenthetically, that one of the questions before the Committee was the best position for the Mint, and whether it would be better to rearrange the existing buildings on Tower Hill, or to move to an entirely new site on the Thames Embankment. The former plan was much the cheaper; the second would have enabled an entirely new structure to be built on the best arrangements, such as it was not possible to construct on the comparatively confined spot on Tower Hill; and Mr. Grenfell's evidence showing that a suspension of coinage for a twelvemonth or so would not be followed by any practical inconvenience to the public, appears to have been one of the causes which led the House of Commons' Committee to recommend rebuilding on the old site, instead of building an entirely new structure.

The amount of gold coin in sovereigns at the Bank of England at that time was £15,482,000, and in half-sovereigns £1,699,000. The bullion and foreign coin reached the value of £9,175,000. This quantity of English gold coin is stated to be a very unusual one for the Bank of England to hold. But that Bank can never allow its stock of sovereigns to run very low, as the demands on it for such coin are often very large. The following quotation from the Hon. C. W. Fremantle's Report of 1881 exemplifies this:—

"Notwithstanding that in February and March, and again June and July, the Bank of England purchased gold of the total value of £3,000,000, and that all arrivals of sovereigns from Australia, amounting to nearly £3,500,000, were also sent to the Bank, very large sums, amounting probably to £6,000,000, were withdrawn during the year for North and South America, Italy, Egypt, &c. It is to be observed that the greater part of these withdrawals consisted of sovereigns, the stock of bars having in August been nearly exhausted. This fact is alone sufficient to show to what large demands the stock of sovereigns in the Bank is subject, and how important it is that the Mint should always be in a position to comply at a short notice with the applications of the Bank for gold coin."—12th Annual Report of the Deputy Master of the Mint, 1881.

The withdrawals of gold coin from the Bank have been very considerable since the date of the Report; there have also been no further mintages of sovereigns in England during 1881 and 1882. So that all the English gold coin which the Bank has received since that date must have been either Australian sovereigns, or such as has worked its way way back from the domestic circulation. We may, therefore, well believe that the stock of sovereigns at the Bank is considerably smaller now than it was in 1881; and if we put it at about half the total of gold now in its possession, or at about ten millions sterling, we should probably not be far from the mark. There are also fully five million sovereigns of full weight held at all times by the Scotch and Irish banks, as security against their circulation; and there may probably be, as Mr. Inglis Palgrave has estimated in his investigations, about five millions more of full-weight sovereigns held by the English banks other than the Bank of England. The stock of sovereigns held by the English banks is doubtless much larger than five millions; but granting that it may amount to ten or twelve millions in all, it is probable that fully half of this sum, most likely more than half, is of sovereigns light in weight. We may account in this manner, probably, for some twenty millions sterling of full-weight sovereigns. The light gold is estimated, as already mentioned, at about fifty-five millions, of which probably the whole sum, or nearly so, is circulating within the limits of Great Britain and Ireland. It is far more likely that the light sovereigns are circulating mostly within the country, and not much abroad. Within the limits of the realm the impress of the Queen's head on the coin gives it currency. At all places of business, at banks, at shops, at railway-stations, sovereigns are readily taken, almost irrespective of their weight, so long as they are believed to be genuine. Abroad the coin is only so much bullion authenticated by a stamp, and valued accordingly.

We now begin to perceive the extent of the task before us, and the resources available towards carrying the operation through. We may also perceive that it is quite impossible to prepare beforehand any stock of full-weight sovereigns to take the place of the light ones. The new coin must be minted out of the old. And the question now is, how shall we best proceed to draw the light coin in? The last time that any operation of this description was undertaken dates as far back as 1842. Between 1842 and 1845 about £14,000,000 in light gold coin was called in. The *modus operandi* was as follows:—A royal proclamation was issued, calling attention to the laws and regulations as to light gold coin, and directing revenue officers and others to conform to them. The result was that every gold piece taken in the way of business by the bankers, who were the principal agents for the withdrawal, was weighed separately. A slight charge, up to about fourpence, according to the estimated deficiency in weight, was made on each sovereign. The holder of the coin had to pay this, and the coin itself was immediately cut or defaced before his eyes so that it could not be re-issued. The light gold was then sent up to the Bank of England. Here it was weighed again, and usually far more accurately than before. The weighing of gold coin accurately is by no means an easy operation to those not accustomed to adjust very minute weights and delicate balances. And the more careful weighing generally shows it to be more deficient in weight than those without much experience in such operations are inclined to believe. There is besides the condition as to cleanliness, or the want of it, which is no unimportant element in the case. A memorandum by Professor Chandler Roberts, appended to the Mint Report for 1879, mentions that the older coins now in circulation bear on their surfaces an amount of dirt for which the Department pays nearly £300 per million on re-coinage. This is doubtless the dirt still adhering after the coin has undergone some considerable cleansing at the Bank of England. As the bankers generally receive the coin, its condition is more filthy still. Tradition handed down by older bank managers and clerks, who remember the circumstances of the re-coinage of 1842, is to the effect that the gold coin brought to bank counters at that period by butchers, millers, and coal-merchants, to specify only a few trades, was observed to be particularly dirty at that time. Dirt has been defined as matter in the wrong place; but when cleanliness becomes an expensive virtue, as it would in these cases, we need not wonder if petty dealers of all descriptions took every measure in their power to avoid charges which to all were irksome, and to many appeared entirely unreasonable. Be these matters as they may, in many cases a further loss was experienced when the coin reached the Bank of England. This had to be paid by the banker. The result was that no one was satisfied. The customer of the bank, who paid originally, often thought he had been charged too much, and sometimes even suspected that the coin, though he had actually seen it defaced, might be put into circulation again—perhaps to his own disadvantage. The banker also found that he was put to expense, besides having frequently been unable to satisfy his customer. To repeat the same course again at the present time would be to repeat the same discontent, but on a very much greater scale. The quantity of light coin to be dealt with is very much larger now than it was forty years since. The deficiency in weight is also very much more serious. The turmoil over the whole country would be great and incessant. And this state of matters would have to continue for some four or five years, as the withdrawal and re-coinage could hardly, even with the greatest exertions on the part of the Mint, be completed in less time. And there is another point, and that a very serious one, to be considered. We trust that it may be many years before this country witnesses again anything like the commercial panics to which it has frequently been exposed. But with the distress of 1866, and the deep-felt though less outwardly obvious anxiety of 1878—fresh in the memories of some who can date loss of property and loss of standing to many of their friends, loss of life even to others, from those periods of crisis, even if they themselves escaped entirely unscathed—it is impossible not to view with deep uneasiness the advent of a time of such perplexity, as calling in the light coinage by proclamation would certainly bring about. This would be the risk in large transactions. In other directions also the influence would be widely spread. During the whole of that period every small transaction of life would be hampered. The wife of the working-man, who took the sovereign or the half-sovereign, received from the weekly wages, to the little shop where she dealt, would find it closely scrutinized. It might have been paid away as a full-weight coin, but the shopkeeper would claim, and naturally, his right to make himself secure. He would point to the proclamation declaring light gold to be no longer current. He would weigh the gold in scales, probably inaccurate, certainly not favorable to the purchaser. He would charge him with twopence or threepence, perhaps even more, and there would be nothing whatever to prevent the coin being put again into circulation, and performing a further round of extortion. There is no just reason why the last holder should be charged with the total depreciation in value in this case. The coin may have commenced its existence somewhat deficient in weight. The Mint is allowed what is technically termed a working remedy for weight as well as for fineness. The actual average deficiency in weight is certainly but small, being only .017 of a grain, but sovereigns much lighter than the difference implies are legally allowed to circulate. The standard issue weight of the sovereign is 123.274 grains, but the minimum legal tender weight is 122.500 grains, which, as the gold of the fineness of standard in the sovereign is worth roughly about twopence a grain, means, when translated into the language of common life, that a sovereign worth intrinsically about 19*s.* 10½*d.* may be legally paid as the equivalent of a debt of 20*s.*, but that one worth the smallest fraction less cannot be legally current. A very slight abrasion will cause a coin which is legal tender one day to be below legal tender the next. Mr. Kirkman Hodgson, a former Governor of the Bank of England, once stated before a Committee of the House of Commons, that after a journey to Scotland and back a sovereign was frequently found to be no longer legal tender, having been so before it started on its travels, though it may never have been unpacked from the day it left the bank to the day it was brought back again. Another explanation of this circumstance is, that the balances in which the coin is weighed at the Bank of England turn upon differences so fine, indicating as they do about the one-hundredth part of a grain of gold, that a grain of dust, something of course very much smaller than a grain in weight, will turn the scale. The dividing line between full-weight and light-weight coin is thus shown to be, in practice, an exceedingly narrow one.

If the charge on the light coin is not to be paid by the last holder, the natural alternative is, that it should be met by the Government. A course like this has the support of many eminent economic and financial authorities, among whom we may quote Mr. McCulloch. It is believed to be the course which the Government of France would have to take whenever the question of re-coinage arises in that country; and Belgium also would, it is believed, follow the same policy. There is also a very strong precedent in English history. The great re-coinage of the currency in the year 1695, at that date of silver—under the superintendence of Sir Isaac Newton—was carried through at the expense of the country. The charge was no less than £2,700,000—a far larger sum both in proportion to the general position of the country, and in respect of purchasing power, than a similar amount would be at the present day. We may refer here to the well-known description which Lord Macaulay gives of the operation, as well as his arguments in favor of the course pursued.

Locke has recommended, as Dudley North had recommended, that a day should be fixed by proclamation, after which the hammered coin should pass only by weight. The advantages of this course were obvious, and to the joint authority of North and Locke on such a question great weight is due. But their plan is open to one serious objection, the full force of which they do not appear to have felt, though it had not altogether escaped their notice. The restoration of the currency was a benefit to the whole community; on what principle then was it fair that the expense of the restoration, which was a benefit to all, should be borne by a part only of the community? There is no equitable principle, as Lord Macaulay forcibly argues, which justifies placing the charge of restoring the currency of the kingdom on the individuals in whose hands it happens to be at the moment when the operation is undertaken.

A plan which would have met this difficulty was proposed at the time—and is thus described by Lord Macaulay. Considering the absence of channels of communication at that time in the way of banking facilities, such as now exist, the plan was marked by remarkable courage and originality:—

"A singularly bold and ingenious expedient occurred to Somers, and was approved by William. It was that a proclamation should be prepared with great secrecy, and published at once in all parts of the kingdom. This proclamation was to announce that hammered coins would thenceforth pass only by weight. But every possessor of such coins was to be invited to deliver them up within three days, in a sealed packet, to the public authorities. The coins were to be examined, numbered, weighed, and returned to the owner with a promissory note, entitling him to receive from the Treasury at a future time the difference between the actual quantity of silver in his pieces and the quantity of silver which, according to the standard, those pieces ought to have contained. Had this plan been adopted, an immediate stop would have been put to the clipping, the melting, and the exporting; and the expense of the restoration of the currency would have been borne, as was right, by the public. The inconvenience arising from a scarcity of money would have been of very short duration, for the mutilated pieces would have been detained only till they could be told and weighed; they would then have been sent back into circulation, and the re-coinage would have taken place gradually, and without any perceptible suspension or disturbance of trade."—Lord Macaulay's "History of England," vol. iv.

It must be remembered, in considering the matter, that the milled edge to the sovereign gives a complete protection against clipping the coin. This gives none, it is true, against the operations of the scientific 'sweater.' But frauds of this description are not believed to be performed on any large scale. It is thought to be rather the small jeweller who, by abstracting gold enough from a sovereign by suitable chemical solvents to gild a watch chain or some other ornament, and afterwards placing the coin again in circulation, is the rogue nowadays, and not any operator on a large scale.

Of this, however, there is no doubt some risk. And if the Government decides to undertake the re-coinage at the public cost—the course to which general convenience, precedent, and justice incline—it will do wisely to carry out the operation in the most private manner in its power. The suitable agent for the Government in doing this would be the Bank of England, which would be able, through the various banks all over the country, to withdraw the light coin and replace it with full-weighted coin without attracting public attention. A scale of weight to be allowed would have to be agreed on between the Government and the Bank—below which the coin could not be taken. But this detail could be readily arranged. This plan really closely follows the lines of that proposed by that able statesman and lawyer, Lord Keeper Somers, as mentioned by Macaulay, allowing for the differences in the state of matters now and then.

The cost of the operation would be serious. A probable estimate places this at from about £785,000 to £800,000. An addition of this extent to the public expenditure could not fail, even if spread over four or five years, to be very distasteful to any Chancellor of the Exchequer. There is, however, another alternative. A seigniorage—that is to say, a charge on the operation of minting the gold coin—might be imposed. At the present time the mintage of gold coin is entirely gratuitous on the part of the State, though there is a heavy charge on the coinage of silver. Every one is entitled by law to take gold bullion of the required fineness to the Mint, and to receive back, weight for weight, an equal quantity of coin. As a matter of fact, no private person ever does this, because he can carry the operation on more easily through the Bank of England. The Bank makes a small charge, 1½*d.* on the ounce, for transacting the business. It is legally bound to do this by the Act of Parliament which requires it to buy all the gold bullion of standard, offered to it, at the rate of £3 17*s.* 9*d.* per oz. Sovereigns are minted at the rate of £3 17*s.* 10½ *d.* per oz.—the Bank thus receives 1½ *d.* per oz. on the transaction. But this small charge, it is probable, barely pays its expenses in the matter. The Government itself makes no charge on the gold coin. It is different in India and in our own Australian colonies. There is a branch of the Royal Mint at Sydney, and another at Melbourne. At both a charge of more than one and a quarter per cent. is made on the operation. In France, also, a charge is regularly made, not, however, so high as at Sydney and Melbourne, but sufficiently high to meet the expense of the coinage. This is also the case in every other considerable country except England. The practice in this country has always been to make no charge; but no sufficient reason can be produced for this. A charge on the coinage, not exceeding the cost of the operation, would make no difference in the purchasing power of the coin. The country has always been mindful of the celebrated resolution of the House of Commons of October 20th, 1696, and passed again by the same body on June 12th, 1822, "That this House will not alter the standard of the gold and silver coins of this kingdom in fineness, weight, or denomination." But the charge on the mintage, as proposed, would not reduce the purchasing power of the sovereign within the boundaries of the country; for transactions beyond these, the giving of power to claim gold bullion at the Bank, at the present standard scale, in exchange for bank notes or gold coin, would meet every difficulty. This is virtually what was proposed by the late Colonel Smith in 1869. A plan somewhat similar for the maintenance of the standard has the sanction of the authority of Ricardo. No valid reason can be alleged why the owner of gold bullion should have it manufactured for him gratuitously into sovereigns or half-sovereigns, rather than that it should be gratuitously manufactured for him into dessert-spoons or tea-spoons. The *Economist* newspaper, referring to this subject,* shows distinctly that the fact that our gold coinage is gratuitous has hitherto had apparently no effect on the import of gold into this country. As a matter of fact, only about one-fifth part of the imports of gold have during the last seventeen or eighteen years been minted into sovereigns. And the gold coinage in France, where charges and delay equivelant to a loss of interest were at one time the rule at the Mint, has, as a matter of fact, exceeded the gold coinage in England nearly in the proportion of three to two. The gold coinage of France from 1795 to 1881 was, in round numbers, £384,000,000; that of England, from 1817 to 1880, £246,000,000. It is thus clear that a charge for coining has not hindered the operation in France, nor has the absence of it assisted the operation in England.

We must now draw these remarks to a closr. It has been shown conclusively, that the gold coinage of this country is to a large extent deficient in weight; that to charge the cost of re-coinage on the last holder, and to raise the circulation to the standard level by such means, would be alike inconvenient, impolitic, and unjust; that, while it is right that the expense of the operation should be met by the State, a charge equivalent to the cost of the operation may fairly be made. By these means the gold circulating in the country may be not only raised to the position it should properly hold, but

* *Economist*, March 3d, 1883.

might be maintained at that level in the future at the least possible cost to the public generally. For, while the intrinsic reasonableness of a charge on the first coinage of bullion is independent of the question of reminting the worn coin, such a charge would supply a regular source of income to meet the cost of that operation, performed regularly as the necessity arises, instead of as a violent remedy postponed till the evil has become intolerable.

THE TRANSVAAL GOLD FIELDS.

At a meeting held in London by persons interested in the Transvaal country, South Africa, Mr. Hamilton, who had visited it, read a paper on the gold fields of that region from which we extract the following:

"I now come to the special object of my visit to the Transvaal, which was an examination into the truth of the gold deposits in the Lydenburg district, and especially on the farms Lisbon and Berlyn. Approaching Lydenburg, I found a complete change in the geological features of the country. Hitherto the country presented a flat appearance, and we were evidently passing over plains and terraces of sedimentary deposit. Now, however, the ground became more broken, and pointed hills, with basalt tops like mighty fortifications, became the principal feature of the landscape. It is well known that mineral veins are most abundant in mountainous regions, and that gold-bearing veins especially are most productive near the junction of the stratified and igneous formations. The richest are generally found in a slate formation, close to those points where the igneous rocks have torn through and distorted it when they were thrown up in some volcanic eruption. This is the case in California, in Australia, on the Guinea Coast, in the Ural Mountains, and everywhere throughout the world where the largest deposits of gold-bearing quartz have been discovered. It is the same here, as we see the slate formation torn and distorted by the eruption of granite, greenstone and other igneous rocks. The main quartz lodes run along the igneous dykes which have been thrown up, and would appear to be the result of a second eruption before the first had completely cooled. The first eruption, besides tearing its way through the slate formation, had, by its heat, cracked in all directions the surrounding slate. These cracks were all filled with quartz by the second convulsion, the sides of them being even and smooth, and not thrown on edge as is the case at the sides of the dykes which were first thrown up. The small quartz leaders are much richer in gold than the larger veins, one of them from which I brought samples assaying 268 ounces to the ton, or in value over £1,000. This was the only leader which was fully exposed (to an extent of about 1,000 square feet), and from which I could procure a fine sample. Other leaders appeared to be very rich also, and would, I have no doubt, assay as highly. These quartz-leaders extend over a large portion of the two farms I have mentioned, and there are at least three large quartz-lodes which extend across the whole farms and can be traced for miles on the surface. In every piece of quartz which I crushed I found sufficient gold to give handsome returns for extraction and milling.

"The yearly rainfall, which, although not excessive, falls heavily while it lasts, has in the course of centuries disintegrated and washed down the surface of these leaders and lodes and has formed large banks of fine alluvial deposit, comparatively rich in gold. By the process of hydraulic washing on such banks, it is ascertained that a grain of gold to the ton will pay well. This is in value about two-pence. None of the samples which I brought home showed less than two pennyweights to the ton, or over 7s. This alluvial ground spreads over a large portion of these farms, and averages about twenty feet in thickness. The farms have an area of twenty-three thousand acres, and about one-fourth of this ground will pay well for washing. The quantity of ground to be washed cannot be less than two hundred millions of tons. Underneath this alluvial deposit lie the quartz leaders imbedded in slate. These leaders extend in depth as far as the stratified formation, and there is abundant evidence to show that this extends to several hundred feet. Where the present workings are being carried on the quartz-leaders occupy about five per cent. of the area, the remaining nineteenth-twentieths being soft micaceous slate, which also contains a little gold. Supposing the quartz-leaders to contain only ten ounces of gold to the ton, and this is a very low estimate, the imagination is lost in calculating the quantity of gold which can be extracted from this immense deposit. Its weight can only be estimated in hundreds of tons. I have in California and elsewhere seen richer deposits covering small areas, but in no other part of the world has a region yet been discovered where the gold is so thickly disseminated over a large area where the facilities of working are so easily procurable. On these farms there is water sufficient, even at the driest season of the year, to keep a thousand stamps at work and to leave sufficient for washing away the alluvial soil by hydraulics. The water is already brought in at the height of a thousand feet over the level of the creek where work would be commenced, and it can easily be carried by quickly-constructed ditches to almost any part of the farms where it may be required. While these two farms are, as far as water facilities are concerned, the most valuable in the district, there are others in the neighborhood equally rich as regards their gold deposits. There seems to be a belt here of rich gold deposits, extending about five miles in width, which has been traced for nearly thirty miles in length, and it may possibly extend much further. The country in the neighborhood contains as fine pasture land as can be found, and, I am informed, produced the finest samples of wheat which were shown at the Paris Exhibition of 1867. The soil must be extremely rich, as the product was eighty bushels to the acre, a result unsurpassed in the best wheat-producing countries. Besides coal and gold, the Transvaal is rich in other minerals, and will, when better means of communication have been secured, give large returns for capital invested in their production. I saw samples of almost pure copper, said to be taken from a vein over twelve feet wide, within a few miles of Lisbon. Cobalt mines have already been worked, and specimens of silver lead are to be seen in many places. There will be no difficulty in procuring all the labor that may be required. Arrangements can be made with the native chiefs to keep a constant supply of labor at the establishments which may be erected. The natives are an obedient, quiet race, who will do their work well and carefully, and if the promises made to them are strictly performed they will work contentedly."

HOW CHINAMEN BORROW MONEY.

When a Chinaman finds himself financially embarrassed and needs money, he does not do as other people do, borrow it and either give a promissory note or chattel mortgage as security for the same, but forms what in Chinese is called an "owey." This is something which is peculiarly Chinese and requires a minute explanation in order that it may be clearly understood. The lowest "owey" is fixed at $1 for each person forming it, and the highest $200. For instance, if a Chinaman needs $100 he will call on a number of his friends, not to exceed ten, and tell them that he wishes that amount of money and desires to form an "owey," then five persons in addition to the originator combine. For the purpose of explaining the "owey" the originator will be designated as Sam, and his five friends as Yow, Yen, Kow, Chew and Hing. At the first meeting of the six the originator receives from each of the other five $20, making up the amount he requires. This is a loan made to him without interest, which he must repay at the rate of $20 per month. At the time this sum is advanced the other five bid for the privilege of the "owey" for the running month. Each one writes on a slip of paper the amount of premium he will give. These slips are rolled separately and thrown into a bowl and shaken up, after which each slip is unrolled and the amount noted. The "owey" is then awarded to the one having bid the highest premium. Yow having bid $1 premium, Yen, Kow, Chew and Hing each pay $19, which is the amount less the premium, and amounting in all to $76; and if he adds the amount of his own contribution it will make a total of $96, or equal to the amount advanced to Sam, less $4, which is reckoned as interest, allowing $1 for each of the four who advanced the money.

At the close of the first month Sam, the originator, is, by the rules which govern this system of money lending, forced to notify all who belong to the "owey" of the next meeting. At this meeting Yen, Kow, Chew and Hing are the only ones who are permitted to offer a premium, Sam and Yow having no voice in the matter. At this meeting the premium of $1 is again offered, and it having been awarded to Yen, the other three pay him $19 each and Sam and Yen repay their first monthly installment of $20 each. At the next meeting only three, Kow, Chew and Hing, can bid, and if the same amount of premium is bid, and it is awarded to the first of the three named, the other two pay him $19 each, while the other three, Sam, Kow and Yen, pay him $20 each. At the next meeting only two, Chew and Hing, are permitted to offer a premium. The one to whom the "owey" is awarded receives from the other the amount, less the premium, and from the other four $20 each. At the next and last meeting only one remaining, he receives from the other five $20 each, making the full sum of $100. By this method the originator of the "owey" who obtains the money without interest has the use of $100 for one month, $80 for four months, $60 for three months, $40 for two months, and $20 for one month. In return for the use of the money he is forced to act as collector from the other members of the "owey," who are required to pay the monthly installment of $ 20. He also assumes a risk, and that is, if any member of the "owey" does not pay at the appointed time, he has to be responsible for the amount due. The other members of the "owey," who by installments, advance money to one another, receive interest for the amount of their advances, and each in turn has the use of the total amount of the "owey" in the same proportion as the originator.

This method of money lending is in vogue among all classes, and women often form "oweys" among themselves. When the slips of paper, before alluded to, are drawn from the bowl, it often happens that two or more contain the same amount of premium. In such an event the "owey" is given to the one whose slip is first drawn. The "owey" may be composed of any number not exceeding ten besides the originator, and the greatest amount that may be raised by such means is $ 2000. Whenever an "owey" is formed and the amount to be awarded to the originator is $ 500, or in excess thereof, he is required to treat those who loan him the money to a dinner, not to cost less than $ 2 a head. Oftentimes a high premium is bid for the privilege of the "owey" for each succeeding month, and this gives the lenders considerable interest for the use of their money.—*San Francisco Call.*

SCANDINAVIAN EXCHANGES.

It is remarkable to note, says the London *Bankers' Magazine*, the change which Scandinavian exchanges have undergone since the adoption of the gold standard in the three countries. Great fluctuations in exchanges are naturally detrimental to commerce, but they can at the same time not be wholly avoided, as they are, to a considerable extent, dependent on the demand and supply of the market. Still, the fluctuations of the former are always limited in extent, and not so great as prices on merchandise, while the greater the difference between the money standard of two countries, the greater and more rapid will fluctuations of the exchanges be. As an illustration of this assertion may be mentioned the existing excessive exchange between this country, where the currency is gold, and Russia, where the currency is paper, while between France and Belgium, where the currencies are the same, the fluctuations are comparatively small. When the standard in Scandinavia was silver, it was in this country gold, while Germany, with which Scandinavia did most business, also possessed the silver one; but the chief centre of import in the latter country, Hamburg, had not coined silver money, but bars. Now, in the relations of Denmark, Sweden, and Norway to England the price of silver was for a number of years, in fact up to the adoption in the former countries in 1876 of the gold standard, very uniform, and the fluctuations of the exchanges between these countries, in consequence, comparatively small. The average fluctuation yearly between Copenhagen and London was thus, in the period 1857–70, 17.82 per mille, and between the former place and Hamburg, 11.41 per mille; which smaller figure is due, naturally, to the lower cost of transport to the latter place. But, since 1870, these figures have entirely changed. Already, during the transition period from one standard to another, the fluctuation between Copenhagen and London was only 13.2, and between Copenhagen and Hamburg 7.80 per mille; while, when the gold standard had been finally introduced in the Scandinavian countries, the figures fell to seven per mille as regards Copenhagen and London, and to 3.40 per mille for Hamburg, and the fluctuations between Christiania, Stockholm, and London have become so small that they rarely amount to one per mille up or down. It should in connection with this subject be pointed out, that in most countries there is a charge of about a quarter per cent. in costs of silver bars, while the importers of bullion suffer a loss for light weight, which in total may be estimated at four per mille; but that in Denmark the charge on bars is only one-eighth per cent., while there is no deduction whatever on coin for light weight. This circumstance facilitates to some extent the bullion transactions of Denmark, while it enables the Danish banks to obtain their required supply of metal at the two yearly clearing periods, which are adopted by the financial institutions of that country, somewhat easier than those of other countries.

A NEW ERA OF ALLOYS.

Chemistry and mechanical skill are making rapid advances in the field of metallic alloys, thus creating new resources for ornamental as well as utilitarian purposes. An instance is afforded in nickel and alloys, which have been carried to a point which causes that metal to be preferred in numerous articles to silver, as in watches, dress buttons, ornaments, furnishing hardware, harness and carriage trimmings, superseding in the latter silver plating and brass. The difficulty caused by the porousness of the nickel, causing oxide or rust to form by the access of the oxygen of air or sulphurous and other fumes to the inferior metals with which it is combined, has been successfully overcome, solid alloys being produced which maintain the native brightness of the metal. One most important advance is in the purification of nickel carried to a point which secures its malleability, and this by the elimination of the gases absorbed by it in the molten state. The former stationary condition of nickel in the arts was not due to the inability of chemists in the laboratory to produce, with it as a base, exquisite alloys, but that their processes could not be carried out on a large scale, the chemists themselves being unequal to the task of securing their treatment of the crude material by the ton, or in a large open furnace, taken as it comes from divers sources and irregular qualities. Alloys are now produced free from cloudiness, and from any liability to that tarnishing, corrosion, and easy abrasion to which silverware, solid and plated, is subject. These new alloys are much less affected than silver by organic acids, or the presence of sulphur or coal gas, "nickeline" or "platinine" silver not being eat into by them. Pedometers, watches, and other fine pocket instruments made of alloys having nickel for their base wear clean and bright. The discovered malleability of nickel allows of it being chased similarly to silver and gold, and with the result of greater lustre, while the qualities of brilliancy, hardness, and durability, whether used solidly or in electro-plating, commend it for table-ware service.

LIABILITY OF BANK FOR SPECIAL DEPOSIT.

SUPREME COURT OF OHIO.

The First National Bank of Mansfield v. *Zent.*

1. The power to receive special deposits is conferred by the National Banking Act, upon banks organized under that Act.

2. Where a National bank has been accustomed to receive United States bonds, as special deposits, gratutiously, it is liable for any loss thereof occurring through the want of that degree of care which good business men would exercise in keeping property of such value.

3. A demand of said bonds, and refusal by the bank to deliver the same, with no other explanation of such refusal than the statement that the bank has no such bonds in its possession, furnish sufficient proof of loss by such negligence as will render the bank liable therefor.

Error to the District Court of Richland Co.

The original action was brought in the Court of Common Pleas of Richland County to recover the value of certain United States bonds, alleged to have been deposited with the First National Bank of Mansfield, and by said bank wrongfully appropriated to its own use.

The First National Bank of Mansfield is an association organized under the Act of Congress, entitled, "An Act to provide a National currency," and approved June 3, 1864. The Court of Common Pleas rendered judgment in favor of the present defendants in error, which judgment was affirmed by the Distriet Court, and this proceeding is prosecuted to reverse the judgment of the District Court.

Five other cases against said bank and its receiver, and involving the same questions, were, by agreement of the parties, tried in the Court of Common Pleas, and are now heard with this case. The facts are stated in the opinion of the court.

UPSON, J.—In behalf of the plaintiffs in error it is inaisted, that whatever contract or arrangement existed, was between the defendants in error and W. S. Hickox individually, and not as an officer of the bank, and that if he did attempt to bind the bank without the knowledge of the directors, the agreement was *ultra vires* and absolutely void. Upon a careful examination of the testimony, all of which is set forth in the bill of exceptions, we are of opinion that it fully warranted the Court of Common Pleas in finding that the bonds described in the petition were received by the bank as a special deposit for safe keeping; that with the full knowledge and acquiesence of its directors and officers, the bank engaged in the business of receiviug United States bonds on deposit for safe keeping, and that Hickox, as cashier, had general authority to receive such special deposits for the bank. We do not think the right of the defendants in error to recover the value of their bonds depends upon proof that special authority was given to the cashier in this particular instance.

The testimony shows that some of the bonds were actually sold, and the proceeds converted to the use of the bank, and it might well have been regarded as proved that all of the bonds in this

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case had been thus converted, but we decide this case upon grounds common to all of the cases submitted with this.

The first question of law presented by the record is, had the cashier power to bind the bank by receiving the bonds as a special deposit for safe keeping.

In the case of *Wiley* v. *Bank of Brattleboro*, 47 Vt. 546, the Supreme Court of Vermont decided, that the taking of special deposits merely for the accommodation of the depositor, is not within the authorized business of National banks, and that their cashiers have no power to bind them on any express contract accompanying, or any implied contract arising out of such taking. In a number of other cases decided by State courts it has also been held that National banks were not responsible for the safe keeping of special deposits entrusted to their care, even when such deposits were made with the knowledge and acquiescence of the directors, and that the banks could not be held liable even for the gross negligence of their officers. These decisions rest upon the assumption that the act under which National banks are organized expressly sets forth the powers conferred upon those banks, and does not include among them power to receive special deposits, and that such power is not given them by the grant of all such incidental powers as shall be necessary to carry on the business of banking.

The proper construction of the banking act has, however, since this action was brought, been conclusively determined by the Supreme Court of the United States, in the case of the *First National Bank of Carlisle* v. *Graham*, 100 U. S. 699, in which that court decided not only, that if a bank be accustomed to take such deposits as the one in question, and this is known and acquiesced in by the directors, it is liable to the same extent as if the deposit had been authorized by the terms of the charter, but also decided that the provisions of the law authorizing a bank, after its failure, "to deliver special deposits," clearly implied that it might, as a part of its legitimate business, receive such special deposits.

In this case now under consideration it was proved to have been a part of the ordinary business of the bank to receive United States bonds for safe keeping, and it follows that the cashier in dealing with the defendants in error acted within the scope of his authority, as cashier, and that the bank was therefore bound by his acts.

The degree of care required of the bank depends upon the nature of the bailment.

There is strong proof that the bonds were taken, not merely for the accommodation of the owners, but for the benefit and profiit of the bank. It may be conceded, however, for the purpose of this decision, that no advantage or compensation was to be received by the bank for the responsibility which it incurred. It is usually stated that a bailee who is to receive no reward is liable only for gross negligence, and some of the cases hold that such a bailee is responsible only for the want of that care which is taken by the most inattentive.

But that rule can not be applied to all cases of bailment without reward, for where securities are deposited with persons accustomed to receive such deposits, they are liable for any loss occurring through the want of that care which good business men would exercise in regard to property of such value. This was the degree of care required of the bank in this case. Were the bonds lost for want of such care? They were demanded, by the defendants in error, and the only excuse given for not delivering them, as stated in the answer, was that "the said bank not having any such bonds in its possession did not deliver any to the plaintiffs."

No explanation was offered and no reason given for the bonds not being in possession of the bank.

We hold that under these circumstances the proof of demand, and refusal to deliver, was sufficient evidence that the bonds had been lost by the gross negligence of the bank, if not converted to its own use. Judgment affirmed.

PRIORITY OF GOVERNMENT CLAIM IN CASE OF NATIONAL BANK FAILURE.

SUPREME COURT OF THE UNITED STATES.

The Cook County National Bank v. *the United States.*

The law of 1797, re-enacted in the Revised Statutes, giving priority to the demands of the United States against insolvents, does not apply to demands against those institutions. The provisions of that law and of the National banking law, as applied to demands against National banks, are inconsistent and repugnant; the former law, therefore, must yield to the latter, and is, to the extent of the repugnancy, superseded by it.

MR. JUSTICE FIELD delivered the opinion of the Court.

The Revised Statutes in section 3466 provide that—

"Whenever any person indebted to the United States is insolvent, or whenever the estate of any deceased debtor, in the hands of the executors or administrators, is insufficient to pay all the debts due from the deceased, the debts due to the United States shall be first satisfied; and the priority hereby established shall extend as well to cases in which a debtor, not having sufficient property to pay all his debts, makes a voluntary assignment thereof, or in which the estate and effects of an absconding, concealed or absent debtor are attached by process of law, as to cases in which an act of bankruptcy is committed."

This section is substantially a copy of section 5 of the Act of March 3, 1797, entitled "An Act to provide more effectually for the settlement of accounts between the United States and the receivers of public money." Statutes passed before 1797 embodied similar provisions, and also declared that parties who are sureties of insolvents may pay to the United States any balance due to them, and have the same priority in the payment of their demands out of the estates of such insolvents as the United States would have if no such payment were made.

The language of the section in the Revised Statutes is general and comprehensive in its terms, and applies to demands of the United States against any insolvent person living, or the estate of any insolvent person dead; and also to demands against any person who, not having sufficient property to pay all his debts, makes a voluntary assignment thereof, and against any estate of an absconding, concealed, or absent debtor, whose effects have been attached by process of law.

The question is whether, under this broad and general language, the United States, having demands against an insolvent National bank, are entitled to priority of payment out of its assets over other other creditors. The appellants contend that the statute refers to such insolvency as is determined by judicial decree, as under a bankrupt act, or is manifested by the debtor's voluntary assignment of his property, or by its attachment under process against him, as an absconding, concealed, or absent debtor, and that within this meaning the Cook County National Bank never became insolvent, and that, therefore, the provisions giving priority of payment to demands of the United States against insolvents do not apply.

From the view we take of the Act authorizing the formation of National banks, it is unnecessary to consider whether or not this position is tenable. We consider that Act as constituting by itself a complete system for the establishment and government of National banks, prescribing the manner in which they may be formed, the amount of circulating notes they may issue, the security to be furnished for the redemption of those in circulation; their obligations as depositaries of public moneys, and as such to furnish security for the deposits, and designating the consequences of their failure to redeem their notes, their liability to be placed in the hands of a receiver, and the manner, in such event, in which their affairs shall be wound up, their circulating notes redeemed, and other debts paid or their property applied towards such payment. Everything essential to the formation of the banks, the issue, security, and redemption of their notes, the winding up of the institutions, and the distribution of their effects, are fully provided for, as in a separate code by itself, neither limited nor enlarged by other statutory provisions with respect to the settlement of demands against insolvents or their estates.

In the first place, the banks are required to deposit with the Treasurer bonds of the Unites States as security for any notes that may be issued, the amount of which cannot in any case exceed ninety per cent. of the par value of the bonds. (R. S., sec. 5. 171.) Should the market or the cash value of the bonds become reduced at any time below the amount of the notes issued, the Comptroller of the currency may require that the amount of the depreciation be deposited with the Treasurer in other United States bonds, or in money, so long as such depreciation continues. (R. S., sec. 5167.) In case of the refusal of a bank to pay its notes, the bonds may be sold at public auction in the city of New York, and their proceeds applied to reimburse the United States the amount expended by them in paying the circulating notes; and for any deficiency which may remain, the United States are entitled to a paramount lien upon all the assets of the bank, which is to be paid in preference to all other claims, except for costs and necessary expenses in administering the same. (R. S., sec. 5230.)

In the second place, when the banks are made depositories of public moneys and employed as financial agents of the Government, it is the duty of the Secretary of the Treasury to require them to give satisfactory security by the deposit of United States bonds, or otherwise, for the safe keeping and prompt payment of the public money deposited, and for the faithful performance of their duties as financial agents. The amount of security which the secretary may thus require has no limit but his own judgment as to its necessity. Every officer of a bank which is not an authorized depository, and which has not, therefore, given the required security, who knowingly receives any public money on deposit, is liable for embezzlement. (R. S., sec. 5497.) The Government can thus always have security, limited in amount only by the judgment of the Secretary of the Treasury, for public moneys deposited with any National bank.

With these provisions for security against possible loss for moneys deposited, it would seem only equitable that the Government should call for such security, and, if it prove insufficient, take the position of other creditors in the distribution of the assets of the bank in case of its failure. The framers of the banking law evidently so regarded the matter. After providing for the appointment of a receiver by the Comptroller of the currency upon the suspension or failure of a bank, the law requires the receiver to take possession of its books and records, and assets of every description, and to collect all debts, dues, and claims belonging to it; and authorizes him upon an order of a court of competent jurisdiction, to sell or compound bad or doubtful debts; to sell the real or personal property of the bank, and, if necessary, in order to pay its debts, to enforce the individual liability of its stockholders, and it directs him to pay over all moneys thus received to the Treasurer of the United States, subject to the order of the Comptroller of the currency. It also requires the Comptroller upon appointing a receiver, to cause notice to be published, calling upon all persons having claims against the bank to present the same with legal proof thereof. It then declares as follows, in section 5236: "From time to time, after full provision has been first made for refunding to the United States any deficiency in redeeming the notes of such association, the Comptroller shall make a ratable dividend of the money so paid over to him by such receiver, on all such claims as may have been proved to his satisfaction or adjudicated in a court of competent jurisdiction, and, as the proceeds of the assets of such association are paid over to him, shall make further dividends on all claims previously proved or adjudicated; and the remainder of the proceeds, if any, shall be paid over to the shareholders of such association or their legal representatives, in proportion to the stock by them respectively held."

This section provides for the distribution of the entire assets of the bank, giving no preference to any claim except for moneys to reimburse the United States for advances in redeeming the notes. When this reimbursement is fully provided for, the balance of the assets, as the proceeds are received, is subject to a ratable dividend on all claims proved to the satisfaction of the receiver or adjudicated by a court of competent jurisdiction. Any sum remaining after the payment of all these claims is to be handed over to the stockholders in proportion to their respective shares. These provisions could not be carried out if the United States were entitled to priority in the payment of a demand not arising from advances to redeem the circulating notes. The balance after reimbursement of the advances, could not be distributed, as directed, by a ratable dividend to all holders of claims, that is, to all creditors.

These provisions must be deemed, therefore, to withdraw National banks which have failed, from the class of insolvent persons, out of whose estates demands of the United States are to be paid in preference to the claims of other creditors. The law of 1797, re-enacted in the Revised Statutes, giving priority to the demands of the United States against insolvents cannot be applied to demands against those institutions. The provisions of that law and of the National banking law being, as applied to demands against National banks, inconsistent and repugnant, the former law must yield to the latter, and is, to the extent of the repugnancy, superseded by it. The doctrine as to repugnant provisions of different laws is well settled, and has often been stated in decisions of this court. A law embracing an entire subject, dealing with it in all its phases, may thus withdraw the subject from the operation of a general law as effectually as though, as to such subject, the general law were in terms repealed. The question is one respecting the intention of the legislature, and although as a general rule the United States are not bound by the provisions of a law in which they are not expressly mentioned, yet if a particular statute is clearly designed to prescribe the only rules which should govern the subject to which it relates, it will repeal any former one as to that subject. *Davies* v. *Fairbairn*, 3 How. 636; *United States* v. *Tyner*, 11 Wall. 88.

In addition to these conflicting provisions in the banking law, necessarily superseding those of the law of 1797, as to the priority of the United States in the payment of their demands out of the estates of insolvents, there is the significant declaration of the banking law that for any deficiency in the proceeds of the bonds deposited as security for the circulating notes of the bank, the United States shall have a paramount lien upon all its assets which shall be made good in preference to all other claims, except for costs and expenses in administering the same. This declaration was unnecessary and quite superfluous if for such deficiency the United States already possessed, under the Act of 1797, the right to be paid out of the assets of the bank in preference to the claims of other creditors. The declaration considered in connection with the ratable distribution of the assets, prescribed after such deficiency is provided for, is equivalent to a declaration that no other priority in the distribution of the proceeds of the assets is to be claimed.

This view of the banking law is not affected by the subsequent enactment in 1867 of the bankrupt act, giving priority to the demands of the United States against the estates of bankrupts. That enactment was dealing with the estates of persons adjudged to be insolvent under that law, and covers only the distribution of their estates. It has no further reach.

It remains only to consider whether the United States have the right to claim the payment of this demand out of the surplus moneys remaining in the treasury of the proceeds of the bonds deposited as security for the circulating notes of the bank. The surplus is sufficient to pay the demand of the United States in full. Can the United States set off their demand against these proceeds? We have no hesitation in answering this question in the negative. The bonds were received in trust as a pledge for the payment of the circulating notes. The statute so declares in express terms. (R. S., 5162 and 5167.) They were to be returned to the bank when the notes were paid, if not sold to reimburse the United States for moneys advanced to redeem the notes. The bank could have claimed their return at any time upon a surrender of the notes. The surplus constituted the assets of the bank, and part of the fund appropriated by the statute for its creditors. It was charged with this liability, and was held subject to it after the purposes of the original trust were accomplished, although remaining in the treasury. It was then subject to a new trust. A trustee cannot set off against the funds held by him in that character his individual demand against the grantor of the trust. Courts of equity and courts of law will not allow such an application of the funds so long as they are affected by any trust. It would open the door to all sorts of chicanery and fraud. The fund must be relieved from its trust character before it can be treated in any other character.

This doctrine is well illustrated in the case of *Sawyer* v. *Hoag*, 17 Wall., 622. There a stockholder indebted to an insolvent corporation for unpaid shares, undertook to set off against the claim upon him a debt due to him by the corporation. But it was held that this could not be done. Said the court, speaking by Mr. Justice Miller: "The debt which the appellant owed for his stock was a trust fund devoted to the payment of all the creditors of the company. As soon as the company became insolvent, and this fact became known to the appellant, the right of set-off for an ordinary debt to its full amount ceased. It became a fund belonging equally in equity to all the creditors, and could not be appropriated by the debtor to the exclusive payment of his own claim."

Here the surplus, being a fund for all the creditors, was subject to be distributed to them immediately upon the reimbursement of the advances of the United States, and the right of the creditors to it was not affected by the fact that it was at the time in the actual possession of the Treasury Department.

Nor is the relation of the United States to this fund changed by the forfeiture of the bonds, which the Comptroller of the currency was authorized upon the failure of the bank to declare. The forfeiture was not a confiscation of the bonds to the Government. It amounted only to an appropriation of them, against any other claim, to the specific purposes for which they had been deposited, authorizing their cancellation at market value when not above par, or their sale, so far as necessary to redeem the circulation or reimburse the United States for moneys advanced for that purpose. When that purpose was accomplished the bank had the right to any surplus of their proceeds, equally as though that right had been in express terms declared.

It follows from the views expressed that the decree of the court below must be reversed and the cause be remanded, with directions to sustain the demurrer, and dismiss the bill; and it is so ordered.

LEGAL MISCELLANY.

Option Contracts.—When Valid.—The validity of option contracts depends upon the mutual intention of the parties. If it is not the intention in making the contract that any property shall be delivered or paid for, but that the fictitious sale shall be settled on differences, the contract is illegal. But if it is the *bona fide* intention of the seller to deliver, or the buyer to pay, and the option consists merely in the time of delivery within a given time, the contract is valid, and the putting up of margins to cover lossss which may accrue from the fluctuations of prices, etc., is legitimate and proper. *Union N. Bank* v. *Car*, U. S. Circuit Court.

A CLEARING-HOUSE DUE BILL A NEGOTIABLE INSTRUMENT.—In *Dutton* v. *Merchant's National Bank*, Pennsylvania Common Pleas, Feb. 16, 1883, 12 W. N. C. 549, a Clearing-house due bill, payable to "banks," and "only in the exchange through the Clearing House the day after issue," was held a negotiable instrument. The oourt said: "In construing such an instrument as this, we are aware that the leading authorities in this country are somewhat in conflict, *Miller* v. *Austin*, 13 How. 218, and kindred authorities, holding in principle one doctrine, and *Patterson* v. *Poindexter*, 6 W. & S. 227, followed by other cases in Pennsylvania, apparently another. . . . This is not, therefore, 'a mere certificate of deposit on special terms,' but an agreement to pay so much money on demand; true the place of payment is named, only in the exchange through the Clearing House; that is, by a bank; but the amount is fixed, and the time at which the paper is payable is also certain, and it is also payable in dollars; that is, the legal currency of the country. It is payable to 'banks,, but it has been settled time and again, that words equivalent to 'order' or 'bearer' are sufficient. Thus in *United States* v. *White*, 2 Hill 59, it was held that, 'words in a bill, from which it can be inferred that the person making it, or any other party to it, intended it to be negotiable, will give it a transferable quality against that person.' See also *Raymond* v. *Middleton*, 29 Penn. St. 530. And the whole tenor of this instrument, together with the usual customs of the banks and of the mercantile community, tends to establish the fact that these instruments are regarded as payable to 'bearer,' as such deposited as cash, and paid on presentation by the bank of issue through the Clearing House. All the cases in Pennsylvania from *Patterson* v. *Poindexter* down, proceed upon the principle that the various instruments of writing sued upon, although in some instances bearing the words 'order' or 'bearer,' had about them, in terms, language indicating a mere intent to 'deposit upon special terms, and subject to a particular stipulation as to the manner and time of payment, and accompanied with a collateral engagement to allow interest.' . . . We can come to no other conclusion than that this Clearing-house due bill is not a mere certificate of deposit creating a contract of bailment, but is as negotiable an instrument as a check payable to bearer, or as a promissory note payable to order or bearer, is absolutely unfettered by any special condition or stipulation, is also 'simple' in terms, 'certain' in amount and matter of payment, 'unconditional,' and subject to no 'contingency.' It cannot, in the language of Judge Sharswood, in *Woods* v. *North*, 3 Norris 410; S. C. 24 Am. Rep. 201, be subject to the criticism applied by Chief Justice Gibson to an agreement to confess judgment, which he called 'luggage, which negotiable paper, riding as it does, on the wings of the wind, is not a courier able to carry.'" To the same effect *Klauber* v. *Biggerstaff* 47 Wis. 551; S. C., 32 Am. Rep. 773, where the certificate was payable in "currency."

NATIONAL BANK—ACTS ULTRA VIRES—DENIAL OF RIGHT UNDER BANKING ACT—APPEAL—JURISDICTION.—In this action plaintiff in error, sought in a State court to enjoin the enforcement of an execution for the delivery of property on a judgment against them, on the ground that the owner of the property at whose instance the writ was issued, a National bank, which had acquired such property by conveyance, had no power under the provisions of the National-banking law to take and hold the property, and that the conveyance to it was inoperative and void. They set up no title to the property against the bank. The decision of the State court was against plaintiffs in error. *Held*, that they were not by that decision denied any "title, right, privilege, or immunity specially set up or claimed," under the banking act. As early as 1809, it was held by this court in *Owings* v. *Norwood's Lessee*, 5 Cr. 344, that in order to give it jurisdiction in this class of cases the right, title, or immunity which is denied must grow out of the Constitution, or a treaty, or statute of the United States relied on. Under this rule jurisdiction was not taken in that case, although it was an action of ejectment by Norwood's lessee, and the record showed that an effort was made to defeat the recovery because of an outstanding title in a third person adverse to Norwood and protected by a treaty. The court said: "Whenever a right grows out of, or is protected by a treaty, it is sanctioned against all the laws and judicial decisions of the States, and whoever may have this right, is to be protected. But if the person's title is not effected by the treaty, or if he claims nothing under a treaty, his title cannot be protected by the treaty," The principle thus announced has been recognized in many cases since. *Montgomery* v. *Hernandez*, 12 Wheat. 129; *Henderson* v. *Tennessee*, 10 How. 323; *Wynn* v. *Morris*, 20 id. 5; *Hale* v. *Gaines*, 22 id. 160; *Verden* v. *Coleman*, 1 Black 472; *Long* v. *Converse*, 91 U. S. 105. *Hendesron* v. *Tennessee*, like *Owings* v. *Norwood's Lessee*, was an action of ejectment, and the effort was to defeat the recovery by showing an outstanding title in a third person under a treaty with which the party in possession did not connect himself, but the jurisdiction was denied, it beiug said: "The right to make this defense is not derived from the treaties, nor from any authority exercised under the general Government. It is given by the laws of the State, which provide that the defendant in ejectment may set up title in a stranger in bar of the action. It is true the title set up in this case was claimed under a treaty. But to give jurisdiction to this court the party must claim the right for himself, and not for a third person in whose title he has no interest." And in *Hale* v. *Gaines*, it was said: "The plaintiff in error must claim (for himself) some title, right, privilege, or exemption under an act of Congress, etc., and the decision must be against his claim to give this court jurisdiction, Setting up a title in the United States by way of defense is not claiming a personal interest affecting the subject in litigation." Writ of error to Kentucky Court of Appeals, dismissed. *Miller* v. *National Bank of Lancaster*. U. S. Sup. Ct.

AGENCY—PURCHASE BY AGENT OF TRUST PROPERTY SOLD BY ORDER OF PRINCIPAL FORBIDDEN.—Where the relation of A to B is one of great trust and confidence, A's conduct will be regulated by a law of jealousy. He will not be permitted to keep anything obtained from B under the guise of a contract, unless his title is entrenched in the utmost good faith. It must have been acquired openly, and on a full and frank disclosure of every fact likely to influence B's conduct; and the conduct of A must be shown to be just and honest in every particular. The general interests of justice, and the safety of those who are compelled to repose confidence in others, demand that the courts shall inflexibly maintain the rule declaring that an agent employed to sell cannot make himself the purchaser, nor if employed to buy, can he himself be the seller. The moment an agent ceases to be the representative solely of his employer, and places himself in a position toward his principal where their interests may conflict, no matter how fair his conduct may be in the particular transaction, he ceases to be that which his service requires and his duty to his principal demands. In such cases the courts do not stop to inquire whether the agent has obtained an advantage, or whether his conduct is fraudulent or not, but if the fact is established that he has attempted to assume two distinct and opposite characters in the same transaction, the courts will not speculate concerning the merits of the transaction, but at once pronounce it void as against public policy. The reason of the rule is, that owing to the selfishness and greed of human nature, there must in the great mass of transactions, be a strong antagonism between the interests of the seller and buyer, and universal experience shows that the average man, when his interests conflict with his employer's, will not look upon his employer's interests as more important or entitled to more protection than his own. The object of the principal is to elevate the agent to a position where he cannot be tempted to betray his trust. To guard against uncertainty, all possible temptation is removed, and the prohibition against the agent acting in a dual capacity is made broad enough to cover all his transactions. The rights of a principal will not be changed, nor the capacity of the agent enlarged, by the fact that the agent is not invested with a discretion, but simply acts under authority to purchase or sell a particular article at a specified price. *Benson* v. *Heathom*, 1 You. & Col. 326; *Conkey* v. *Bond*, 34 Barb. 276; S. C. 36 N. Y. 427; *Ex parte Lacey*, 6 Ves. 625; *Brookman* v. *Rothschild*, 3 Sim. 153; *Rothschild* v. *Brookman*, 2 Dow & Clark, 188: *Gillett* v. *Peppercorne*, 3 Beav. 78; *Moore* v. *Moore*, 5 N. Y. 256; *New York Central Ins. Co.* v. *National Protection. Ins Co.*, 14 id. 86. *Porter* v. *Woodruff*. N. Jersey Court of Chancery.

TRUST—POWER TO MORTGAGE INCLUDED IN POWER TO SELL.—A power to mortgage is sometimes implied in a power to sell. Where power of sale is given to raise a particular charge only, and the purpose can be answered better by mortgage than by sale, and that method is not violative of the intention of the grantor of the power, the former mode of raising the money should be preferred to the latter. *Cooke* v. *Farrand*, 7 Taunt. 122; *Rendelsham* v. *Mewe*, 14 Sim. 249. The cases of *Stroughill* v. *Anstey*, 1 De G. M. & G. 635; *Page* v. *Cooper*, 16. Beav. 396, and *Ball* v. *Harris*, 4 M. & Cr. 264, are authorities on this point. Where power of sale is given to raise a particular charge only, and the purpose can be answered better by mortgage than by sale, and that method is not violative of the intention of the grantor of the power, the former mode of raising the money should be preferred to the latter, for the obvious and sufficient reason that it is for the advantage of the estate that it should be adopted, and it is within the limits of the power intended to be conferred. It would be absurd, to say the least of it, to adhere so closely to the literal terms of the grant of power as to necessitate a sacrifice of the property, when by a reasonable construction that result could be avoided. Lord Langdale, M. R., in *Haldenby* v. *Spofforth*, 1 Beav. 390, in commenting on Lord Macclesfield's remark in *Mills* v. *Banks*, 3 P. Wms. 1, that "a power to sell implies a power to mortgage, which is a conditional sale," says he conceives this to mean that where it is intended to preserve the estate there under a direction of sale, a mortgage will sufficiently answer the purpose. *Loebenthal* v. *Raleigh*. N. Jersey Court of Ch.

TREASURES OF THE BANK OF ENGLAND.

In the course of five years the paid notes amount to 77,745,000 in number, and they fill 13,400 boxes, which if placed side by side would reach two and one-third miles. If the notes were placed in a pile they would reach to a height of five and two-thirds miles or if joined end to end they would form a ribbon 12,445 miles long. Their superficial extent is said to be rather less than that of Hyde Park. They weigh over ninety and two-thirds tons, and their original value was over £1,750,626,600. The greatest of rogues might be inclined to find some comfort in the extent and intricacy of such a store of old paper. Of course, however, they are most systematically arranged, and any note of the seventy-seven millions may be pounced upon with the utmost celerity and precision. At the end of five years these old notes are thrown into a furnace specially constructed for the purpose, and burned.

It is a curious fact, however, that so firm in texture is the paper of a genuine Bank of England note that burning alone can hardly destroy it. The authorities have in a little glazed frame the remnants of a note which was in the great fire at Chicago. Though completely charred and black, the paper still holds together, and the printing of the note is said to be sufficiently legible to establish its genuineness and to warrant its being cashed.

There are some other notes here which were cashed after having gone down with the Eurydice a few years ago, and reduced to little better than pulp. Indeed, the scraps and fragments which sometimes come into the bank to be cashed have a really ridiculous appearance. On the occasion of a recent visit, for instance, the officials had under examination a number of fragments of discolored paper, none much bigger than a sixpence, and when put together presenting to the unskilled eye not the slightest resemblance to a note. And yet it was pretty confidently asserted that the paper would be cashed.

It is beneath the dignity of the Bank of England to take, or even to appear to take, advantage of accidents to their notes, and if there is any possibility of establishing the identity of one of them, it is sure to be duly honored. Even where a note is entirely destroyed, proper evidence of the fact of destruction will be accepted and payment made. A lost note will in some cases be paid, and there is one occasion recorded upon which the liberal attitude of the Directors in a case of this kind involved them in a loss of £30,000. A bank Director declared that he had lost a note for that amount, and, upon his giving an indemnity for the sum in the event of the note ever turning up, the money was paid to him. Many years after his death an unknown person presented the missing note. The paper was undeniably good, and the bank had no alternative but to cash it, as it was payable to bearer on demand, and as the heirs of the bank Director who had lost it repudiated all liability, the money could not be recovered.

CURRENT EVENTS AND COMMENTS.

MANUFACTURE OF COKE.

Among the many new features of the census is the first account of the coke business in the United States. There are in this country 149 coke establishments, representing a capital of $5,545,058, and employing 3,142 persons. They transformed 4,360,110 tons of coal, costing $2,761,657, into 2,752,475 tons of coke, valued at $5,359,489. The coke industry is confined almost entirely to Pennsylvania, but is now spreading into Ohio and West Virginia. No other State has more than four coke factories. If there has been an earlier account of the entire coke business, it has never reached real publicity, and the figures given above are not only new, but are likely to lead also to new and profitable enterprises.

PETROLEUM PRODUCTS.

It is estimated that the product of petroleum since its active development began, about twenty years ago, has added to the wealth of the country about $1,500,000,000, and is still on the increase, with no apparent evidence of exhaustion. The various uses to which it is applied—besides its use for illuminating purposes—in the arts, and in manufactures, has given rise to several important and profitable industries. As an article of export it has become an item of mnch importance. In the past year the yield of all the wells is estimated at 28,950,000 barrels. Its importance in sustaining foreign trade is observed, when it is stated that the export for eleven months of the last fiscal year, in the various forms of crude petroleum, naphtha, refined illuminating and lubricating oil and residuum, aggregated 505,637,096 gallons, of the value of $46,563,142. The proportion of crude oil shipped abroad was comparatively small. amounting to 38,370,007 gallons, valued at $2,917,133; shipments of naphtha, or oils of light specific gravity, were 18,685,155 gallons, valued at $1,685,534; of heavy lubricating oils, 5,785,678 gallons, worth $1,335,337; residuum, or what was formerly wasted, 3,403,680 gallons, valued at $201,302; and of illuminating oil or kerosene, 439,392,576 gallons, of the value of $40,423,836. These articles of manufacture and trade are peculiarly interesting, for the reason that they are a comparatively recent addition to commerce, and show a steady increase in production, and add yearly to the export trade of the country. During the eleven months ending with May, 1881, the total export was only 335,693,661 gallons, of a total value of $34,762,341. Its value as an article of foreign commerce is, however, snrpassed by its importance in domestic trade and manufacture, and in household economy.

OLIVE TREES IN CALIFORNIA.

It appears that Mr. Cooper, of Santa Barbara, San Diego, and other places, has demonstrated by his cultivation of the olive that the tree thrives well and bears well in California, and also that it is profitable to cultivate it. The trees begin to pay at three years, and when five years old will pay all expenses of tillage and harvesting with a surplus, while the sixth year the crop will pay for the land, the trees, and the tillage for the five years previous, and, with good care, the increase is larger from year to year for a century longer. Some of the best trees, eight years old, produced 2,000 gallons of berries to the acre, and the European standard is eight gallons of berries for one gallon of oil, so that this gives a product of 250 gallons of oil per acre. The oil finds a ready market at five dollars a gallon, which gives an income of $1,250, or £250, an acre for the best eight-year-old trees in an exceptionally good year.

COMMERCE AND INDUSTRIES OF MEXICO.

The commerce and industries of Mexico are increasing very materially. In the year 1879, and for some years previous, the revenues of the Mexican government were about $19,000,000. In 1880 they rose to $22,000,000, in 1881 to $23,000,000, and in 1882 to $27,000,000. There is no known cause to attribute this increase to except to the building of railroads. Large amounts of foreign capital have been invested in railroads, but a greater increase of property arises from the value given to land previously so remote from market that only a nominal price was attached to it. The Government of Mexico, like our own, collects its tax indirectly, but the greater ability of the people to purchase the comforts and luxuries of life adds at once to the Government revenues. An increase of nearly forty per cent. in revenue in the short space of three years indicates a vitality in the people of that country their recent history had not led us to expect. The turbulent period of our sister republic is now apparently over. The increase of wealth will serve as a bond for security. The preponderating influences are now on the side of order and good government. Under these improved conditions the country may be expected to rise rapidly in the scale of nations.

COLOSSAL MEXICAN FARMS.

Much has been said and written of the great extent and large possibilities of Mexican haciendas. But probably few people in the United States even yet realize the extent of some of these tracts of land, where a million or a million and a half of acres often constitute a single estate in the hands of one owner. There are many such estates in Mexico large enough to hide away many a European principality, large enough to awaken the envy of many a land proprietor in the Pacific Coast States of the American Union. These are to be found in many of the Central and Northern States of Mexieo. The famous Salado ranch, for example, contains over 600 square miles of land. It lies partly in the States of Nuevo Leon, Coahuila, Zacatecas and San Luis Potosi, on the highway to Mexico, and on the line of the new railroads. It occupies the central table lands of Mexico at an average elevation of 4000 feet. Chains of mountains traverse the estate, rich in mineral wealth. The boundaries of lhe estate extend more than 100 miles from north to south, and flourishing farms and large mining towns are met at frequent intervals.

ARTIFICIAL WOOL.

E. Stutzer, of Berlin, has patented a process of manufacturing artificial wool from real sheep wool mixed with vegetable fibres. Its object is the preparation of vegetable fibres, as flax, hemp, jute, nettle and the like, in such manner that that a fine silky lustre is given to them, and that they assume, when mixed with wool, the same coloring as the latter. It is a known fact that the treatment of animal fibres in bleaching and dyeing is entirely different from that of vegetable fibres. If, therefore, a mixture of dyed wool with dyed vegetable was intended, each material had to be dyed separately, because in no other way it seemed possible, on account of the different powers of absorbtion of the two materials, to obtain a uniform coloring. Stutzer explains this difference by the circumstance, that the cellules of the vegetable fibre are still filled with glucose, and his process is intended to remove it. He employs for 100 kils. of goods a vessel of 2,400 litres capacity, which is filled with 1,600 litres water, enters the material, and adds some caustic lye, and, if necessary, some soap. The bath is heated by a steam coil at the bottom of the vessel to 175 degrees C. and kept boiling for about half an hour. The material is then taken out, well washed and rinsed and entered in another bath, in which are dissolved ninety-two grms. ammoniated blue vitriol and two kils. soda, or double the quantity of ammoniated blue vitriol alone. In this bath the material is again boiled for half an hour, washed, rinsed and dried. If a great softness of the goods is desired, the second bath is omitted.

BURMAH OIL WELLS.

Oil wells have been put into operation in British Burmah. The springs were found by a company known as the Baronga Oil Company, and are said to be already yielding 100 barrels a day, and this quantity is expected to be doubled during the present year. Hitherto oil has formed a large item among the imports of India, almost the entire supply coming from America. Reports from India, however, say that the Burmese import of oil fell off last year nearly thirty-one per cent., without, however, occasioning a fall of more than ten per cent. in the price of the article, and that these facts seem to be entirely attributable to the new Burmese oil wells.

THE WHEAT SUPPLY OF INDIA.

According to a correspondent of the Indian *Daily News*, the Punjab country produces nearly 100,000,000 bushels wheat, of which one-fourth is available for export. The cheapness of Indian labor reduces the cost of raising wheat to a very low figure and is said to fully compensate for the greater expense of ocean transportation as compared with the freight charges from the United States. The Government has recognized the fact that wheat in India can only be raised to advantage by irrigation, and, acting on this knowledge, is actively pushing irrigating canals in the Punjab district, where nearly a million and a half acres were taken up last year for wheat culture in advance of the opening of the irrigating canals. There is also said to be a stretch of territory covering 2000 square miles between Jacobabad and Sibi, which, though uncultivated at this time, can be made highly productive by irrigation from the Nari river. The correspondent states that the Government proposes to open up and irrigate these new regions, and declares that "America and Russia will eventually find all these acres waving with luxuriant wheat fields." This, however, is in the future. In the meantime, the United States must continue to be the granary of Europe.

INQUIRIES OF CORRESPONDENTS.

Addressed to the Editor of the Banker's Magazine.

I. Negligence of a Collecting Agent.

A note payable at —— in Va., discounted for a depositor, and duly forwarded to the place of payment, became due first of May, and was protested for nonpayment. Notices of protest were duly forwarded, but the bank neglected to return on the following day the protested note, and retained it (until written for) over three weeks after maturity. Consequently this bank, not having the note, could not present it to the indorser and demand payment until it had been overdue twenty-five days. The indorser then said that if it had been presented to him in due time, after maturity, he would have paid it, but he had just made an assignment. I have looked in *Morse*, 2d edition, and *Daniel*, 3d edition, and do not find in either the question referred to in any way. If there is no statute law upon the subject, certainly consuetudinary usage, as far as my banking experience of over twenty years is concerned, would require, in the absence of instruction to the contrary, the collecting bank to return the protested note on the day following protest.

What is the liability for laches of the collecting bank?

Reply.—We have not seen a decision upon the precise question raised by this inquiry, but upon general principles we think the collecting bank is liable in this case. A bank which undertakes the business of making collections, is bound to use reasonable care and diligence in the discharge of its assumed duties; and the usage among banks of promptly returning unpaid collections is so uniform and well known, that we think it may properly be said that such return was one of the duties which this bank assumed when it undertook to make this collection. It is clear that in view of the usage its conduct amounted to negligence, and that it is liable for the injury sustained by reason of such negligence. The nearest case which we have found is *Trinidad Nat. Bank* v. *Denver Nat. Bank*, 4 Dill., C. C. 290, to which we refer the inquirer.

II. Dividends on Partly-Paid Shares.

A corporation was formed (not a bank) with $50,000 capital, of which sixty-nine per cent. was paid up. More being required, friends subscribed and paid in, as called for, a further percentage. Other parties desired to come in, and the enterprise promising success, the latter subscribed and paid, as called on, percentages aggregating $190,000, on a total subscribed capital of $333,000.

The total net earnings to date are $60,000. All the stockholders in the increased capital were promised they should stand on an equality with the original owners. It is proposed to credit the investors with the $60,000; some of the later subscribers have only paid in ten per cent. What is the proper way? Should the dividend be computed on the cash paid in according to dates of payment, or should it be on the *subscribed* capital? Opinions differ. I have taken your Magazine, as a bank officer, over twenty years, but I do not remember such a case as this as having been cited.

REPLY.—We have referred the above question to a well-known accountant and actuary, Mr. O. M. Beach, who answers it as follows:

The profits in the company described should be divided among the stockholders pro-rata to the amount of capital paid in by each, and such dividends should be applied first to the cancellation of unpaid subscriptions, by crediting each stockholder with the amount of his dividends as so much cash paid on account of installments due on his shares.

When any shares become full paid the dividends on such shares should be paid in cash; while on shares on which installments remain unpaid the dividends should continue to be applied to the cancellation of such unpaid installments until all the subscribed shares are fully paid.

III. DIFFERENCES OF EXCHANGE.

A bill of exchange for £102 on Australia can be bought in London for £100, according to the quotations in the *Economist*. As the rate of interest in Australia is somewhat higher than it is in London, how can the sellers of exchange afford to dispose of their bills at this heavy discount, or, rather, what causes this depreciation?

REPLY.—The discount represents the cost of getting back the gold from place of payment to London, which cost includes freight, insurance and interest. As the time required for this would be between three and four months, at six per cent. interest, the discount of two per cent. is not unreasonable. We do not see that the discount should necessarily be affected by the value of money in Australia.

PRACTICAL SUGGESTIONS FOR DEPOSITORS.

In order to impress upon their customers the importance of using every precaution against fraudulent alterations or forgery of checks, Messrs. Tallant & Co., bankers, of San Francisco, have prepared slips to be printed on the inside of the front cover of their check books, so placed as to be plainly in view when the book is in use. These precautions are applicable to all classes of customers and all kinds of paper, and their general use would go far towards counteracting the efforts of swindlers whose artifices have been so widespread of late years. The suggestions are as follows:

GUARD AGAINST FRAUD!

Draw all your checks from your own book.

Number your checks in regular succession.

Write plainly. Use plenty of good black ink, and allow it to penetrate the fibre of the paper before blotting.

Begin writing and figures close to left-hand margin, and leave no space for additions or alterations.

See that the figures correspond with the body of the check, and that dollars are plainly separated from cents, thus: $\$100\frac{75}{100}$ or $\$100\frac{1}{100}$.

Keep this check-book in your safe when not in use.

Deposit your pass book regularly for monthly settlement.

BANKING AND FINANCIAL ITEMS.

MEETING OF THE AMERICAN BANKERS' ASSOCIATION.—The annual convention of the American Bankers' Association will be held on the 10th and 11th October, at Louisville, Kentucky. Among the topics offered for discussion are the present and prospective increase of our industrial wealth, the less remunerative results of bank circulation, the rapid growth of our banks, the causes of the decline in the rate of interest, the comparative advantages of private, State and National banking, the absorption of our securities abroad, the monetary perturbations due to the conversion of floating into fixed capital, the crop movements and the foreign exchanges, the proportions of the Treasury balance of gold and silver, the newer aspects of the silver question, the practical effects of usury penalties, the causes and the prevention of financial panics, the principles of sound bankruptcy legislation, the improvements, economies and safeguards of practical banking, the guarantees against defalcations and breach of trust, the banking relations of the through trade between the West and Europe, the proposed changes in international bills of lading, the improvements in the Clearing-house system here and abroad, the necessity of ample cash reserves, the causes of the rapid growth of our banking system since the war, the prospects and growth of banking in the West, with the financial history and movements of the year and the more prominent features of the monetary situation here and in Europe. Although the Association is often said to be less a simple union of bank officers than an association of banks acting together through their officers to promote the prosperity of the country and the practical strength of the banking system, it is gratifying to observe the increasing tendency of these Conventions to foster personal friendly relations, and to aid bankers and bank officers to utilize the experience acquired by each other in different departments of banking or in distant parts of the country.

THE BANK CLERKS' LEAGUE OF NEW YORK CITY.—A mutual association having for its title the "Bank Clerks' League," was organized on June 18. Its main object is to provide a fund for the representatives of deceased bank clerks. Moderate assessments are to be levied upon the members who are in active service, by which a considerable fund will be raised. The following are the officers elected: E. H. Pullen, President; F. N. Lawrence, Vice-President; Wm. A. Camp, Treasurer; Newton Squire, Secretary. Directors for the present term; Hon. Thomas Hillhouse, President Metropolitan Trust Company; Hon. Thomas L. James, President Lincoln National Bank; O. D. Baldwin, President Fourth National Bank; J. T. Baldwin, Cashier Manhattan Company Bank; E. H. Pullen, Cashier National Bank of the Republic; Wm. A. Camp, Manager New York Clearing House; James R. Nott, President Mechanics and Traders' Insurance Company: George Montague, President Seventh Ward National Bank; Charles H. Leland, New York County National Bank; Samuel J. Harriot, of Harriot and Noyes, bankers; F. N. Lawrence, late President of New York Stock Exchange; Edward V. Loew, President Manufacturers and Builders' Insurance Co.; E. A. Quintard, President Citizens' Savings Bank; F. P. Alcott, Vice-President Central Trust Company; W. D. Searles, Vice-President Farmers' Loan and Trust Company.

THE PRODUCE EXCHANGE BANK.—The certificate of association of the New York Produce Exchange Bank was filed June 20 in the County Clerk's office. The capital stock of the association is fixed at $1,000,000, divided into 10,000 shares of $100 each. Provision is made for the increase of the capital stock from time to time, but it is to be limited to $5,000,000. The 10,000 shares are divided between the following persons in equal amounts: A. E. Orr, Forrest H. Parker, S. Jacoby, Munroe Crane, Alexander Munn, L. J. N. Stark, A. P. Armour, E. S. Whitman, J. A. Bostwick, R. H. Laimbeer, Asa Stevens, Henry W. O. Edge.

MR. BENJAMIN B. SHERMAN, for many years one of the most prominent bank officers in this city, has retired from the Presidency of the Mechanics' National Bank. He was ill during last winter, and, although much improved in health, he has been advised by his physician that continued rest from business cares is necessary to his complete recovery. He resigned as President that he might be free from the responsibilities of the office; but will remain a member of the Board of Directors.

Mr. Sherman has been President of the bank about ten years, having been elected soon after the panic of 1873. He had been for a quarter of a century a Director and Vice-president of the Merchants' Bank and he still retains his seat in its Board. A long experience in business, in which he was always successful, admirably fitted Mr. Sherman for a bank officer, his judgment of commercial paper having for many years been regarded as uuerring.

SILVER COINAGE.—To June 1, 1883, there had been coined under the law passed five years ago, 144,905,699 silver dollars, disposed of at that date as follows:

In circulation	36,006,722
Owned by United States Treasury	37,171,586
Held in Treasury and represented by certificates in circulation	71,727,391
	144,905,699.

THE FIDELITY AND CASUALTY COMPANY.—The report of James McNamee, who was appointed Referee by Judge Noah Davis on March 9 last, to examine and report on the condition and management of the Fidelity and Casualty Company of New York, was filed June 18th with the General Term of the Supreme Court. It declares the complete solvency of the company, approves its methods of doing business, and commends the officers as faithful and prudent. The company not only possesses undiminished power to do business of the various classes enumerated in its original charter, but it also possesses the power to guarantee bonds or undertakings subject to judicial or governmental approval and entered into to secure the doing or not doing of anything therein specified. The accounts show a steady increase from 1876 of income over expenditures and assets over liabilities, until for the year ending December 31 last the income over expenditures amounted to over $36,000, and the assets exceeded the liabilities $24,000. A proportionate increase has occurred during the past months of the present year, and the company is, in fact, stronger than its admitted surplus would indicate. The deficiency of 1880 should be turned into a surplus of $37,207.27, and the surplus of 1882 was really $100,085.86.

The Referee finds that the methods employed by the company in transacting its business are pervaded with intelligence and prudence, and he considers the four classes of business done by the company decidedly advantageous, so long as each class is governed with care and judgment. During the year 1882 the company wrote court fidelity policies to the extent of $2,173,804.11, and it began the present year with risks of this character amounting to $1,806,850.35. No actual net loss resulted to the company from this business either in 1881 or 1882. Great care is taken in accepting and in taking such risks, and though many seemingly large policies are written, the risk upon many of them is rendered nominal by reason of the security of various kinds taken by the company to protect itself. Mr. McNamee, while commending the system of fidelity insurance, suggests the propriety of an annual examination of the business of the previous year of such companies, conducted under the supervision of the Supreme Court. In closing, the report says: "My conclusions, briefly summed up, are, that the company is legally organized; that it is entirely solvent; that it is intelligently and prudently managed; that its business is conducted according to law, and that, as at present controlled and directed, the security afforded by its fidelity policy or by its guarantee of bonds and undertakings is of a high order of excellence."

CHARGES ON CURRENCY.—United States Treasurer Wyman has issued a circular informing all bankers and others that hereafter they will be required to pay express charges upon all currency sent to Washington for redemption. This order is necessary because the last Congress declined to make any appropriation for this purpose. The amount hitherto appropriated for this purpose has been $50,000 annually. The Treasury authorities say that the people may now look out for dirty money.

A BRIGHT SWINDLER.—The arrest of Isaac H. Lockwood, in Connecticut, for organizing an original and brilliant confidence scheme, by which he is reported to have victimized a number of bank clerks, is set forth as follows in the New Haven *Evening Express*. It was at Stepney Depot, Conn., that Lockwood developed his grand scheme, a confidential letter to bankers, bank clerks, and cashiers. The letter recited the pathetic story of a young bank clerk, who, after an $85,000 defalcation, found himself facing ruin. He went to a rich friend, who generously gave him the sum he asked for, with the single proviso that he should devote his life to honesty and economy and his wealth to relieving similar cases that he should meet with during his career. The young man went to work, and during a series of busy years. amassed the colossal sum of $780,000. But, alas! he never came across a single case where a defaulting banker needed aid. So, on his death, he left his $780,000 to an executor, with instructions to apply it to this noble purpose.

The letter then invited confidential appeals from "embarrassed agents." Lockwood had obtained a copy of the Banker's Almanac and Register, for 1882, and was then enabled to direct his envelopes with perfect accuracy. He sent out four or five thousand of these circular letters, and is believed to have victimized many people. His game was to threaten the exposure of persons who were weak enough to write confidential letters of appeal in response, he using their written confessions against them. He received a great many registered letters, and it is believed that the Stepney Postmaster was in the swindle as he has fled the country. The alert Post-office authorities got a clue of what was going on, and Lockwood is now in durance vile on the charge of using the mails for fraudulent purposes. Many of the letters received by him, and found in his possession, are said to present the most pitiable tales of dishonesty and pecuniary ruin.

WHISKEY AND THE BANKS.—There is an immense amount of money loaned by the banks at the West and in the East on this article, and at the price obtained at a recent forced sale of twenty-seven cents per gallon the face value of the paper could not be obtained for it, and the banks are therefore obliged to extend their loans in order to secure themselves. The amount of stock in Kentucky held in bond approximates 50,000,000 gallons; the consumption to 1885 is estimated at 35,000,000 gallons, which would leave on hand of this which would require taxes something like 15,000,000. The tax on the whiskey withdrawn and consumed prior to 1885 will be paid by the consumer, and will not be felt. From 1870 to 1878 there was a far larger amount of money invested in tax-paid whiskey than the 15,000,000 gallons, but there was nothing like the present amount of whiskey in bond. The plan to ship to Bermuda or West indies has not proved so successful as was hoped. Overtures were made to some southern railroads, but nothing definite resulted, and the duty on large amounts of bonded goods becomes payable immediately. Further forced sales are probable, although all parties fight clear of such a proceeding, knowing that nothing like a fair price is obtained.

RESERVE OF THE BANK OF ENGLAND.—A city contemporary (*Bulletin* of June 8) says of the Bank of England: "During the week the bank gained £329,000 bullion, making the proportion of reserve to liabilities stand at thirty-five and three-quarters per cent., compared with thirty-five and a-quarter per cent. last week." Our contemporary falls into an error very common in this country. The "*reserve*" of the Bank of England consists, nearly the whole of it, of the bank's own notes. This reserve has no connection with the bullion, which is kept in a distinct department. The "*reserve*" may increase while the bullion is falling off, and *vice versa*.

THE MERCHANTS' BANK OF CANADA.—The annual meeting of the shareholders of this bank was held at Montreal on June 20. The report of the directors shows the result of the year's business as follows:

The net ordinary profits, after deducting charges, and interest on deposits, have amounted to $865,911.92; profit on Pacific Railway bonds, $17,500.00; (provisions for the losses of the year is made in contingent account). Add profits brought forward from 1882, $13,701.24. Total, $897,113.16.

This sum has been disposed of as follows: Dividend No. 28, at three and a half per cent., $199,958.89; dividend No. 29, at three and a half per cent,, $200,007.67—$399,966.56; written off bank premises and furniture account, $20,000.00; transferred to officers' guarantee fund, $4,000.00; transferred to contingent fund, $65,000.00; added to the "rest" $400,000.00; balance carried forward to next year, $8,146.60—$897,113.16.

The report states that the year just closed was marked by very great activity at its commencement, succeeded by a period of curtailment and monetary pressure towards its close. Symptoms of unhealthy expansion were generally manifest last year, both in the extension of buildings for manufacturing purposes, and also in the imports of the products of other countries. Your directeors have carefully watched the course of commercial affairs, and have taken such measures from time to time as were necessary to protect the interests of the bank. They have endeavored, amidst increasing monetary pressure, to discriminate carefully between the various transactions brought before them, and to note the first indications of an inflated or speculative style of business in the operations of their customers. Their object has been to build up a sound and safe connection, and they believe the business of the bank has shown a steady improvement in quality, notwithstanding manifestations of unsoundness in various quarters.

The statement of the general manager, Mr. George Hague, afforded some very interesting matter, not only upon the affairs of the bank, but on the general state of business in the Dominion. We shall endeavor to find space next month for some sound banking advice contained in this report, which bankers everywhere would do well to bear in mind.

The following gentlemen were elected as Directors for the ensuing year: Andrew Allan, Esq., Robert Anderson, Esq., Hon. J. J. C. Abbott, Esq., John Cassils, Esq., William Darling, Esq., John Duncan, Esq., Jonathan Hodgson, Esq., Adolphe Masson, Esq., Hector McKenzie, Esq.

The new board met the same afternoon, when Mr. Andrew Allan was re-elected President and Mr. Robert Anderson Vice-President.

BANK OF FRANCE.—The eightieth anniversary of the Bank of France, brings out some interesting facts regarding that great institution. The creation of the bank was largely due to the initiative work of Napoleon. It was resolved to create a bank after the pattern of the Bank of England, with a capital of £1,200,000, in 30,000 shares of a thousand francs each. The Government at once opened an account with it, and purchased 5,000 shares. The list of founders comprises Bonaparte himself, who was compelled to borrow money to pay for his shares; his brothers, Lucien, Joseph and Louis; Napoleon III; Mallet, the great banker, and several eminent financiers. The bank was from the first managed by fifteen governors (regents) and three inspectors (censeurs), appointed by the 200 largest shareholders. The bank suspended payment once, the occasion of it being the entrance of the allied armies into Paris in 1814. To prevent the invaders from issuing notes, M. Lafitte, the well-known financier, walled up the doors of the cellars containing the specie in reserve, and broke up the presses and plates.

AUSTRIAN FINANCES.—During and since 1881 Austria has sold 122 million florins [the Austrian florin is about forty-eight cents] of five-per-cent. paper rentes, principally to cover deficits. A sale of sixteen million florins recently was at the price of 92.37 per cent. Many financiers urge Austria to borrow by issuing gold rentes, on which the rate of interest on the price would be less, but the Austrian Government adheres to the policy of paper rentes, of which the great mass of its debt consists. It may be inferred that it is not contemplating a return to coin payments for some time yet.

ITALIAN RESUMPTION.—The *Financial Bulletin* of Rome, of May 16, says that to that date, thirty-four days after the resumption of coin payments, the Government had paid out $8,000,000 of gold and $4,000,000 of silver for the redemption of notes, including the notes below $1, and had also paid to the banks $10,000,000 in specie, not distinguishing the kind of metal. Altogether, of the $124,000,000 of coin borrowed for resumption purposes, $22,000,000 had been called for. The *Bulletin* adds that "*the old forced currency in notes for sums down to one franc are still freely given and accepted everywhere.*" The Italian Government is impecunious to the last degree, and will not be likely to keep coin idle in its Treasury for any great length of time after the call for the redemption of notes substantially ceases.

PROFIT ON SILVER COIN.—The rapid and continuous fall in recent years in the market price of silver has raised in a curious way the profit made by the British Mint on the silver coins which, as is well known, remain of the same weight and fineness under all variations in the intrinsic value of the metal. In 1870 the profit was only nine per cent., in 1875 it was sixteen per cent., while at present it is about twenty-eight per cent. In one year it was even higher—namely, in 1878, when it was thirty-one and three-quarters per cent. In 1881 the total gains of the Mint on the coinage of silver reached the large sum of £166,833.

ENGLISH MILLIONAIRES.—The London *Spectator* prints a list of the British fortunes of a quarter of a million sterling and upwards, which have paid probate duty during the ten years ending with 1882. The aggregate of these fortunes is about £100,000,000, or an annual average of about $50,000,000 As compared with the previous decade, ending with 1872, the increase is small, and very much smaller than the computed increase of British wealth. Comparing the two decades, fortunes of a million sterling and upwards increased in number from ten to thirteen, fortunes of half a million and less than a million increased from fifty-three to fifty-six, and fortunes of a quarter of a million and less than half a million increased from 161 to 195. Probate duty is not imposed upon lands or buildings, but only upon personal property, and does not include property out of the kingdom, such as foreign stocks and bonds, public and private, and funds employed abroad in trade, banking, mining, manufactures, &c. But making the same deduction, the wealth of the rich men of this country who have died within the last ten years has been greater, even after allowing for the difference in population between the United States and Great Britain.

OBITUARY.

JOSEPH SANBORN BEAN, Cashier of the National Exchange Bank of Augusta, Ga., died at his home in that city on June 20. Mr. Bean was born in Tamworth, New Hampshire, March 26th, 1818. After graduating at Gilmanton Academy he engaged in commercial pursuits in Boston. Mr. Bean was about to accept a junior partnership in the Boston firm, when at twenty-one years of age he was induced to come South to close up a branch of business for a friend. Becoming interested in the South, its people and its institutions, he made up his mind to cast his fortunes with its people. Up to the year 1861, he was a partner in the hardware firm of Carmichael and Bean. After the war he engaged in banking, becoming Cashier of the Merchants and Planters' National Bank. This position Mr. Bean held until he became Cashier of the National Exchange Bank, filling this place with ability and honor for several years, and finally falling a faithful officer in its service.

Mr. Bean's was a life remarkable for its purity, faithfulness and modesty. His was a nature which shrank from notoriety, but which never shirked a responsibility. Well and honorably associated with the banking interests of the community, his career was one in which exact justice was meted out to all.

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List, continued from June No., page 962.*)

	Bank and Place.	*Elected.*	*In place of*
NEW YORK CITY,	Mechanics' Nat. Bk.	William H. Cox, *Pr.*	B. B. Sherman.
		Horace E. Garth, *Cas.*	W. H. Cox.
" " " .	Phenix National B'k,	Alfred M. Bull, *Cas*	....
CAL....	San Francisco Savings Union..	Albert Miller, *Pr.*	J. de Fremrey.
COL....	Miners' and Merch. Bank	J. H. Maugham, *Mgr.*	....
	Lake City.	Hugh J. Alexander, *Cas.*	J. H. Maugham.
CONN...	Middletown National Bank..	M. B. Copeland, *Pr.*	J. H. Watkinson.
		William H. Burrows, *Cas.*	M. B. Copeland.
" ..	Second National Bank,	Charles A. Sheldon, *Cas.*	I. K. Ward.*
	New Haven.	Theo. H. Sheldon, *A. C.*	C. A. Sheldon.
DAKOTA	Marion Loan and Sav. B'k....	Ernest Reiff, *Cas.*	A. Bertelsen.
ILL.....	North Western Nat'l Bank, Chicago.	Fred. W. Gookin, *A. C.*	....
" ..	Griggsville National Bank.....	J. A. Farrand, *A. C.*	....
" ..	People's Bank, Newton.......	O. S. Scott, *Cas.*	S. Johnson.
IND	Madison County Nat'l B'k,	Charles T. Doxey, *Pr.*	J. E. Corwin.
	Anderson.	G. W. Brown, *V. P.*	....
" ..	Richmond National Bank...	Charles H. Coffin, *V. P.*	....
		Benjamin Webb, *A. C.*	....
IOWA...	Centerville National Bank.....	J. A. Talbot, *V. P.*	....
" ..	Clinton National Bank........	R. C. Van Kuran, *A. C.*	....
" .	First National Bank, Creston..	F. D. Ball, *Cas.*	J. S. Black.
" ..	Franklin County Bank, Hampton.	O. H. Brainard, *Cas.*	F. Ward.
" ..	Knoxville National Bank......	W. L. Collins, *A. C.*	....
" ..	Bank of Monroe.............	G. F. Dix, *Cas.*	R. C. Anderson.
KANSAS.	Farmers and Merchants' B'k,	S. T. Marsh, *Pr.*	J. A. Randall.
	Newton.	A. O. McLain, *Cas.*	G. W. Witter.
LA.. ..	New Orleans Canal and Banking Co.	J. B. Montreuil, *A. C.*	....
MAINE..	Gardiner National Bank.......	I. J. Carr, *Pr.*	J. Bradstreet.
MD.....	Farmers and Merch. N. B., Baltimore.	C. H. Pitts, *Cas.*	E. S. Beall.
MASS ..	Massachusetts Nat. B'k, Boston.	Abraham O. Bigelow, *Pr.*	H. A. Rice.
" ..	First National Bank, Easthampton.	Charles H. Johnson, *Cas.*	A. D. Sanders.
" ..	Randolph Savings Bank.......	Hiram C. Alden, *Tr.*	S. Turner.*
MINN...	St. Paul National Bank......	F. B. Clarke, *V. P.*	....
		A. C. Anderson, *A. C.*	....
MO.....	Ralls County Bank,	Columbus F. Kirtley, *Pr.*	....
	New London.	John D. James, *V. P.*	....
		William Christian, *Cas.*	....
		R. B. Shacklett, *A. C.*	....
NEB....	First Nat'l B'k, Plattsmouth...	F. E. White, *V. P.*	J. M. Patterson.
N. M...	First National Bank,	William W. Griffin, *V. P.*	J. L. Perea.
	Santa Fé.	Rufus J. Palen, *Cas.*	W. W. Griffin.
N. Y....	First National Bank,	John G. Jenkins, *Pr.*	N. Wyckoff.*
	Brooklyn.	George D. Betts, *Cas.*	J. G. Jenkins.
" ..	First Nat'l B'k, Greenport.....	E. B. Harris, *A. C.*	....
" ..	Ilion National Bank...........	C. Remington, *V. P.*	....
" ..	First National Bank, Owego...	William S. Truman, *A. C.*	C. A. Thompson.
" ..	Rochester Savings Bank.......	Charles F. Pond, *Sec.*	....

* Deceased.

	Bank and Place.	Elected.	In place of
OHIO...	Metropolitan Nat'l Bank, Cincinnati.	Charles W. Edwards, *A.C.*	....
" ..	Fourth Nat'l B'k, Columbus...	W. Stewart, *Cas*	W. H. Richards.
" ..	First National Bank, Portsmouth,	James Y. Gordon, *Pr.* ..	E. Miller.
		Charles E. Jewell, *Cas.*..	J. Y. Gordon.
PENN...	Bank of North America, Philadelphia.	Charles S. Lewis, *Pr.*...	T. Smith.*
" ..	Beneficial Sav. Fund Soc. " ..	Francis J. Crilly, *Pr.*....	C. A. Repplier.*
" ..	First National Bank, Danville..	D. M. Boyd, *Pr.*.........	T. Beaver.
" ..	First National Bank, Du Bois..	Malcolm W. Wise, *A.C.*.	....
" ..	Nat'l B'k of Middletown......	S. Raymond, *V. P.*......	....
" ..	Stroudsburg Bank.............	John S. Fisher, *Cas.*.....	J. Mackey.*
R. I....	Ashaway National Bank.	H. L. Crandall, *Pr.*......	J. S. Champlin.*
		B. P. Langworthy 2d, *V.P.*	H. L. Crandall.
TENN ..	Third National B'k, Nashville.	Edgar Jones, *V. P.*......	....
		A. W. Harris, *Cas.*......	E. Jones.
TEXAS..	First National Bank, Decatur..	J. L. Ullman, *V. P.*......	....
" ..	Traders' National Bank, Fort Worth.	J. Y. Hogsett, *V. P.*......	....
		G. W. Hollingsworth, *A.C.*	....
" ..	Waco National Bank..........	J. K. Rose, *A. C.*........	....
VA.....	Shenandoah Valley National Bank, Winchester.	John W. Rice, *Cas.*.....	T. Shumate.*
WASH'N	Tacoma National Bank, New Tacoma.	William Fraser, *Cas.*....	J. W. Anderson.
WIS.. ..	First Nat'l Bank, Menomonee..	W. C. McLean, *Cas.*....	J. A. Decker.
" ..	First National Bank, Superior.	Edwin H. Brown, *Cas.*...	T. K. Alexander.
N. B ...	Halifax Bkg. Co., Petitcodiac..	J. H. Morrisson, *Agt.*...	D. C. McDougall.
N. S....	" " " Pugwash....	D. C. McDougall, *Agt.*...	H. S. Killery.
" ...	" " " Spring Hill..	John Fergusson, *Agt.*....	....

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from June No., page 959.)

No.	Name and Place.	President and Cashier.	Capital.
2959	St. Paul National Bank........ St. Paul, MINN.	Peter Berkey, F. W. Anderson.	$500,000
2960	First National Bank .... Friend, NEB.	Linus E. Southwick, William O. Southwick.	50,000
2961	First National Bank............ Montezuma, IOWA.	John Hall, George W. Kierulff.	50,000
2962	First National Bank............ Idaho Springs, COL.	Henry Plummer, George E. McClelland.	50,000
2963	Aurora National Bank.......... Aurora, IND.	Francis Wymond, Alex. B. Pattison.	100,000
2964	First National Bank .... Fullerton, NEB.	Chauncey Wiltsie, Brad. D. Slaughter.	50,000
2965	First National Bank............ Homer, ILL.	Solomon Plaut, Emanuel I. Fisher.	50,000
2966	Puget Sound National Bank.... Seattle, W. T.	Bailey Gatzert, J. Furth.	50,000
2967	Front Royal National Bank.... Front Royal, VA.	Giles Cook, Jr., James H. French.	50,000
2968	Farmers' National Bank... .... Owenton, KY.	J. Holbrook, Jo. C. Revill.	60,000
2969	First Nat'l B'k of Du Bois City.. Du Bois, PENN.	Frederick K. Arnold, James E. Long.	50,000

No.	Name and Place.	President and Cashier.	Capital.
2970	National Bank of St. Joseph, Mo.	Calvin F. Burnes, George C. Hull.	100,000
2971	Commercial National Bank..... Marshalltown, Iowa.	Elijah L. Lyon, Andrew A. McFadon.	100,000
2972	First National Bank............ Lewiston, Idaho.	John P. Vollmer, John H. Evans.	50,000
2973	First National Bank............ Garnett, Kansas.	.... John R. Foster.	50,000
2974	First National Bank............. Waxahachie, Texas.	M. T. Patrick, N. A. McMillan.	66,000
2975	Iron National Bank............ Gunnison, Col.	Samuel G. Gill, John H. Fesler.	50,000
2976	Sprague National Bank......... Brooklyn, N. Y.	N. T. Sprague, H. C. Copeland..	200,000
2977	First National Bank............ Rochester, Penn.	Henry C. Fry, W. S. Shallenberger.	50,000
2978	United States National Bank... Omaha, Neb.	Smith S. Caldwell, *V. P.*, Milton T. Barlow.	100,000
2979	First National Bank............. Palmyra, Mo.	James M. Bates, Samuel Logan.	55,500
2980	First National Bank ... . Aberdeen. Dakota.	S. H. Jumper, Geo. L. Cadwell, Jr.	50,000
2981	First National Bank............ Salisbury, N. C.	S. W. Cole, I. H. Faust.	50,000
2982	First National Bank............ Cleburne, Texas.	Christopher W. Mertz, Oliver S. Heath.	50,000
2983	First National Bank.. .... Tipton, Iowa.	Herbert Hammond, C. A. Snyder, *Ass't Cas.*	50,000
2984	Hamilton County Nat'l Bank... Webster City, Iowa.	Leslie A. McMurray, O. K. Eastman.	50,000
2985	Merchants' National Bank....... Seattle, Washington.	Angus Mackintosh, William H. Reeves.	50,000
2986	Capital National Bank......... Bismark, Dakota.	Nehemiah G. Ordway, William G. Nixon.	50,000

Negotiability of Bills of Lading.—A recent decision of the Supreme Court of Barcelona, Spain, has attracted attention by reason of its having established there the principle, which seems to have been denied by the Court of First Instance, that the holder for value of a bill of lading takes an indefeasible title to the property. It appears that a cargo of cotton bought for the account of a Barcelona merchant, M. Barbara, was shipped, and exchange on London, with bills of lading attached, was drawn in accordance with instructions from M. Barbara, and sold there to the State National Bank. Subsequently M. Barbara instructed the London banker not to accept the bills, and took measures to gain possession of the cotton on its arrival at Barcelona without payment, on a claim of damages against his agent, the buyer. The Court of First Instance allowed him to receive and sell the cargo, notwithstanding possession was demanded by the agent of the bank as holder of the bills of lading. After some two years' litigation a unanimous opinion of the Supreme Court was obtained, reversing the proceedings in the Court of First Instance and ordering the proceeds of the cotton to be paid over without deduction to the holder of the bills of lading. M. Barbara took some steps toward an appeal to Madrid, but thought better of it and paid the money over. It is said that dealings in documentary bills on shipments to Spanish ports have been considerably affected during the pendency of this litigation, by the possibility that the position taken by the Court of First Instance might be sustained.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from June No., page 963.)

NEW YORK CITY...... Hilmers, McGowan & Co.; admit Edward H. Atwood.

COL.... Gunnison...... Bank of Gunnison; now Iron National Bank.

" .. Idaho Springs.. Bank of Idaho Springs; now First National Bank. Same Cashier. $50,000.

" .. Pitkin......... Pitkin Bank (J. H. Clemes); now owned by Richmond, Campbell & Co.

" . Trinidad....... First National Bank and Las Aminas Bank consolidated.

DAKOTA Bridgewater.... McCook County Bank (J. B. Nation); now Krause & Davis.

IDAHO.. Lewiston...... John P. Vollmer & Co.; now First National Bank. Same management. $50,000.

ILL.... Bloomington... National State Bank; capital, $150,000. Surplus, $17,000.

" .. Homer........ Citizens' Bank; now First National Bank. Same officers. $50,000.

" .. Metropolis..... M. Mayfield & Co.; now Brown & Bruner. Same management.

" .. Princeton...... First National Bank; surplus, March 13, $30,000. Undivided profits, $36,476.

IOWA... Alton.......... Bank of North-Western Iowa; John S. Tucker retires.

" .. Marshalltown. Commercial Bank (Lyon & McFadon); now Commercial National Bank. Same management. $100,000.

" .. Montezuma.... Bank of Montezuma; now First National Bank Same officers. $50,000.

" .. Tipton........ Herbert Hammond; succeeded by First National Bank. Same management. $50,000.

" .. Webster City.. Hamilton County Bank (McMurray & Eastman); now Hamilton County National Bank. Same management. $50,000. Jacob M. Funk, *V. P.*

KAN.... Burlington..... Burlington National Bank; surplus, May 1, $10,000. Undivided profits, $16,367.

" .. Garnett........ Anderson County Savings Bank; now First National Bank. Same officers. $50,000.

KY..... Louisville...... Citizens' National Bank; surplus, $100,000.

" .. " .... First National Bank; surplus, $250,000.

" .. " .... Merchants' National Bank; surplus, $177,129.

" .. " .... Third National Bank; capital, $300,000. Surplus, $36,133.

" .. " .... Franklin Bank; surplus, $8,700.

" .. " .... Masonic Savings Bank; surplus, $55,200.

" .. " .... People's Bank; surplus, $15,000.

" .. Covington..... Covington City National Bank; surplus, $158,968.

" .. " .... Farmers & Traders' National Bank; surplus, $27,930.

" .. " .... First National Bank; surplus, $205,029.

MICH... Blissfield...... Gilmore & Co.; dissolved.

MINN... Duluth........ Duluth National Bank; paid capital, $100,000. Undivided profits, $6,704. Surplus, July 1, $5,000.

" .. Pipestone...... Pipestone County Bank; incorporated May 11. Paid capital, $25,000. T. A. Block, *Pr.* O. P. Miller, *V. P.* Same Cashier.

MO..... St. Louis..... Franklin Bank; surplus, $87,500.

" .. " .... German-American Bank; surplus, $68,000.

" .. " .... Laclede Bank; surplus, $50,000.

" .. " .... McNair & Tracy; dissolved. Now Tracy & Co.

" .. Higginsville ... Asbury-Catron Banking Co.; now American Bank. Capital increased, June 1, to $50,000.

" .. Marshall....... First National Bank; capital paid up, $100,000.

" .. St. Joseph..... Bank of St. Joseph; now National Bank of St. Joseph. Same officers. $100,000.

NEB..	Chester........	Thompson & Dinsmore; dissolved.
"	.. Edgar.........	Dinsmore, Howard & Co.; dissolved.
"	.. Firth..........	Firth Bank (J. W. Worl & Co.); now Wall, Norcross & Co.
"	.. Friend.........	Exchange Bank (L. E. Southwick); now First National Bank. Same management. $50,000.
"	.. Fullerton......	Nance County Bank; now First National Bank. Same officers. $50,000.
"	.. Norfolk........	Commercial Bank; closed.
"	.. Superior.......	Bank of Superior; now Adams & Bradshaw.
N. J....	Vineland......	Security Trust and Safe Deposit Co.; sold to Vineland National Bank.
N. Y....	Buffalo........	Third National Bank; surplus, $35,000. Undivided profits, $25,000.
"	.. Corning.......	J. N. Hungerford's Bank; closing. J. N. Hungerford deceased.
"	.. Sing Sing......	First National Bank; surplus, March 13, $20,000. Undivided profits, $20,484.
N. C...	Salisbury......	Bank of Sailsbury; now First National Bank. Same management. $50,000.
OHIO...	Cincinnati.....	Exchange National Bank; surplus, $40,000.
"	.. "	Metropolitan National Bank; surplus and profits, $37,000.
"	.. "	Third National Bank; surplus, $274,051.
"	.. Canton........	Farmers' Bank: surplus, $21,882.
PENN...	Philadelphia...	Barritt & Cattell; suspended.
"	.. "	Work & Co.; dissolved.
"	.. Greenville......	First National Bank of West Greenville; changed Feb. 26, to First National Bank of Greenville.
"	.. Pittsburgh.....	Commercial National Bank; capital, $300,000. Surplus, $17,000.
"	.. "	Duquesne National Bank; surplus, $35,000.
"	.. "	Fifth National Bank; surplus, $33,000.
"	.. "	Fort Pitt National Bank; surplus, $51,240.
"	.. "	Fourth National Bank; surplus, $50,506.
"	.. "	German National Bank; surplus, $196,806.
"	.. "	People's National Bank; surplus, $250,000.
"	.. "	Tradesmen's National Bank; surplus, $200,000. Undivided profits, $49,049.
"	.. "	Union National Bank; surplus, $313,883.
"	.. "	People's Savings Bank; surplus, $95,000.
TEXAS..	Cleburne......	Johnson County Bank (Mertz & Heath); now First National Bank. Same management. $50,000.
"	.. Palestine......	Michael Ash; deceased. Succeeded by Gabriel Ash.
"	.. Waco.........	Waco National Bank; surplus, June 6, $27,500.
"	.. Waxahachie...	Patrick, McMillan & Co.; now First National Bank. Same management. $66,000.
UTAH..	Ogden.........	Utah National Bank; paid capital, $100,000. surplus, June 30, $12,000.
WASH'N	Cheney........	J. C. Davenport; suspended.
"	.. Seattle........	Mackintosh & Reeves; now Merchants' National Bank. Same management. $50,000.
W. VA.	Wheeling......	Bank of the Ohio Valley; capital, $175,000.
"	.. "	Commercial Bank; surplus, $5,000.
"	.. "	Exchange Bank; surplus, $30,000.
"	.. "	People's Bank; surplus, $17,500.
WIS....	Dodgeville.....	Orville Strong & Co.; now Orville Strong.
"	.. Marinette......	Stephenson Banking Company; surplus, $10,000.
"	.. Oshkosh.......	National Bank of Oshkosh; paid up surplus, $200,000.
WYOM..	Cheyenne.....	Stock-Growers' National Bank; surplus. $8,000. Undivided profits, $10,994.
"	.. "	Kent & Arnold; now T. A. Kent.
N. S....	Oxford........	Halifax Banking Co. (agency); closed.

CO-OPERATIVE STORES.—The membership of the co-operative store societies in England and Wales increased from 301,157 in 1872 to 560,000 in 1882. In 1881, it appears from the reports of about three-fourths of the whole number of societies, that their sales were $99,786,375, and their profits $6,667,565.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from June No., page 961.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
COL....	Denver	Col. Loan & Trust Co...	Kountze Brothers.
•	Gunnison	Iron National Bank	Chase National Bank.
	$50,000	Samuel G. Gill, *Pr.*	John H. Fesler, *Cas.*
•	Idaho Springs	First National Bank	Kountze Brothers.
	$50,000	Henry Plummer, *Pr.*	Geo. E. McClelland, *Cas.*
•	Montezuma	Bank of Montezuma	Gilman, Son & Co.
•	Pitkin	Pitkin Bank (Richmond, Campbell & Co.)	Hanover Nat. Bk.
DAKOTA	Aberdeen	First National Bank	....
	$50,000	S. H. Jumper, *Pr.*	Geo. L. Cadwell, Jr., *Cas.*
•	Bismarck	Capital National Bank..	....
	$50,000	N. G. Ordway, *Pr.*	William G. Nixon, *Cas.*
IND	Aurora	Aurora National Bank ...	....
	$100,000	Francis Wymond, *Pr.*	Alex. B. Pattisón, *Cas.*
•	Marion	Marion Bank	Joel G. Sayre, *Cas.*
IOWA...	Villisca	Citizens' Bank	Kountze Brothers.
KANSAS.	Olathe	Bank of Olathe	Kountze Brothers.
KY.....	Owenton	Farmers National Bank..	United States National Bank.
	$60,000	Jesse Holbrook, *Pr.*	Jo. C. Revill, *Cas.*
MICH...	Bellevue	Bellevue Bank, (Longyear & Klocksiem.)	Chase Nat'l B'k.
•	Coopersville	W. A. Fallas & Co.	National Park Bank.
MINN...	St. Paul	St. Paul National Bank.	....
	$500,000	Peter Berkey, *Pr.*	F. W. Anderson, *Cas.*
MO.....	Palmyra	First National Bank	....
	$55,500	James M. Bates, *Pr.*	Samuel Logan, *Cas.*
NEB....	Aurora	Farmers' & Merch. Bank..	Hanover National Bank.
•	Omaha	United States Nat'l Bank.	American Exchange Nat'l Bank.
	$100,000	Chas. W. Hamilton, *Pr.*	Milton T. Barlow, *Cas.*
N. M...	Lordsburg	Wm. A. Ross	Laclede Bank, *St. Louis.*
N. Y...	Brooklyn	Sprague National Bank..	First National Bank.
	$200,000	N. T. Sprague, *Pr.*	H. C. Copeland, *Cas.*
OHIO...	Spencerville	Citizens' Bank (Post & Wasson.)	Winslow, Lanier & Co.
			I. B. Post, *Cas.*
PENN...	Du Bois	First National Bank	....
	$50,000	Frederick K. Arnold, *Pr.*	James E. Long, *Cas.*
•	Rochester	First National Bank	....
	$50,000	Henry C. Fry, *Pr.*	W. S. Shallenberger, *Cas.*
TENN...	Memphis	Mercantile Bank	American Exchange Nat'l B'k.
		John R. Godwin, *Pr.*	C. Hunter Raine, *Cas.*
TEXAS..	Abilene	Wm. Cameron & Co.	Mercantile National Bank.
VA.....	Front Royal.	Front Royal Nat'l Bank..	....
	$50,000	Giles Cook, Jr., *Pr.*	James H. French, *Cas.*
WASH'N	Seattle	Puget Sound Nat'l Bank.	....
	$50,000	Bailey Gatzert, *Pr.*	J. Furth, *Cas.*

THE JULY EDITION of **The Banker's Almanac and Register** is now in press, and will be ready in a few days. In this issue the capital, surplus, and undivided profits of the National banks are shown in three separate columns, according to their latest reports to the Comptroller. To the department of Foreign Banks and Bankers is now added a full list of those in Mexico, South America, Central America, and the West Indies, which has been called for by our growing business with those countries. The price is Three Dollars per Copy. Office of Publication, 251 Broadway, New York.

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of June has been an eventful one—a month of surprises, disappointments and changes. In the produce markets it has been one of semi-panic and liquidation. "Corners" have been broken; cliques have collapsed; speculators have failed by the dozens. The inflation in staples of commerce since 1880 has ended. Liquidation has begun in earnest, and legitimate commerce is beginning to flow again in its natural channels after three years of interruption by "corners" and "cliques." Commercial failures have necessarily followed thick and fast in the wake of these convulsions nor has there been a cessation of the failures in manufacturing circles that threatened our industrial interests in May. These disasters have been less frequent and heavy, with a few exceptions in the iron and woolen trade, the former of which though not prosperous is improving, while the latter is more depressed than a month ago and is curtailing production.

On the other and brighter side we have escaped the general and disastrous strikes in the iron and coal trades that seemed inevitable until the night of the last day of May, when the iron manufacturers unexpectedly yielded to the demands of their men and continued operations at the old scale of wages. This saved the coal trade which was preparing to curtail production to meet the lessened demand from the iron interest, while all manufacturing interests and most branches of trade, except the woolen, were assured a continuance of their present volume of business. This was an immense relief to the whole country, which breathed more freely and began to look forward to a better fall trade, until the produce speculators blackened the brightening horizon with their direful and exaggerated reports of enormous damage to the wheat crop, and threatened us with famine prices again. This, however, did not last beyond the middle of the month, when the failure of the lard clique in Chicago, of which we warned our readers months ago, came like a bolt out of a clear sky and carried down all the other produce markets in the panic that ensued. This proved the last straw on the over-loaded camel's back which broke it, and speculation was then turned back from these markets to railroad stocks again. These had, meantime, taken a new lease of life, on the very first day of June, because of the escape from the iron strikes and depression that would have been sure to follow. At this juncture Wall Street took charge of our crop reports, as the bulls in produce had their hands too full of long stuff to attend to anything but keeping up margins on the rapid decline that followed.

Since then we have had better crop reports daily and weekly, until at the end of the month we are reasonably assured of a three-quarter average winter wheat crop, more than an average spring wheat crop, while we will have nearly 75,000,000 bushels more old wheat left over from last crop than we had last year. Europe has replenished her reserves for the first time in the past five years, and has them up to the old average—Great Britain alone having over 30,000,000 bushels. The oat crop is already secured, as well as the hay crop, both of which are the largest ever raised. The corn crop, though backward and the ground weedy, from the late incessant rains in the Mississippi and Missouri valleys, promises a larger yield than last year, while the abundance of old corn and high price of hogs, caused by keeping up the price of provisions unnaturally high through speculation, has insured the largest and best hog crop ever raised, with more cattle and sheep in the United States than last year, and abundance of the finest pasturage to keep them. It is upon this bright picture, for the present crop year, that the impetus to stock speculation, given by the avoidance of the iron strikes, was kept up. The improvement held pretty generally through the month, with the exception of one or two breaks and of a few stocks. It was not sufficient to create anything of the boom that was looked for, however, as the trunk-line pool has had to meet and patch up, and give concessions, and overlook the cutting of rates almost every week, in order to keep up the show of harmony in the trunk-line family on Wall Street; lest the market which the trunk-line managers and big operators had been feeding as fast as it would take stocks, would drop out from under them again. This is why the advance in stocks lasted no longer and why they do not fall back, as well as why a grand railroad war has not already broken out. The material is ready, as noted in our last, and only the generals are waiting to unload more stocks, before they begin quarreling over the loaves, which are too few to go around since the Delaware, Lackawanna & Western and West Shore came into the field. The Iowa pool has been patched up once or twice during the month; and, with as good crops as now promised, there may be enough for the lines West of Chicago to do to keep them at peace. Meanwhile the trunk-line managers are under bonds, as well as stocks, to keep the peace at present, in spite of the Lackawanna's persistent cutting, although they have made a fifth-class freight, into which they can throw half or more of their traffic to meet the Delaware, Lackawanna & Western, and still "not cut rates."

Their effort to float a lot of new stocks and bonds and "collateral trusts," or chattel mortgages, so soon as the stock market did better, has proved a failure, although they have listed millions upon millions of them last month. The buyers of stocks have been professional traders only, and the semi-professional public who look for their dividends in an up-turn in the market, and are ready to sell out as soon as they get it. But there has been no investment buying, by people who pay for securities for the dividends, or a natural advance and take them off the street; confidence is not restored in railroad management, and people have not the money to invest; or, they invested last year, when the Government was paying off the debt. Now the Government is not a factor in the money, stock, or bond market. With reduced tariff its receipts and expenditures are about equal, and for the first time in years Wall Street cannot look to the Treasury for assistance.

The money market has not been a feature in speculation, as money has been cheap and abundant, and the prospects are it will remain so for a time, as no large early movement of the new crops is likely, although there is a large surplus of the old crops in sight and to come forward. On the other hand, the liquidation of the bull speculation in produce and the killing of it, will unlock a large amount of money tied up in carrying large stocks, as they will now go to an export basis and out of the country. This ought to change the balance of trade largely in our favor before the summer is out, and keep it so; for the "big operators" are so badly crippled that they can run no more deals if they desired to, which they do not. Nor would the banks again furnish them the money to do so, after being so badly caught by the failure of these cliques in Chicago this month.

Commercial bills have been offered more freely since this break-up in Chicago than for months, and it is likely to continue abundant until over 20,000,000 bushels visible supply of wheat, 15,000,000 bushels of corn, 200,000 tierces of lard, 200,000 barrels of pork, and 60,000,000 pounds of meats are reduced one-half to two-thirds.

The collapse of the lard clique in Chicago on the sixteenth of June was followed by a break of nearly $8 per tierce in an hour, or from 11.17½ cents to 9.05 cents per lb., and by a regular panic on the Chicage Board of Trade This was only stopped by the banks standing under the remaining big operators who bought everything offered, both provisions and grain, until they turned the tide and caused a temporary reaction by the shorts covering. Since then scarcely a day has passed without a renewed break in something, until the shrinkage in Chicago alone is estimated at about $30,000,000 in less than two weeks. This has caused the failure of a score or more of houses there, besides several here. Numberless operators, big and little, were wiped out in one short, wild, black hour of that blackest day ever seen on the Chicago Board of Trade. This it brought upon itself by countenancing these deals and cornering operations in their worst forms for years, until such a thing as legitimate trade was known on that Board no longer. It was a dreadful thing, but it is already doing good, as it has crippled their great operàtors, scared the banks from supporting them any more, and driven them back to their legitimate business. Values are adjusting themselves rapidly to an export and sound basis again, when it may be possible for anybody to do a legitimate business and not be subject to gambling risks and losses.

The shrinkage has been about $4 per bbl. on pork, $9 per tierce on lard, 3 cents per lb. on meats, 15 cents on wheat. 8 cents on corn, and 15 cents on oats, while flour has become almost unsalable. Nor has the decline spent itself unless exporters take double daily what they have averaged since the break, or some accident happens to the crops here or in Europe. Grain is not dear at these prices, but it is the cash buyer of cash stuff who is the master of the situation this year. Europe will make our prices again and not the speculators as for the past five years, and as Europe has large stocks she is in no hurry to part with her money or to have our stuff.

Cotton has drooped steadily the whole month with scarcely a rally, as the Liverpool market has been disappointing since British spinners had more cotton at mills than supposed, and have not bought. In the meantime the crop prospects are favorable, stocks are large in the United States, and speculation is dead in this staple. The month shows about a-half cent per lb. decline, and it looks downward still, unless manipulation intervenes. The acreage this year is three per cent. greater than last crop, and another large crop is expected. The floods in the Mississippi valley, while disastrous in localities, do not extend over areas large enough to affect the crop as a whole or the market.

Petroleum has had its clique or syndicate composed of the Sage of Wall Street and other New York operators, and a Pittsburgh syndicate who bought some twelve to fifteen million barrels of crude oil from 95 cents up to

$1.24⅝, and "squeezed" out a large short interest, which some believe included the Standard Company, who opposed the advance. But for some reason they halted in their predicted rise to $1.50 on declining production, the Standard regained control of the market and broke it to $1.15, then to $1.10, since when it has ruled less active between $1.13 and $1.19, with the prospect of large new wells about due, and a tired market, if not lower prices, as consumption and exports have fallen off more than production and stocks are steadily accumulating. Besides, it is costing the clique $10,000 per day to carry their load, or $300,000 per month.

Dairy products have broken to an export basis for butter—20 cents—at which shippers took over 6,000 packages in one week, when speculators went wild, and took some 30,000 packages, put them in cold storage, and are holding it to starve Europe or our home trade or the June shorts into paying an advance demand of three to four cents, while creameries are packing and holding back to repeat the folly of last year, as it is one of the best grazing seasons in years. Cheese has moved into export freely each week, and stock has been cleared up at slightly declining prices, and, while the tendency is still downward, it is in a healthy position.

Coffee has been less demoralized than last month as the bull interest had been pretty well liquidated, but there has not been the reduction in stocks expected, nor the activity in home demand, and hence the reaction anticipated has not been of any importance.

Ocean tonnage has been in limited supply, and with more free exports of grain and provisions on the drop, rates have been nearer a paying basis. Whereas before, they had been so low that only the regular weekly passenger steamers which bring immigrants this way could afford to accept them, and some of the Antwerp boats did refuse and must sail with part cargoes.

Since the above was written there has been a renewal of the demoralization in Chicago, caused by the banks selling out the collateral of the suspended houses, as they became afraid that the longer they held them the more would be their losses. This in turn broke the markets again and all the banks called additional margins down to a low figure—95 cents on July and $1.00 on August wheat—and everything in proportion, causing renewed pressure to sell, and demoralization followed by a few more failures and rumors about some of the largest houses in Chicago. This produced a most unsettled feeling and the markets fell far below the point to which they went on McGeoch's failure—lard below 9 cents, pork below $15, ribs below 8 cents, wheat below $1.00, corn near 50 cents and oats below 30 cents, with only temporary rallies whenever the shorts covered and took their profits. This is all the support there is, as the bulls gave up the attempt to stop the decline, and Europe has run away from us on the break, only taking what was bought on old orders caught on the drop. We now seem on the road back to the old time export seaboard basis of values instead of Chicago speculative ones, once more.

The reports of the New York Clearing-house banks compare as follows:

1883.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
June 2. .	$317,575,800 .	$62,251,500 .	$24,552 500 .	$310,929,400 .	$16,021,300 .	$9,071,650
" 9. . .	321,136,600 .	61,550,900 .	26,341,000 .	315,290,900 .	15,941,800 .	9,069,175
" 16. . .	321,748,100 .	62,269,800 .	25,943,800 .	317,690,200 .	15,802,400 .	8,791,050
" 23. . .	326,044,400 .	63,233,800 .	26,525,700 .	323,106,400 .	15,799,200 .	8,982,900

The Boston bank statement is as follows:

1883.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation*
June 2	$144,518,300	$4,891,300	$4,245,900	$86,730,000	$29,595,500
" 9	144,800,400	4,676,000	4,351,900	87,134,500	29,428,600
" 16	144,770,600	4,585,600	4,415,300	87,569,700	28,842,200
" 23	143,882,800	4,842,400	4,400,000	88,296,700	29,074,800

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1883.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
une 2	$76,054,159	$20,598,619	$71,024,644	$9,751,394
" 9	76,961,127	20,665,642	71,192,525	9,734,158
" 16	77,361,958	20,777,920	73,315,281	9,688,891
" 23	77,674,224	21,169,941	72,476,962	9,775,575

We append the usual quotations of leading stocks for the month:

QUOTATIONS:	*June* 6.	*June* 13.	*June* 20.	*June* 28.
U. S. 5s, 1881, Cont.	103½	103⅜	103⅜	104
U. S. 4½s, 1891, Coup.	112¾	112⅞	112¾	112¾
U. S. 4s, 1907, Coup.	119¾	119⅞	119⅞	120
West. Union Tel. Co.	84	87⅞	86⅛	85⅛
N. Y. C. & Hudson R.	123	124⅜	119½	120
Lake Shore	109½	112⅛	110⅛	110¾
Chicago & Rock Island	124¾	126	124	124¾
New Jersey Central	86⅜	88¼	85⅛	86⅛
Del., Lack. & West.	126½	129⅛	127⅜	128⅜
Delaware & Hudson	109⅜	109¾	109⅛	108⅞
Reading	57⅜	60⅜	57⅛	58⅛
North Western	132¼	133⅛	131¾	132⅝
Pacific Mail	41½	43	41½	—
Erie	39½	38	37¼	37⅛
Discounts	4½ @ 5	4½ @ 5	4½ @ 5	4½ @ 5
Call Loans	2½ @ 3	2½ @ 3	2½ @ 3	2½ @ 3
Bills on London	4.86@4.89½	4.85¾@4.89	4.84½@4.88	4.85½@4.89
Treasury balances, coin	$113,120,481	$112,715,347	$113,655,819	—
Do. do. cur.	$7,873,210	$7,996,053	$8,064,570	—

DEATHS.

ASH.—On May 13, aged fifty-two years, MICHAEL ASH, of Palestine, Texas.

BEALL.—On June 8, aged forty years, E. S. BEALL, Cashier of the Farmers and Merchants' National Bank of Baltimore, Md.

BEAN.—On June 20, aged sixty-four years, JOSEPH S. BEAN, Cashier of the National Exchange Bank of Augusta, Ga.

CHAPIN.—On June 10, aged eighty-four years, CHESTER W. CHAPIN, founder and former President of the Agawam National Bank of Springfield, Mass.

GAGE.—On April 2, aged seventy-three years, JAMES P. GAGE, Vice-President of the First National Bank of Lyons, Iowa.

SANBORN.—On April 9, aged sixty-nine years, DAVID SANBORN, President of the Second National Bank of Galesburg, Ill.

WADSWORTH.—On April 21, aged seventy-five years, HIRAM WADSWORTH, President of the First National Bank of Barre, Mass.

WEBSTER.—On June 1, aged ninty-four years, HOSEA WEBSTER, President of the Brooklyn Savings Bank, Brooklyn, N. Y.

THE

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AND

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THE NATIONAL SURPLUS.

What shall be done with the surplus of National revenue, is a question often asked and differently answered. The answer given by Congress last winter was a reduction of the revenue, and some persons maintain that the effect of this action will be so great, ultimately, that only a very small surplus, if any, will be left for any purpose. No one pretends to know what the amount will be, but under some conditions it may reach a very considerable figure. The two leading conditions are, the effect of the new tariff law in increasing imports and the amount needed for pensions.

The subject derives an unusual importance from the fact that recently a paper prepared at the request of Mr. Wharton Barker, by Prof. Thompson, of the University of Pennsylvania, entitled *Relief of Local and State Taxation through Distribution of the National Surplus*, has led to the adoption of the following resolution by a political convention of the State of Pennsylvania: "Any surplus in the public Treasury arising from a redundant revenue should, after paying the National debt as fast as its conditions permit, be distributed from time to time to the several States, upon the basis of population, to relieve them from the burdens of local taxation and provide means for the education of their people."

Hitherto we have maintained that the surplus ought to be applied on the National debt. The reasons why a person should pay his debts usually at the earliest moment apply with no less force to nations. Debts are burdens which ought not to be borne any longer than is necessary. There are peculiar reasons, however, why our National debt should be paid as speedily as possible. The American people have a great fondness for contracting public debts, but are not so fond of paying them. Let any one look into the volumes of the United States Supreme Court reports and he will find evidence for sustaining this remark. The repudiation of the debt of Mississippi, many years ago, and by many of the Southern States at a more recent period, is fresh in the minds of our readers. Tennessee and Virginia are the latest illustrations. But this spirit of unwillingness to pay is by no means confined to the West and South. Several cities in New Jersey have declined to pay their obligations. Even in the State of New York many cases have arisen of towns which tried to escape the burden of discharging their obligations incurred in aiding railroads. The history of these attempts is succinctly stated in the reports of the decisions of the New York Court of Appeals for the last twenty years. If ever a policy should be adopted of simply paying the interest on the public debt, or only a very small portion of the principal annually, nothing is more certain to happen than that the people will eventually get tired of doing this and cease from paying anything. At the present time the people are in the mood for paying the debt; they delight to read the monthly statements showing large reductions, and so long as they are in this mood, debt-paying should be continued without abatement. No economic reason can be urged in favor of reversing the present policy, which will outweigh the existing sentiment in favor of discharging the public debt. Moreover, it must be remembered that the money to pay interest on the debt is paid into the Treasury by many but goes to a few, and the wishes and welfare of the larger number should be favored if those of both classes cannot be fully respected.

It may happen that the Government cannot obtain the National bonds rapidly enough to absorb all the surplus except at a high price, which ought not to be paid, and which would be regarded with disfavor by the people. In that case the Government would be obliged to dispose of the surplus in some manner, and the question is, what is the best method of doing it?

The paper to which we have referred gives one answer, which has been very widely considered and much criticised. The criticisms, however, for the most part have been light and flimsy, and have shown how very slight is the knowledge of most of the writers of the magnitude of the problem. Many of the critics have said that the easiest and right thing to do was to revise the tariff so as to reduce the revenue, and then there would be no surplus to vex anyone. This is an easy thing to say, but how can the tariff be revised to effect this purpose. If the duties are lowered, would not the effect be to increase importations, and thus swell the revenues higher than ever? Where can the line of reduction be drawn which will have the effect simply of reducing the revenues and not of increasing importations? Will the tariff reductionists be so good as to draw that line on all our principal imports? Probably not one of them ever wrestled with this problem for a moment, but surely they should try to find out where the line is before they proceed to give any more advice about abolishing the surplus by reducing the revenue. There are two certain ways of reducing the revenue: one is to make the duties so high as to render them in their operation prohibitory; the other way is to repeal them altogether. If they are repealed, then in what situation is the manufacturer and his employees put? Has the Government a right to repeal a tax the inevitable effect of which will be to injure him without making compensation?

It is maintained by some persons that the internal taxes on tobacco and whiskey should be repealed. But every enlightened nation marks these articles as peculiarly appropriate for taxation, and there is no reason why our Government should adopt a different policy. They are luxuries, and for many reasons, which need not be stated, the tax on them should remain. This should be the permanent policy of the Government with respect to these commodities.

It is worthy of note that the chief objection to the proposed mode of disposing of the surplus has been made by free-trade journals. They maintaln that if such a policy were adopted the cause of protection to American industries would be strengthened. There are believers in the free-trade theory who could not be convinced by any argument to favor the principle of protection, but there are many, doubtless, who if they saw a plan clearly wrought out for distributing the surplus among the States, having for its object the reduction of local indebtedness and taxation, would strongly favor its adoption. What many fear is, if the surplus were given to the States, it would be frittered away by them without benefiting the people. They say that this happened when the National surplus was distributed among the States in 1837. Will not the same thing happen, say they, if the surplus should be again distributed in a like manner? Our nation gained much by the former experiment. It has learned how to manage its surplus more wisely. As the surplus if distributed among the States would be a gift to them, the donor would have a right to impose any condition to the gift that was thought wise. Congress, therefore, might properly prescribe what the States should do with the surplus if they accepted it. Congress might say that the States must employ it first in payment of the annual State tax, or toward paying the State debts, or the county taxes and debts, or in other ways that should be wise and equitable. The States could not justly complain if Congress did so. But, says one, suppose that $10,000,000 were distributed to the State of New York, how could such a large sum be possibly distributed in an economical manner? Nothing is easier than to make suppositions. There is no probability that New York would ever have half or quarter of that sum under any plan of distribution. It must not be forgotten that the foregoing plan of distribution does not reverse the policy of debt-paying "as fast as its conditions permit."

But the *New York Evening Post* is opposed to the distribution of the National surplus among the States, because "the burdens of direct local taxation are the most legitimate and most useful burdens the people have to bear, so much so that they indeed may be called the corner-stone of our system of Government. It is to the fact that so much of our taxation is local and direct, in fact, that we owe the success of the republican experiment on this Continent. . . . It educates the taxpayers in the duties and responsibilities of Government. It is because so much of their taxation is, and always has been, local taxation, voted on the spot by the men who pay it, and spent under their eye by their own officers, that Americans are the best politicians in the world." These remarks sound well, and we wish they were true; but they are not. The thoughtful men in the early history of our Government favored direct taxation, for the reason that if they were imposed the people would be more watchful and take more interest in the concerns of the Government. Now, we have had direct taxation in the cities and other municipalities, and indirect taxation by the National Government, and does anyone for a moment question which system has been the most economical? New York City has direct taxation; the people know that the revenues have been squandered in a most shocking manner; the same remark is true of all cities in some degree. Direct taxation has proved no check whatever on extravagance and corruption. At no time has the National Government ever spent its revenues so recklessly as have the smaller municipal organizations which derived their revenues wholly from direct taxes. The remarks of the *Post* are plausible; it seems as though the expenditure of the money under the eyes of the taxpayer would lead to watchfulness, economy, and good Government, but the facts contradict utterly all this reasoning, and show our municipalities to be often managed corruptly, extravagantly, recklessly, and in most cases without much system or careful supervision. What a miserable, defective system of bookkeeping does the Carroll fraud in New York reveal to the public eye. And yet we venture to say that there is hardly a city in this country owing a debt—and most of them are heavily indebted—which has a safe and intelligible system of keeping an account of its debt.

Thus, many of the criticisms against the proposed plan for distributing the surplus melt away in the light of further criticism. One thing is clear, the plan is not so irrational or absurd as many imagine, and is worthy of thoughtful consideration. The hints thrown out show how much is involved in a reduction of the duties; the subject is vast and intricate, and ought to be discussed in a different temper and with far deeper study than has generally been given to it. Many and great interests are involved, and these should not be considered in a trifling manner, as too frequently has been the case.

TRADE AND PUBLIC FINANCES.

The excess of merchandise exports over imports in May was only $ 1,636,192—far less than was expected. The excess of eleven months ending with May was $ 110,946,332 and this was not probably increased by the trade in June.

The favorable balance of trade during the fiscal year upon which we have just entered, is likely to be less than it was during the last fiscal year. Our agricultural exports, as a whole, cannot be expected to be greater in quantity, and the prices obtained for them will probably be smaller. The fall of prices in European merchandise will force increased quantities of it into our markets, at whatever sacrifice to the owners. As to some things, steel rails, for example, the reductions made in our Custom-House duties last winter will cause larger importations.

The total movement of our foreign trade, exports and imports, exclusive of specie and bullion, for the last three years was as follows:

Year ending May 31.	
1881	$ 1,422,670,886
1882	1,361,405,216
1883	1,427,703,998

As will be seen, the aggregate money valuation during the last year was slightly greater than two years previously. Prices having fallen decisively during that interval, the aggregate quantities handled last year in our foreign trade must have materially augmented. There was, doubtless, at least an equal increase in the quantities moved in our domestic trade, and this accounts, in part, for the improvement in the gross and net earnings of the railroads.

The surplus revenue for June reached the unexpectedly large amount of eighteen million dollars, making the total surplus for the last year 138 millions, or eighteen millions more than the estimate made last December by the Secretary of the Treasury.

No pension payments appear in the June accounts, and there were heavy Custom-House collections on goods taken out of warehouse in anticipation of higher duties on them coming into force July 1. The tariff law of last winter, while it reduced duties on many articles, raised them on some.

The general cause of Mr. Folger's under-estimating the surplus of last year was the falling short of the pension payments below the figures given to him by the Pension Bureau. It was the opinion of the Commissioner of Pensions, given to the last Congress at its first session, that with an increase of force, which he asked for and obtained, the payments under the Arrears Act could be so expedited that the total pension payments during the last year would be $100,000,000, and for the present year $150,000,000. Even as late as last March he thought that the total payments for the last year would reach $85,000,000. It has, in fact, turned out that they were only $66,000,000, and it is reported that he is not prepared to express an opinion as to what they will be this year. As he did not complete his appointments to the new clerkships authorized in his Bureau until October, and as he did not get the force into efficient working order until somewhat later, it may be presumed that during the present year, when he will have its aid from the beginning of the year, the total payments will be considerably larger. As a rough guess, we should say that they will be $30,000,000 more than during the last year. If they are they will reduce the surplus of the present year to $108,000,000, if the revenues and other expenditures remain the same as last year. But instead of remaining the same the revenues will fall off, from the tax reduction of last winter, while the expenditures outside of the pension payments will increase. There will be no saving, except in the interest account of the National debt and in the expenditures on rivers and harbors, and it will take the whole of these savings to pay the Alabama claims. All the Government establishments tend to cost more from year to year. The courts cost more; the retired lists of the army and navy are swelling all the time; and last winter Congress launched out into a policy of ironclads and steel cruisers which will prove to be a bottomless pit of expenditure for the sake of expenditure.

Among the resolutions adopted July 11, 1883, by the Pennsylvania Republican State Convention, was the following:

"That any surplus in the public Treasury arising from a redundant revenue should, after paying the National debt as fast as its condition will permit, be distributed from time to time to the several States, upon the basis of population, to relieve them from the burdens of local taxation and provide means for the education of their people."

The described contingency in which a distribution of surplus revenue is proposed is certainly not very near at hand. The public debt includes $304,000,000 of threes, and $32,000,000 of three and a-halfs, or $336,000,000 in the aggregate, which are now subject to payment on three months' notice. As it seems to us, it must be some years before this call debt will be paid off. On the first of September, 1891, only eight years and one month from this date, another part of the public debt, $250,000,000 of the four and a-halfs, will become subject to payment at the pleasure of the Government. The future is always uncertain, and new occasions for extraordinary expenditures may arise. We shall be fortunate if we pay off the $336,000,000 now within reach, before another large amount of debt, $250,000,000, becomes redeemable.

GAMBLING IN CROPS, PETROLEUM, ETC.

Within a few years the old gambling practices of the stock exchanges have been, as is well known, introduced, in all the principal cities of this country, into the markets for the leading agricultural staples, petroleum, and many other articles of merchandise. This species of gambling is not confined to the cities, but is participated in by numerous persons at all points in the country which have telegraphic communication with the cities. The number of those who devote their whole time and energies to transactions, which are nothing but bets on the future prices of commodities, has become enormous. The demoralizing consequences are perfectly well known to the community, and are deplorable. Not a day passes without the announcement of some defalcation, breach of trust, or unexpected insolvency, which can be easily and directly traced to these gambling practices.

That our commercial newspapers devote so considerable a portion of their space to the publication of bets upon the prices of wheat, petroleum, etc., one, two and three months in the future, is, perhaps, not a matter to be found fault with, and is certainly not to be wondered at. Newspapers are made to be sold, and where there is so large a body of persons who are more interested in the records of such bets than in anything else, and who will buy only those newspapers which contain such records, it is natural enough that their peculiar preferences should be catered to by the public press.

Of what are now spoken of as "sales" of the great staples, only an insignificant proportion consists of actual purchases, accompanied by a delivery of the article bought. Nearly all the (so-called) "sales" are merely contracts to sell at a future day, at a stated price, and with no expectation that the contracts will be performed in any other way than by a payment of the "difference" between the contract price and the actual price in the market on the days when the contracts mature. As a consequence, the reported "sales" may and do exceed many times over the actual quantities in existence of the article said to be sold, and it is a bad feature of the case that these gambling and fictitious transactions are rapidly increasing.

The largest amount of sales of wheat in any one month in 1882 in New York City was 75,000,000 bushels, but in May, 1883, the sales amounted to 173,584,000 bushels. In May, 1882, they were only 37,345,000 bushels.

May, 1883, showed sales in New York City of 50,000,000 bushels of corn, and 19,588,000 bushels of oats, as compared with 30,000,000 bushels of corn, and 9,705,000 bushels of oats in May, 1882.

May, 1883, showed sales in New York City and Oil City of 235,000,000 barrels of petroleum, as compared with sales of 96,000,000 barrels in May, 1882, in New York City, Oil City and Bradford.

The New York *Public* prints a table showing that there was an increase from $35,012,300 in May, 1882, to $73,831,635 in May, 1883, in the amount of money deposited for margins on speculative transactions recorded in New York City, Oil City and Bradford, in petroleum, breadstuffs and cotton.

The mischief is thus shown to be rapidly swelling, and to have already attained gigantic proportions. It may well be said of it, as was once said of a political mischief, that "it has increased, is increasing, and ought to be diminished," but it is, unfortunately, not clear in what way it can be diminished. It certainly cannot be checked by moralizing over it. The greed for money, to be obtained quickly, in large sums, and by sudden strokes of fortune, has in recent times extended to such a large proportion of the community, that it is impossible to frown it down by the force of any effective public sentiment. The practices to which it leads are countenanced by those who are looked up to as exemplars of good conduct. Magnificent buildings, called "exchanges," are erected on the best streets in our cities, and are thronged in broad daylight by the most reputable merchants and brokers, for the known and avowed purpose of gambling in the great products of the country. Those who are successful in it receive such honors as were in former times accorded only to triumphant heroes, and even those who are unsuccessful, provided they are so on a scale large enough to involve a sufficient number of other people in ruinous losses, are solaced by the sympathies and admiration of the crowd. Anybody who fails for a million dollars in what is called "a deal," enjoys the *eclat* of being a wonder, not always for nine days, but at any rate until somebody else fails for as much, or more, in another "deal."

In some of the States the courts hold that contracts for the future delivery of merchandise, made by those who neither own such merchandise nor expect to own it, and made with those who are not expected to call for its actual delivery, are gambling contracts, and that, on the principles of the common law, they have no validity and cannot be enforced. Positive legislative prohibitions of such contracts are also proposed in some quarters.

Congress might deal with the mischief under the taxing power, and thus diminish the extent of the evil, and at any rate get a revenue from it. Taxes, which can be collected by stamps, involve very little cost in their collection, and nothing is easier than to require all contracts in what are called "futures" to be stamped. If they are not stamped they can not only be made invalid, but an exemplary penalty can also be imposed. The appearances are that the Government now absolutely needs more revenue in order to maintain the National credit and honor in respect to the sinking fund of our still enormous war debt. From whom can it be extracted with less injury and with more benefit than from the gamblers in wheat, cotton, lard, etc.? Nobody can complain of such a tax, because nobody will be obliged to pay it, unless they voluntarily continue in the business.

THE McGEOCH FAILURE.

The decline in stock speculations during the last twelve months unhappily is no proof that the spirit of speculation is dying out; it has simply gone into other fields. The great body of speculators have learned that there is a poor chance for them to make anything in Wall Street, because a few heavy operators control the game. Through the enormous capital they possess and their official relations to railroads, it has been quite easy for them to move stocks very much as they pleased, and this has finally become so well known that speculators have retired to other fields where they believe the chances are more nearly even. Within a few months, therefore, there has been a tremendous growth in speculation in some other directions, especially the produce and petroleum exchanges.

There is a radical difference, however, between the effects of speculating in produce, petroleum, coffee, and similar commodities, and stocks. Nobody eats or wears the latter, while the people generally are affected by speculation of the former kind. The transfer of speculation from Wall Street to other markets has therefore added to the mischiefs previously existing. The *Chicago*

Tribune in discussing the recent failure of McGeoch, who attempted to corner lard in that city, says:

No mere blunder, commercial or otherwise, could entail such wide-spread disaster in two hemispheres as has followed the collapse of the lard corner in this city. The act must take high rank among the crimes which are committed against society. Human greed, seeking riches through the means of an unnatural inflation of prices, has entailed severe loss upon hundreds directly and of scores of thousands indirectly. It led to a blocking up of the channels of trade, to a forced production of material, and fostered a perversion of commercial ethics, the last being not least among the evils which followed in the train of the movement. It will be well for the great commercial public, to say nothing of the still greater world of consumers, if the climax of suffering due to the perpetration of this great wrong has been reached. There is no certainty that such point has been passed yet, although there be room for hope that the worst is over. The decline since May 8, only two months ago, averages thirty-four per cent. on pork, twenty-eight per cent. on lard, and thirty-six and a-half per cent. in the price of meats, the average being almost exactly a loss of one dollar out of every three dollars, besides the cost of carrying the property for two months and other expenses incidental to the trade. Such an extensive shrinkage is seldom paralleled in the history of speculation in produce.

It is worth while to state briefly some of the specifically injurious effects arising from the speculations of recent years. They can be distinctly pointed out, and by so doing the reader will see more clearly the magnitude of the evil.

1. Exports are diminished. Speculators by driving up the price of grain retard the exportation of it. This has been clearly seen on many occasions. It is true that for the smaller quantity exported a higher price has sometimes been obtained, but this will by no means compensate for the losses occasioned by driving up the prices to which they have often been carried. For, the surplus grain, which would have been exported had the price been lower, is left on hand and sold at a much lower figure. Several years ago Mr. Keene and others purchased an enormous quantity of wheat, expecting to corner the market and make large profits out of the operation. They bought for a long period all the wheat offered, and shipments abroad almost ceased at a time when they should have been very active. But after a time when they found that a corner was impossible, the market broke, prices declined heavily, and exporters were able to get all they wanted at their own price. In the meantime, however, a part of the foreign demand had been met by purchasers in other countries, and consequently the total amount purchased of us was less than it would have been had the speculators not attempted to get an excessive price for the product.

2. Speculation, by thus raising prices, stimulates and protects the foreign grower. The higher the price demanded here, the greater is

the price obtained by foreign growers. Though getting less than speculators here ask, they get more than they would if speculation did not exist. This is a direct encouragement to foreign producers to increase their products. Nor has the situation been disregarded. Foreign producers have planted more, and this year their harvests will be abundant. For thus stimulating them to greater efforts American farmers can thank the speculators. The latter have not only kept grain in the country when it would have been sold at remunerative prices, but have aided the foreign producer to the injury of his American competitor. The evil fruits of speculation in this direction are now clearly seen.

3. Another effect of speculation is the serious disturbance of legitimate business. Notwithstanding the fact that most of the business done on exchanges is fictitious, prices are regulated by them. Says the *Cincinnati Commercial-Gazette* in a recent number, when discussing how these institutions do business:

> Often they put the price of wheat up to $1.50 when it is not intrinsically worth over $1, and then again put it down to eighty cents when it is intrinsically worth $1. And so with cotton and hog products. Thus often products are advanced to such figures as to prevent exports. This has been especially the case within the last three months. Warehouses have been full and ships have been idle or sailing in ballast. The foreign trade was lost because foreign markets were below our fictitious values; and instead of a legitimate current of trade, merchants suspended business to await the result of a deal at Chicago. These deals put prices above or below their natural level. A miller is compelled to buy wheat to keep his machinery running; the cotton manufacturers must have the raw material; the pork packer must have hogs; the butcher must have cattle. These are bound to pay the prices fixed by the speculators who bet against each other on the several Boards of Trade. It is not long since cotton mills in England closed their establishments because a combination of speculators cornered the cotton market, and forced prices fifty per cent. above the real value of the commodity. No one except a manufacturer can tell how much this disturbs the industries of the country.

The banks in some cases are to be blamed for continuing this state of things by assisting speculators with money when they ought not. It is clearly enough seen that if they loan to that class of men it is diverted from mercantile business, and consequently that it must suffer. But what right have banks to loan to speculators? Some persons, it is true, affirm that it is nobody's business what the banks do with their money so long as they loan it safely. This view is not correct. The banks, it must be remembered, derive their authority to do business from the State, and the State does not sanction these speculative operations. Many of the courts have characterized them as essentially gambling transactions. Is it not clear, therefore, that the banks which assist these men who are engaged in gambling ventures are going too far, much further than is sanctioned by law or public opinion?

Thôse banks which are thus aiding speculators cannot return too quickly to their proper business of loaning their money to those who are engaged in mercantile pursuits, and part company with those who for several years, as we have shown, have been destroying our export trade, feeding our farmers with false hopes, stimulating greater production abroad and deranging prices at home, whereby it has been difficult for millers, cotton manufacturers, and other classes of business men to carry on their occupations except at a greatly increased risk. Many of the failures of the last three years are owing to the distortion of prices occasioned by speculators. The sooner they are swept away the better for all who are engaged in lawful business, and this is why the failure of McGeoch has been hailed with so much satisfaction. He was the enemy of honest business. The country does not dread the effects of the failure of such men, but clearly recognizes the fact that their downfall is the country's gain.

FAILURES IN UNITED STATES AND CANADA.

The reports of Dun & Co.'s *Mecantile Agency* show that the business failures in the United States increased from 3597 in number, and $50,580,920 in the amount involved, during the first half of 1882, to 4637 in number, and $66,189,034 in the amount involved, during the first half of 1883. Comparing the same two half years, the failures in Canada increased from 371 to 687 in number, and from $4,116,570 to $8,249,060 in the amount involved. This showing is not flattering in either country, but is much the most unfavorable in Canada. One cause of mercantile losses and disasters, which is the downward course of prices, is common and equally powerful in both, but the Canadians have in addition to contend all the time with the potent mischief of a badly regulated bank currency, which expands and contracts with what are called "*the wants of trade*," that is to say, when prices are high it expands and makes them still higher, and when prices are falling and need support it contracts and intensifies their fall. The business history of Canada will continue to be a wretched record of expansions and speculations, alternating with contractions and bankruptcies, until it adopts in substance the principle of keeping the amount of its paper currency in excess of the coin held against it at a steady figure, as has been done in Great Britain during the past forty years and in this country during the last twenty.

As respects this country, the increase of failures in number and amount, comparing this year and last, is generally spoken of as unexpected and disappointing. It is certainly not agreeable, but it ought to have been foreseen, as the unavoidable result of the fall of prices which has been continuous for eighteen months, and has been all the while weakening the resources by impairing the money valuation of the assets of merchants and manufacturers. A good deal is said about speculation in merchandise, and there is always too much of it, but we see no evidence that there has been more of it this year than last.

The interesting correspondence from all parts of the country, published in connection with the reports of Dun & Co., shows that the volume of trade has been large, and gives ground for expecting that with the good crops now being harvested, it will continue to be large during the remainder of the year. If some merchants have failed the vast majority of them still remain sound. Prices cannot be always rising, and it is not possible for any branch of business, and still less for all branches of business, to be perpetually in the condition which is called "booming." Alternating between buoyancy and depression seems to be a fixed law of commercial affairs, although the degree of the alternation may doubtless be mitigated by greater prudence.

BRITISH CONSOLS.

Between December, 1882, and June, 1883, the London market price of British consols (three per cents.) fell three quarters per cent., while in the same time the two and a-half per cents., of which the outstanding quantity is only seven and a-half millions sterling, rose two and one-eighth per cent. The difference of movement in the two securities is ascribed to the fact that the two and a-half per cents. are guaranteed against being called for payment for several years, while the Government may pay off the three per cents. at pleasure. These last are now selling at five and a-quarter per cent. less than their proper proportionate price, as compared with the two and a-half per cents., if the two securities stood on the same footing as to liability of being paid off. The difference is ascribed by the London *Economist* of June 9 last, to a "growing fear of an early redemption" of the three per cents., the aggregate amount of which outstanding is about £690,000,000. Five and a-quarter per cent. upon that sum is £36,225,000. The *Economist* adds:

Mr. Childers' recent proposals for the reduction of the debt by the means of terminable annuities have been mainly instrumental in causing the present weakness in consols.

Even a small danger of a great loss is naturally intimidating, but at this distance the fears of the holders of British consols, which are reflected in the article of the *Economist*, do not appear to have much foundation. The day is far distant, whatever "proposals" may be made by Mr. Childers or anybody else, when a British Parliament will do anything so repugnant to the interests and wishes of the owners of the British debt, as any effective reduction of it would be. It could have been much more easily reduced during the prosperous times which followed the gold discoveries in Australia and California, when the public revenues were expanding and when there was an abundance of remunerative employment for the capital which might be thrown on the market by the redemption of consols. Bnt the policy of Mr. Gladstone, who was then in power as he is now, was to reduce taxes instead of reducing debt. He has adhered to that policy ever since, and will to the end. The London *Spectator* (April 14, 1883) was undoubtedly right in saying that the whole body of the consol holders, while not openly resisting Mr. Childers' "proposals," are "operating silently" against them. It says:

> There is more latent distaste for Mr. Childers' proposals than their reception in Parliament would indicate. *Everybody accepts them, but everybody does not like them.* Those who dislike them are the whole body of trustees, timid investors, and men interested in banks, insurance companies, and all the concerns which must place large sums in securities at once safe and salable at short notice. Every safe investment sympathizes with consols.

The London *Economist* of June 16, resuming its attacks upon Mr. Childers' scheme, says that "by providing for the quick redemption of the debt it will open the way for a conversion of the three-per-cent. stock into a stock bearing interest at a lower rate," which it supposes will be a "recommendation in the eyes of those who have been lauding it," but which is evidently not to the taste of the interests which the *Economist* represents, and which will doubtless prove to be the controlling influences in British legislation.

BANK CHEQUES IN EUROPE.

In many parts of Continental Europe, including some countries much advanced in wealth and commerce, the practice of depositing money in banks and of making payments by cheques on banks, are very little known. This is true even of Holland, which was, a little more than a century ago, the chief trading nation in the world, and is to-day, in proportion to its population, one of the richest nations.

We had seen it stated within a year or two, that until very lately cheques on banks in Holland were made payable only to the persons named in them, and that making them payable to "order" or "bearer" was being discussed there as a very doubtful innovation, and as likely to introduce into circulating use a new and perhaps dangerous species of paper. A friend in London, to whom we applied for information as to that part of the Dutch banking practices, has forwarded to us the following letter, dated June 27, 1883, from W. Talbot Agar, the Secretary of the London Institute of Bankers:

"I am informed that cheques to 'order' and 'bearer' are used in Holland in the same manner as in this country. It is only lately that people are beginning to understand their use, so that they cannot at present be said to have been generally adopted."

From the returns of the Bank of the Netherlands, which are republished every week in the London *Economist*, the average circulation of the bank seems to be $75,000,000, while the deposits average only $10,000,000. This shows how little developed the system of depositing in banks is in that country. It is even less developed in Italy, where, according to a very late return, the total circulation of all the Italian banks of emission was $145,000,000, while their total deposits were only $7,500,000.

It is only in Great Britain and the United States that economy in the use of money by banking expedients, cheques and Clearing Houses, has approximated the degree of perfection of which it is capable. It is, therefore, to the possibility and probability that they will hereafter be resorted to on a much greater scale than at present in other commercial countries, that we may reasonably look as a protection against monetary constriction in the future. Even if the additional supply of money does not fully keep pace with the increase in the world's demand for money, the extension of economies in the use of money may, and probably will, make up the deficiency. The present travel and transportation of mankind could not be carried on with pack-mules and stage coaches, but the railroad accomplishes the work without difficulty. Improving civilization and inventive ingenuity may be hopefully relied upon to meet human wants in monetary matters as they have met them in other matters. Mr. Goschen, who has been indulging himself in some pessimist views about the constriction of money, said he could not see what further economies in its use were possible in Great Britain. But he must admit that they are possible, and on a great scale, in every part of Continental Europe.

From returns near the end of last June the Bank of France, with a circulation of $580,150,000, had deposits of only $88,205,000, of which $36,030,000 were Government deposits; the National Bank of Belgium with a circulation of $64,265,000, had deposits of only $15,905,000; and the Bank of Germany, with a circulation of $183,620,000, reports no deposits under that name, but returns $58,265,000 as "current accounts" on the debit side, which are the same thing as deposits.

FRENCH FINANCES.

The French Government is now financially in a much poorer condition for such military enterprises as it is engaged in on the Congo, in Madagascar, and in Tonquin, than it was three or four years ago, before it had embarked in Freycinet's policy of spending one thousand million dollars upon railroads, harbors, and other public works. It is true that it has recently withdrawn itself partially from that policy, but not without sacrifices, and not before it had expended a good deal of money in its prosecution, and added largely to the National debt. In the meantime it has yielded to clamors for the removal or reduction of taxes, and it has also happened, from a depression of industry and trade, that the proceeds of the taxes retained have fallen off. In all ways the financial position has changed from a good one to a bad one, and there is naturally a fall in the market quotations of French *rentes*, and a rise in the interest rates on French Treasury bills. If military disasters shall occur, and large borrowing shall become necessary, the situation will become serious.

Until lately interest at only one per cent. per annum has been allowed on Treasury bills running a year, and a half per cent. per annum upon bills running from three to eight months, although it is not to be supposed that great amounts of bills were negotiated at such very low rates. But on the seventh of last June the rates were suddenly raised to three per cent. per annum on year bills, and to two and a-half per cent. per annum on bills from three to eight months. The Paris correspondent of that date of the London *Economist* said:

> It is thought doubtful that even three per cent. will draw money to the Treasury for bills to run one year, but at two and a-half per cent. per annum for three months, Treasury bills will be taken by the railway and other companies which now employ their idle balances in discounts.

It turned out that during the first week the Government received offers to cover bills to the amount of eighty millions of francs. For how long bills the offers were made is not stated.

France is a very rich country, with a population both frugal and industrious, and can sustain great burdens. At periods which cannot be called remote in the life of a nation, it has large resources in its reversionary rights to the absolute ownership of all the French railroads. These rights mature after the roads have been built one hundred years. Such a reversion, and within the same time, has been applied to all the companies building railroads in

British India, and upon the principle that it is never too late to do well, it may yet be applied to all railroads hereafter to be built in this country, where the check which it would impose upon the future construction of such works would probably be more wholesome than injurious. Such a reversion exists, at any rate, in France, and if it does not encourage them to create new debts, will by and by help them to provide for existing ones. But it is not safe to count upon either patriotism or prudence in the conduct of any of the European governments. The capitals, in which are gathered the influences which dominate them, swarm with political and financial sharpers, intent upon nothing but present personal advantages, and practising always upon the Metternich maxim, "*After me the deluge.*" The elder Mirabeau thought he saw indubitable evidences of a general overthrow (*culbute generale*) in France a century ago, and he was not mistaken about it. If he was alive to-day he would see such evidence in other countries in Europe besides France.

BRITISH SHIPPING.

The prosperity of ship-building, principally of iron steamships, is about the only bright spot in the present British economical situation. Not only is that particular industry very prosperous, but the proportions of it are very large. The wages which it is so far able to pay are very high, and the great demand which it makes for iron seems to be the principal thing which saves the British iron producers from a crisis as bad as 1876–7.

Some very striking statistics upon the subject are collected in the trade supplement (June 9, 1883) of the London *Economist*, which reckons the present value of the steamers and vessels of all sizes belonging to the United Kingdom at one thousand million dollars. The number of them are given in the Board of Trade Register at 40,000. The *Economist* adds that if the Canadian, Australian, India and China ships owned by Englishmen were added, the value would be increased to 1250 million dollars. It states that 550,000 tons of new shipping were built during the past year and registered at Lloyds', and that the value of the tonnage now under construction is one hundred million dollars. The capital involved is vast, and the holding of it is widely diffused. The *Economist* says that the steamships not owned by companies have their ownership split up, on the average, among forty shareholders, and that in addition to the large companies, such as the Peninsula and Oriental, there are "200 privately-managed limited-liability companies, with long lists of shareholders," and that "single steamers are made into limited companies, some with £1 shares."

The activity in iron ship-building in Great Britain, which has continued for some years, has given high wages to the labor employed in it, and these wages have recently even risen. The *Economist* says that as much as "four and five pounds a-week" are sometimes paid to those who "have undergone but little training," and that there is "no trade in the country in which comparatively unskilled workmen can earn so much," the employers being bound by their contracts to deliver ships at a fixed time, and compelled, therefore, to obtain labor, whatever the price of it may be.

There must have been exceptional profits in the outset to have started this extraordinary activity in British iron ship-building, but any business not restricted by some natural or artificial monopoly, in which there are such profits, is sure to be overdone so as to convert great profits into equally great losses. And especially is this true of a country like Great Britain, where there is so much capital and comparatively so few openings for its remunerative employment.

In this case there is a peculiar danger that the iron steamer business may be pushed to excess, arising from the fact that the projectors and managers in it may make money, while everybody else who is concerned may be losing money. On that point the *Economist* says:

> We are continuing to build ships as fast as ever. In some measure this may be due to the peculiar relations between the managing owners and the proprietors of the ships. The former, being paid by commissions on gross earnings, may even, when rates are unremunerative and the shareholders are losing money, pocket very handsome incomes. Excessive competition, therefore, touches them comparatively little, and they can endure it with equanimity.

At a meeting, a few weeks ago, of the Oriental Steam Navigation Company, the chairman declared that "the sea now swarms with steamers, and the carrying trade is unquestionably overdone." The *Economist* adds, that "in this opinion very many of those best fitted to judge concur." But if the break-down has not already come, it is inevitable at some time, and probably cannot be long delayed. When it does come, it will not only largely depreciate the value of what constitutes a great item of British wealth, but will take away one of the principal props of the British iron-producing industry, and disastrously reduce the wages of a numerous class of British workmen.

The development within recent years of the British construction and employment of iron sail and steamships has been a heavy blow to the navigation interests of the United States, Canada, Norway and Sweden, and other countries which have been engaged in building and running wooden vessels, but has benefited many of their other interests by cheapening ocean freights. Among other things it has facilitated and multiplied the migration of the human race from the Old World to the New.

RUSSIAN FINANCES.

[CONCLUDED FROM THE JULY NUMBER.]

The system of credit existing in Russia for almost a century was put down, when the old credit institutions were prohibited from making long loans and ordered into liquidation. Russian commerce, however, has still continued to grow, and the demands upon credit have vastly increased within a quarter of a century, as a few figures will show. Thus, the bills discounted amounted in 1855 to 9,334,000 rubles, and in 1879 to 417,149,000. The short-time loans on movables were, in 1855, about 9,726,000, and in 1879 about 217,213,000 rubles. The total of long loans on real estate was 649,993,000 rubles in 1855, and 1,647,569,000 rubles in 1879. These operations have been chiefly performed by the private-banking institutions, which in 1855 numbered only twenty-three, including four in the Baltic Provinces, one in Poland, and eighteen in the interior cities of Russia. The private banks may now be regarded as forming six groups:

(1.) The city communal banks were reorganized in 1857. They have rapidly multiplied, and in 1879 numbered 278, with a capital of 188½ million rubles.

(2.) Private commercial banks, or joint-stock companies, were found necessary to meet the growing demands of commerce, especially in the great centers of business. The first was the St. Petersburg Bank of Commerce, founded in 1864. Government took one-fifth of its stock to encourage such a beginning, and its speedy success induced similar enterprises in St. Petersburg, Moscow, and other cities. The International Bank of Commerce was established at St. Petersburg in 1869, and can now boast of the greatest capital—thirteen million rubles. Next followed the foundation of the St. Petersburg Discount Bank, with a capital of ten million rubles, whose solid operations give it considerable prominence. The evils of private banks soon became as manifest as their advantages; the unnecessary haste to found new banks and the wild fever of risky speculation led the Government in 1872 to prohibit the establishment of new joint-stock banks in places having already a private bank until further notice. In 1878 there were thirty-three private-stock banks with a capital and reserve of over ninety-three million rubles.

(3.) The mutual-credit companies discount bills presented by members, and loan on security just as private banks. The first was called into being at St. Petersburg, in 1862, to aid the merchants burned out by the great fire of that year. Others followed in many cities; in 1879 they numbered ninety-two, and their loans and discounted bills amounted to about 114 million rubles.

(4.) The peasant loan and Savings-bank companies originated in 1862 with one endowed by a benevolent land owner. This was the first attempt to satisfy the credit needs of the rural population, and in 1880 there were 860 such companies. The reports of 691 of them for 1878 show about 150,000 members, payments for capital of 3,740,000 rubles, reserve of 279,000 rubles, deposits amounting to 1,818,000 rubles, and profits footing up for 1878 to 636,000 rubles.

(5.) Banks for loans on movables were sanctioned with a view to the prevention of usury, since the two loan offices of St. Petersburg and Moscow could only lend on gold, silver, and valuables. There are now five of them, with capital amounting to four million rubles.

(6.) Banks for loans on real estate became a necessity, after the Imperial credit institutions had ceased to make such loans in 1859. The first was founded in 1861 as the St. Petersburg City Credit Company; it loans on the lands and buildings of the capital, and its bonds are secured not only by the real estate, but also by the mutual guarantee of people enjoying the benefit of its credit. Nine such city-credit companies were established, then the Chersson Agrarian Bank in 1864, and the Mutual Land-Credit Company in 1866. The bonds and mortgages of the latter are secured not only by the real property mortgaged, but as well by a special capital formed from a payment by each borrower on receiving his loan. The joint-stock agrarian banks loan on mortgages guaranteed by their capital stock, and their mortgages must not, therefore, exceed ten times the amount of their capital. From 1871 to 1873 twelve joint-stock agrarian banks were founded, including the Central Bank of Russian Land Credit, whose operations were limited to the purchase of the mortgages of the city credit and agrarian banks, and to the simultaneous issue of its own mortgages payable in specie to be placed abroad. There are two agrarian banks in Trans-Caucasus, and one land-credit company in Poland.

The great event of the reign of Alexander II was the emancipation of the serfs, happily consummated by the imperial edict of February 19 (March 3, New Style), 1861. The emancipation necessitated a financial operation of no small magnitude, which was of itself a very bold undertaking so soon after the Crimean War and its financial difficulties. Government had to come to the aid of the liberated peasants, if they were ever to become the owners of the land assigned them in usufruct, and the State acted as banker between proprietor and peasant. The peasants still paid their old masters *obrok*, money dues, or dues in labor; to free the land from these burdens Government advanced redemption loans. The dues were capitalized at six per cent., that is, multiplied by sixteen and two-thirds, and four-fifths of the entire amount paid over to the proprietors on behalf of the peasants. The latter thus became debtors to the State, and their debt was to be settled in forty-nine years by annual payments of six per cent. of the sum loaned. The sum needed might have run up to a milliard of rubles, and as the Russian Government had not so much cash at its disposal recourse was had to paper. The larger part of the loans was in five-per-cent. redemption bills, made hard to transfer by certain formalities, in order to prevent their flowing upon the market and consequent depreciation, and there were also five-per-cent. bank notes like those issued for covering the certificates of deposit of the former imperial institutions of credit. On land, subject to labor dues, a small portion only of the redemption loan was given in five-per-cent. bank notes, the rest in five-and-a-half-per-cent. redemption bills, on account of the relatively unfavorable situation of such holders; but these five-and-a-half-per-cent. bills have been amortized since 1874. The market seemed strong enough in 1875 to support any amount of bank notes without depreciation, so that the order went forth to change all redemption bills into five-per-cent. bank notes, and to make all further loans in them. In all Great and New Russia only twenty-one per cent. of peasants on estates had not ended their redemption payments on the first of January, 1881. In 1862 the redemption loans amounted to about twenty million rubles, and during the whole period of these operations about 574 million rubles have been advanced for redemption loans in Great Russia, and about 160 millions in the western provinces, or together 734 million rubles. Thus, 7,853,000 peasants came into possession of about twenty-eight million dessiatines of arable land. It has been estimated that the average advance was thirty-one rubles fifty copecks per dessiatine, or about 107 rubles per male peasant. Of the total of loans up to 1880 the credit institutions had retained about 300 million rubles in settlement of the debts of the estate owners, and the remaining 434 millions had been issued in five-per-cent. bank notes, five-per-cent. redemption bills, and five-and-a-half-per-cent. Treasury bills. In Poland, from 1864, the annual loss to proprietors from the emancipation of their serfs was estimated, capitalized at six per cent., and due amounts were paid to the smaller proprietors in cash, to the larger ones in credit notes or liquidation certificates, as they were called. The latter bear four per cent. interest, and are redeemable in forty-two years. Up to July 1, 1879, liquidation bills for 63,932,150 rubles had been issued, of which 13,547,844 rubles 81 copecks have been redeemed.

Russia had but 979 versts of railroads in 1855. The development of the railway network could only be undertaken by the State, and the co-operation of the finance ministry in this matter has been one of the most important sections of its activity during the last quarter of a century. In 1857 a private company received one railroad built by the State and permission to build another, agreeing to pay Government during eighty-five years a rent of 200,000 or 225,000 rubles for the first ten years and 250,000 for the following. In the same year the Great Russian Railway Company was formed, with a capital stock of 250 million rubles, and authority to build 4000 versts. The first issue of stock, amounting to seventy-five million rubles, was more than subscribed for, but an unfavorable change of the foreign market made it impossible to dispose of the remainder. Government then released this company from building two lines, and granted it a State line on credit, with a loan of twenty-eight million rubles necessary to finish it. Moved by the success of the first issue of stock, two new companies were formed in 1858, and three others in the following year. One only was fortunate enough to raise the requisite capital, and the others encountered serious difficulties in placing their stock, though all were backed by a guarantee from Government. The building of railroads was at a stand for a time, but so impressed was Government with the need of quick communication between Moscow and the Black Sea, that 1800 versts were constructed on its own account, the Imperial Bank advancing the costs. To contribute more efficiently to the development of the railway system it was decided in 1867 to sell the roads built by the State and make the proceeds the beginning of a special railway fund. The famous Nicholas road between St. Petersburg and Moscow was sold to the Great Russian Railway Company in 1868, fifty million rubles of bonds having been issued the year before and fifty-six millions the year after on account of this one road. The road pays yearly 7,200,000 rubles for interest and amortization, and Government shares its profits, having taken 16,321,000 rubles between 1868 and 1878. For the bonds of railway companies in its hands the Russian Government has put forth between 1870 and 1880 five issues of consolidated railroad bonds worth nominally 431,250,000 silver rubles, which realized an amount of 429,900,000 paper rubles. The sale of bonds of one road brought 16,700,000 rubles to the railway fund, which was still further increased by 11,500,000 rubles paid by the United States for the cession of Russian America, and by 41,000,000 rubles of repaid railroad bonds and subsidies, so that at the end of 1879 the railway fund had attained the respectable figure of 605,000,000 credit rubles. Besides this amount the building of railroads has absorbed 72,000,000 rubles of the proceeds of internal lottery loans, and 164,100,000 rubles advanced from the public treasury until the redintegration of the railway fund, making a grand total of 841,100,000 rubles expended for the development of the railway system. During twenty-five years, therefore, 20,120 versts of railroads have been constructed, and Russia has 21,100 versts of railroads in operation and 800 versts in process of construction. The demands on the railway fund were so great that a sixth issue of consolidated railroad bonds became necessary at the end of 1879. To replenish the railway fund Government has 47,300,000 credit rubles of the stock of companies requiring State aid, and railroad bonds not yet issued amounting to 108,400,000 metallic rubles, and 59,350,000 credit rubles. Of the total of 1,620,000,000 credit rubles of securities issued by railway companies, or by Government on their account, 1,430,000,000 rubles are guaranteed by the State for an annual income of about 70,000,000 rubles. Of recent years the State's contributions have amounted to about 30,000,000 rubles, and up to January 1, 1880, almost 330,000,000 credit rubles had been expended on this account. The State's guarantee of the railroads is consequently no light burden upon the public treasury. It is confidently hoped that the gradual increase of the railroad traffic and revenue will materially reduce the amount of the contribution of the State.

The monetary circulation of Russia is laboring under a surfeit of paper money with forced currency, and one of the hardest tasks of the financial ministry is to keep up the value of the paper ruble and the rates of exchange with foreign countries. At the beginning of 1855 the paper money amounted to 356 million rubles, 152 millions were circulating in coin, and exchange was almost at par. Then began some mistrust of the credit notes; a want of coin induced a premium, and the temporary prohibition of the exportation of Russian gold coin acted unfavorably on exchange. The cost of the Crimean War, 1853–56, was 481,649,617 rubles, and the deficits of the budgets amounted to 148,956,000, making a total of 630,605,617 rubles, of which a part was covered by loans and treasury bills, the rest by issue of 436 million rubles of paper money. The depressing effects of this issue upon the paper ruble were not immediately felt, owing to the favorable condition of commerce and to the financial ministers' efforts to prevent a fall of exchange. No more paper money was issued for a time; gold was allowed to be exported, and the paper rubles could be exchanged to an unlimited amount. The demand for gold coin was so great that Government had to recur to the coinage of silver exclusively. From 1858 to 1860 about fifty-six million rubles were spent on bills of exchange. To strengthen the metallic fund a three-per-cent. loan was contracted in 1859 of seven million pounds sterling, and in 1860 a second four-and-a-half-per-cent. loan of eight million pounds sterling. Notwithstanding all this, and the fact that sixty million paper rubles were redeemed in 1858, fluctuations continued in exchange. The Imperial Bank needed aid to prevent any interruption in the reimbursement of the deposits of the former credit institutions; this aid was obtained by the issue of eighty-eight and a-half million rubles of paper money in 1859 and 1860, and up to 1862 sixty millions of four-per-cent. specie notes had also been issued. The exchange of credit notes for coin was ordered in 1862 in order to restore the value of the paper ruble, but as the specie then amounted to only ninety-eight million rubles, while nearly 714 millions were circulating in paper money, a loan was effected through the Rothschilds of London and Paris of fifteen million pounds sterling. All went well at first; up to January 1, 1863, the outgo of specie exceeded the income by only ten millions, and exchange rose. With 1863 things changed; in April and May, ten millions more went out than came in; during the first three days of August the drain amounted to 4,400,000 rubles. The specie fund was in danger of speedy exhaustion, so that from August 6, 1863 the exchange could be allowed for silver coin only. All the efforts of the Imperial Bank to prevent a fall were in vain, owing to the Polish insurrection, the political complications arising from it, and the condition of all the European bourses; and November 1, 1863, there was a drop of over seven per cent. At that time the metallic fund amounted to sixty-eight million rubles, and the paper money in circulation to 637 millions. In 1864 and 1866 two Anglo-Dutch loans of six million pounds sterling each were contracted. To meet the many demands upon its resources the Imperial Bank was authorized to take sometimes from the metallic fund. The first internal lottery loan of 100 million rubles was effected in 1864, a second of like amount became necessary in 1866. On November 1, 1866, the bank had taken 63,550,000 from the metallic fund, yet its cash was reduced to two millions, so that the metallic fund had still to be drawn upon during the next year, and to keep up this fund deposits of coin were received by the Bank and its branches at the market rates. Exchange on the paper ruble fell in 1863 and 1864, fluctuated in 1865 and 1866, and rose by June 1, 1867. In 1867 the coinage of sixty millions of silver and copper was ordered, and the bank began buying coin in order to strengthen the metallic fund and prevent fluctuations of exchange. The Franco-German War influenced exchange unfavorably, but Russian credit soon took a rise, and as other countries found it profitable to pay Russia in gold, the specie acquired amounted to 177,449,240 rubles on the first of January, 1876. But the paper money had been increased by this amount, which was felt after political complications. Exchange suffered from the political apprehensions of 1875, and bad harvests and reduced exports caused a lack of bills of exchange. Then the Commerce and Loan Bank of Moscow stopped payment in October, 1875; foreign bankers began to refuse credit, and the speculators of Berlin in particular operated for a fall. The depreciation of the paper ruble would have tended to depress the value of Russian securities abroad, and to escape this danger the Imperial Bank was authorized to sell gold and silver from the exchange fund either at home or abroad, the credit notes or drafts received in payment to be withdrawn and destroyed. In consequence the metallic fund up to November 1, 1876, was diminished by sixty millions, for which ninety-five million credit rubles came in, and exchange remained firm. Seventy-three million rubles of paper money were destroyed before the breaking out of hostilities with Turkey. All the powers of the Russian financial ministry were strained to the utmost to meet the enormous expenses of the Turkish War of 1876–1879. The declaration of war caused an immediate fall of Russian values. The sale of specie was stopped, the current treasury accounts were taken from the Imperial Bank, and the latter had to use its commercial funds to pay the expenditures of Government. An issue of 100 million rubles in five-per-cent. bank bills was ordered. The ukase of May 15, 1877, ordered the first Oriental loan of 200 million rubles, that of February 10, 1878, the emission of six-months treasury bills for 150 millions, and that of August 11, 1878, the second Oriental loan of 300 million rubles. To furnish coin for the army and for foreign payments an advance of ninety million marks was taken from the bankers, Messrs. Mendelssohn & Co., of Berlin, Messrs. Lippmann, Rosenthal & Co., of Amsterdam, and the Comptoir d'Escompte, of Paris, on the foreign loan of 307,500,000 German imperial marks ordered by the ukase of May 26, 1877. This loan brought in 228½ million marks. In 1877 and 1878 the finance minister bought bills of exchange on the St. Petersburg bourse, paying out 161,200,000 credit rubles and receiving abroad 104,800,000 metallic rubles. Up to November 1, 1878, the Imperial Bank had issued 500 million rubles of paper money to meet State expenses, but enough of the funds taken from the bank were repaid to allow of a reduction of the paper money amounting to ninety-two millions before April, 1879. There was also an emission of fifty million rubles of treasury bills at four and a-half per cent. instead of five per cent., as before. The State's debt to the Imperial Bank now amounted to 465½ million rubles, for covering which 408,150,000 rubles had been issued in paper money, while the Bank had taken the remaining 57,427,000 rubles from its working funds. The ukase of May 1, 1879, ordered the third Oriental loan of 300 million rubles; it was subscribed for almost two and a-half times over, 744 millions being called for. In June, 1879, the State's debt to the bank had risen to 510 million rubles; since, it has continually diminished, and on the seventh of January, 1880, amounted to 344 millions. The total expenses of the war with Turkey to January 1, 1880, were 1,026,000,000 rubles, and at that time the entire public debt of Russia was estimated at 2,980,584,546 rubles, besides which 1,134,000,000 rubles in paper money of forced currency were in circulation.

Russia's credit, as shown by the quotations of her public loans, has varied, but on the whole, tended to advance during the past quarter of a century. The commerce and industry of this vast empire have steadily progressed in development, and but for internal dissensions and the fear of foreign complications a brilliant financial future might be predicted for the land of the Czar. The railroads were built at great sacrifices to attract capital from abroad, but their good effect in developing the resources of the country must make itself felt in the long run. The burdens of the past weigh heavily upon the present, and Russia's two great wars have rolled up a mountain of debt that the present generation can hardly hope to efface. The interest on the foreign debt has to be paid in coin, while the domestic creditors of the State must be content with a depreciating paper currency. In Russia, as in other countries, inconvertible paper money complicates the finances to an alarming degree, and the monetary problem must soon be solved in order to escape inextricable financial confusion at home, and disastrous loss of credit abroad.

O. A. BIERSTADT.

BRITISH TEXTILE MANUFACTURES.

A writer in the June number of the *Nineteenth Century* boldly takes the ground that the British textile manufactures are fatally handicapped, as respects the competition of Continental Europe, by the Factory Acts, the latest of which, passed in 1874 and coming into operation in 1875, fixes fifty-six hours of labor per week as the maximum allowed in factories, whereas other European manufacturing nations allow a maximum of seventy-two hours. He is opposed to any other legal restriction than one in favor of women, and even as respects them he proposes to allow a maximum of sixty hours, citing in support of that view the facts, that of the factory physicians called upon for opinions in 1874, eighty-one per cent. agreed that sixty hours work per week was not injurious to women, while seventy-one per cent. agreed that it was not injurious to children. He admits that in manual labor in agriculture, the handicrafts, etc., there may be and probably will be more vigor and effectiveness as the hours of work are shortened, but insists that when machinery is used the amount of work accomplished varies precisely as the hours of employment vary, and is not affected by the greater or less fatigue and exhaustion of the laborer, because "*machinery does the work while the operative merely attends to the machine and cannot control the turn-off.*"

Of the statements made by this writer of the greater advance on the continent of Europe than in Great Britain, of the textile industries, that in respect to the manufacture of flax is the most striking. Thirty-five years ago, the flax spindles numbered 850,000 in Great Britain and Ireland, against 190,000 on the continent of Europe, whereas to-day, the numbers in the United Kingdom are 1,292,600, against 1,705,000 on the continent. He also affirms that to-day the Belgian and French manufacturers can buy wool in London, spin it into yarn and send the yarn to Bradford (Eng.) and undersell the manufacturers there six or eight cents per pound.

The continent of Europe has been gaining upon Great Britain in manufactures for the last fifty years. Great Britain had a long start. The steam engine, the spinning jenny, the improved looms, etc., were first invented and first applied there, and it was not till the Continent began to recover from the Napoleonic wars, that its competition was felt at all. Although the processes of production had been cheapened since the beginning of the century, England was able to stave off any considerable reduction of the prices of cotton cloth until about 1830. Those were the halcyon days of British profits in manufactures, and they will never return. Within the past half-century there have been competitors, and they have become more numerous and formidable every year. As far as the manufacturers on the continent of Europe are concerned, they have had the advantage, if it is one, of cheaper wages. Hard as the condition of the laborer is in the British Islands, it is worse in Germany, Belgium, France and Italy. Against cheaper labor, England has had the offset of greater capital and established commercial connections in all parts of the world. In iron and coal it has the superiority in natural advantages. In the textile industries it has no such superiority, and the competition in respect to them has become severe. The British manufacturers will find it difficult to sustain it, unless they can in some way, either by increasing the hours of labor, or by reducing day wages, wring out of their operatives as much work and for as little money as the continental rivals wring out of their operatives. It is politically impossible for them to change the Factory Acts in the direction of longer hours. If 100 per cent. of the factory doctors certify that sixty hours a week is none too much labor for women and children, the British House of Commons has now too numerous a constituency to be easily persuaded to legalize hours so long. Undoubtedly, day wages in England can be reduced to the point just above starvation, but not easily nor in any short time. There will be strikes, emigrations and resistance in many forms. National habits and ideas are not changed in a day. Nobody can foresee the duration, or the consequences of the economical struggles which are impending in Great Britain.

ONE-POUND NOTES IN ENGLAND.

To give authority to the Bank of England to circulate £1 notes without changing the amount of its fixed issue not representing gold, as established by Peel's Act of 1844, would produce no effect upon the volume of money in Great Britain or the commercial world at large. It would merely give to Englishmen the convenience of using notes for sovereigns, instead of the sovereigns themselves, and would save some wear and tear and accidental loss of a costly metal. Nothing would happen, except that an uncertain number of sovereigns, ranging from thirty to fifty millions, now in current use from hand to hand, would be piled up in the issue department of the bank. If the proposed authorization of £1 notes shall finally assume that shape, it will involve no consequences of any possible interest outside of England, or of much moment to Englishmen themselves.

But Mr. Fowler, who offered resolutions this year in the House of Commons looking to the circulation of £1 notes in England and Wales, contemplates an addition of £25,000,000 to the fixed issue of the Bank of England. Mr. Gladstone, who favored the general object of Mr. Fowler, also manifestly contemplated some addition to the fixed issue of the bank, as among his three tests of a sound currency two were, that it should be "*cheap,*" and that it should be "*profitable to the nation,*" which paper not representing gold would be, but which paper representing gold, pound for pound, would not be. The effect of any addition to the fixed issue of the bank must be to liberate, for new monetary uses, an equal amount of the gold now employed in the British circulation. Or, in other words, the effect would differ in no respect from that of the discovery of new mines in Great Britain, yielding the same amount of gold, and that would be in the first instance an enlargement of the money volume of that country, but in the end a diffused and equalized enlargement of the aggregate money volume in all countries on the metallic standard. The English do not yet foresee this effect, being prevented from doing so by the two delusions, one of fact and the other of logic, that a pound sterling is a fixed weight of gold, and that because it is so it must necessarily have a fixed value. Nothing is really clearer than that the value of one pound sterling is a fraction of the total value of all the pounds sterling, including the paper not representing gold and the subsidiary silver coins, and that the magnitude of this fraction depends upon and varies with the total number of pounds sterling of all kinds. The English will see this, sooner or later, as the discussion of the proposed issue of £1 notes, on the basis of the enlargement of the fixed issue of bank notes, makes progress. Whether this will incline them or disincline them to £1 notes, depends upon whether the controlling influences and interests in Great Britain favor a contraction of the volume of money and low and falling prices, or an increase of money and of prices.

The question of enlarging or diminishing the volume of money, which is the most important of the questions involved in authorizing £1 notes and an enlargement of the fixed issue of the Bank of England, is also the principal thing involved in "*the battle of the standard*," or the controversy as to coining one or both of the precious metals. English opposition to coining both is most decided, and apparently not diminishing, and it is by no means confined to the regulation of their own coinage. They are constantly urging us to give up the minting of silver, even Mr. Gladstone finding time four years ago, in the midst of his multiplied activities at home, to go out of his way and send us a letter of advice in that direction. There is thus certainly nothing in the way in which they are dealing with the question of the metallic standards, which renders it probable that they will incline to favor the issue of £1 notes, until some monetary exigency shall drive them to it.

The address of Mr. Goschen, in April last, before the London Institute of Bankers upon the results of the recent and continuing appreciation of gold, has drawn out British opinions very fully upon the various questions connected with that subject. It is admitted on all sides in England that the gold prices of commodities have fallen materially within ten years, and seem to be tending to a further fall, and that at least one of the causes of this fall has been the increase of the demand for gold in consequence of the disuse of silver in certain countries. But by the authorities which seem to represent the controling interests in England, it is insisted either that a fall of prices involves more advantages than disadvantages, or that it is at least so doubtful as to which side the balance inclines, that it is best to leave things to run their course.

The general drift of Mr. Goschen's address was not to urge any method of arresting or checking the appreciation of money and the fall of prices, but to point out that trade and manufactures, however much they might suffer while the decline of prices was going on, would again prosper when the lowest scale had been reached; and that if debtors on long-term contracts were injured, creditors were correspondingly benefited. In respect to wage laborers he inclined to maintain that they would gain by a fall of prices. His language was:

We have a painful transition from the period of one state of things to another. But we have to look to a future when things will once again be settled down. . . . Therefore, in deploring, if we have to deplore, the difficulties inherent in a transition state from high to low prices, do not let us lend ourselves to the theory that because there may be less gold in our country the country will be less well off, or less able to thrive. . . . Two classes of persons may be permanently affected. Men who are entitled to receive any amount of sovereigns will be much better off, and debtors who have to pay a certain amount of sovereigns for a long period to come will be worse off. Fundholders will gain, and consols may be so much more valuable that it may occur to some Chancellor of the Exchequer that the interest ought to be reduced from £3 to £2 15s., or ultimately to £2 10s. . . . If prices have fallen, it is only another way of saying that the price of gold—the purchasing power of gold—has increased. Whatever causes may have brought about the fall, if prices are so much lower, the purchasing power of gold has increased, and a sovereign goes further than it used to. Happy it is for those who have sovereigns. . . . I will now take the position of the working classes. According to the laws of economic science, as the purchasing power of gold increases the wages of labor ought to fall, but there are many causes which operate upon the regulation of wages of labor, independent of political science or political economy. In the case of the agricultural laborer, it appears to me that there are few persons who are not glad to see that wages in that branch of industry have considerably risen. Public sentiment, I contend, counts for a good deal in this matter.

Mr. Goschen concluded as follows:

The question is so difficult and complicated that he would be a vain man who should venture to pronounce dogmatic opinions about it.

Mr. Goschen will have done a good deal to reconcile mankind to a shrinking money if he can satisfy them that falling prices, which mean decreasing production and diminishing employment, are beneficial to wage-workers, and that fundholders will not gain anything by the appreciation of money, although their claim to either the full payment of the principal of their debts, or the full payment of the interest stipulated on them, can be defeated in no other way than by repudiation, of which a London banker, so justly distinguished as he is, certainly cannot intend to make himself either a covert or open advocate.

The London *Times* of April 19 had a lengthy editorial upon Mr. Goschen's address, in which it carefully avoided any deprecation of falling prices as being an extraordinary evil in itself, or any suggestion of the necessity, or even expediency of providing a remedy for it. The following is a part of its comments:

Mr. Goschen was able to show that, comparing 1873 with 1883, there has been a marked "appreciation" or increase in the purchasing power of gold, and necessarily a general fall in prices. The reason is plain. Population, wealth, commercial transactions have all increased, and multiplied the demand for gold, while at the same time, an enormous additional strain has been imposed upon the stock of the metal in circulation throughout the civilized world, by the recent substitution of a gold for a silver currency. During the last ten years the United States, Germany, Italy, and Holland have absorbed, as Mr. Goschen calculates, for this purpose not less than 200 millions sterling in gold, equivalent to the whole estimated production for that period. . . . These influences still continue to operate. . . . With respect to the general question there is much to be said of the disadvantages both of a depreciation and appreciation of gold. It is, however, improbable that in the lifetime of the present generation there will be anything to compare with the recent substitution of gold for silver as the basis of currency in the chief countries of Europe and in the United States.

Upon the whole, the view which the London *Times* takes seems to be, that if there have been disadvantages attending the fall of prices during recent years they are not greater than would now attend a rise in them, and that the existing situation may safely be left to work itself out, with the assurance that the worst must certainly be over, and that there cannot occur again during this generation "*anything to compare*" with the mischiefs which followed immediately upon the simultaneous demonetization of silver by Germany and the United States.

In the *Financial and Commercial History of* 1882, a regular annual production which appeared in the London *Statist* (January, 1883), in the *Journal of the Statistical Society of London* (April, 1883), and in other English journals, as the accepted and orthodox British view of financial affairs, the following is found:

As the result of all the monetary events of the last two years there has undoubtedly been a partial fall in the prices of commodities, but it cannot be said that business has in any way been materially hindered or injured. Speculators may have suffered, just as they gained largely by the great advance in prices in 1879 and 1880; but general business has gone on much the same, while the fall of prices has apparently benefited many departments of trade, and increased the profits of the steady-going merchant and manufacturer.

The London *Bankers' Magazine* (May No., 1883,) admits that some "*hardships*" have followed the decline in prices, but does not regard them as being of importance. Its language is:

Gold will undoubtedly buy more commodities than it would have bought two years ago. Such fluctuations are very troublesome, and involve hardships in various ways; but they need not very materially retard the progress of the nation.

The social and political preponderance of the classes enjoying fixed incomes, the real value of which increases as prices fall, is more decisive and unquestioned in Great Britain than in any country in the world. They might not be able to bring about new legislation, avowedly directed towards producing a fall of prices, but it would seem probable that they must be powerful enough when a fall in prices is actually in progress, from causes common to many nations, to resist new legislation intended to check or change any existing course of things which does not become absolutely intolerable. In a resistance of that kind they have the advantages of a defensive position, and are not obliged to insist upon anything more than that long-established laws shall be let alone, which is a policy to which the English people naturally incline. And they have the further advantage of being able to show that, even if the relations of different interests within Great Britain may be somewhat inequitably disturbed by a decline in prices, yet that their country in its international relations, being to an enormous extent the creditor of all the rest of the world, must be the gainer by such a decline. Some of their journals press that point vigorously, and it does undoubtedly present to the British mind important and interesting aspects of National advantage. It is true that the increased receipts from foreign debtors, by reason of the cheapening of commodities, will all go, in the first instance, into the pockets of the individual holders of foreign securities; but these holders are numerous, and their augmented capacity to expend money and pay taxes will in all ways benefit the community of which they form so influential a part.

If the income classes in Great Britain come to understand that the principal effect of £1 notes, on the basis of an enlargement of the fixed issue of bank notes not representing gold, is to relieve the constriction of money and to arrest, or at least to check, the decline of prices, it will be remarkable if they do not resist it, and also remarkable if that resistance can be overcome.

It is, of course, among the possibilities that they may agree to £1 notes, coupled with an enlargement of the fixed issue of bank notes not representing gold, before they come to understand that the necessary effect of such an issue is to depreciate gold. Adam Smith, who was born and lived in the penetrating atmosphere which surrounds Scotch banks, always maintained that inasmuch as paper exchangable for coin could never depreciate below coin, it could never depreciate at all. He was never able to see that the addition of paper to coin would depreciate both, however carefully the parity between the two might be maintained. This doctrine of Adam Smith in its entirety, and in its exact original form, is now nominally abandoned in England, but it survives there in new shapes. The English believe that the value of gold money is determined by the commodity value of the material of which it is made, and that this last value is determined by the cost of production. If both these things were true (in fact neither of them is), the value of sovereigns could not be affected by the additional creation of paper or silver sovereigns, provided these last were kept at a market parity with the gold sovereigns, the value of which would still remain fixed by the cost of producing their material. But the clear truths of the case are, that the relation of supply to demand, and not the cost of production, determines the value of everything, including money of all kinds, and that instead of the value of coins being determined by that of the bullion of which they are made, it is the value of coins as money which, if mints are open, determines the value of the bullion which they contain. Nevertheless, J. Barr Robertson (*Westminster Review*, January, 1881), was undoubtedly correct in saying that "*the current belief infecting even the minds of our* [British] *statesmen, is, that a sovereign is a coin of fixed value.*" So long as they hold to that belief, they will not be deterred from an issue of £1 notes by a fear of lowering the value of money, if they can continue to secure a steady parity between such notes and sovereigns.

When the Bank of England stopped specie payments in 1797 the British Parliament suspended the operation of a law passed ten years previously, prohibiting the issue (except in Ireland and Scotlnd) of notes less than £5. This suspension was renewed from time to time. It would have terminated in 1823, but on the twenty-second of July, 1822, it was further continued until January 5, 1833. The rise of prices and speculations of 1824–5, and the severe financial crisis of 1825 were generally attributed to excessive issues of £1 and £2 notes by the English country banks, and this led to the passage of the law of March 26, 1826, repealing what was called the "*small note law*" of July 22, 1822, but saving, until April 5, 1829, the right of the country banks to reissue small notes stamped before February 5, 1826, and the right of the Bank of England to reissue such notes bearing date before October, 1826. No subsequent changes were made, and the prohibition of the reissue of small notes came into full effect in 1829. In the meantime a law was passed in 1828 declaring, for the purpose of removing doubts, that the circulation in England of Scotch and Irish notes below £5 was prohibited. The Liverpool Cabinet, in introducing the law of 1826 to finally terminate in 1829 the circulation in England of notes below £5, announced their purpose to introduce other bills to terminate that circulation in Ireland and Scotland also, but they gave up that purpose in consequence of the strong opposition from those quarters.

Persons having the time and patience to read the extended Parliamentary debates upon the law of 1826 for the suppression of small notes in England, will readily see that the points involved in the question at that time no longer exist under the radical change made in the British banking system in 1844. Before that change there was no limit imposed upon the circulation of British bank notes, either by way of a maximum, or of a proportion of paper to specie, or of any kind whatever. The delusive idea prevailed then, as it did in this country down to an even later date, that a legal liability to redeem notes was a sufficient security against their over-issue. On that plan the volume of British bank notes was necessarily subject to the most ruinous fluctuations, and the only method of securing any approach to steadiness in the total volume of money, was to increase the coin proportion and diminish the paper proportion of it, by substituting metal for notes in the smaller channels of circulation. Since 1844 the bank notes in Great Britain not representing gold, pound for pound, are a fixed amount, no more, and also no less, and it is not doubtful that the principle of a fixed amount will be maintained, although the amount may and ought to be enlarged. But the average Englishman is slow to apprehend changes in circumstances. He knows in a general way that notes below £5 were suppressed in 1826, after an experience of mischievous results from them, and he has a "*prejudice*" against them, which is natural enough, although it may be "*absurd,*" as Jevons characterizes it, because it overlooks essential differences between past and present situations. We have a similar case in this country, where opposition to notes below $5 still exists in some quarters, although all the reasons formerly given for that opposition ceased to exist when Congress, on the third of March, 1865, suppressed the whole brood of note-issuing State banks which had debauched and plundered the nation for two generations, and the suppression of which was worth ten times over the whole pecuniary cost of the Civil War, without which it could never have been accomplished. Since that date of deliverance we have had a paper money regulated and steadied as to its volume by National law, and freed of the element of what is called "*elasticity,*" which, of all conceivable things, is the most repugnant to any rational notion of the office and functions of money. The denominations, whether large or small, of the notes constituting our present paper money produce no effect to make the total volume of it a fluctuating quantity, and it is no longer true, as it formerly was, that the substitution of metal for paper in particular channels of circulation would give any additional steadiness to the general mass of the currency.

NEW YORK, July, 1883. GEO. M. WESTON.

THE SCARCITY OF GOLD AND ITS REMEDY.

The following paper was read before the Manchester Statistical Society by its Vice-President, Mr. Robert Montgomery. The concluding portion will be given in the next number:

I purpose in this paper to submit to you some facts respecting the production of gold and the various uses to which it is applied. I shall state to you what is known of the past production of the mines and of their present earnings, and what hopes there are of the opening of new sources of supply. I shall also lay before you what is known regarding the absorption of gold in the arts and currencies of the world. We can then judge if gold is becoming a scarce commodity, and if its position need occasion alarm; and we may then determine what precautions it is prudent to take for our protection.

The completest returns that I have been able to gather of the production of gold in the world are given in the following table:

PRODUCTION OF GOLD.

Years.	*Total.*	*Yearly average.*
1493–1800	£ 491,400,000	£ 1,595,000
1801–1810	24,480,000	2,448,000
1811–1820	15,760,000	1,576,000
1821–1830	19,600,000	1,960,000
1831–1840	27,960,000	2,796,000
1841–1850	75,440,000	7,544,000
1851–1860	278,040,000	27,804,000
1861–1870	259,720,000	25,972,000
1871–1880	235,410,000	23,541,000
1881	22,256,000	22,256,000
1882	21,777,000	21,777,000
	£ 1,471,843,000	

The figures for 1880–2 are taken from the New York *Commercial Chronicle*, the rest from Dr. Soetbeer.

The gold mines of the world thus have yielded nearly £ 1,000,000,000 since the beginning of this century, and nearly £ 800,000,000 since 1850. The increase of their number and the extraordinary development of their fertility are shown by the fact that in this generation alone more gold has been raised than was produced in three centuries before. Comparing the decennial periods from 1851 to 1880, the table shows a slowly decreasing supply, but also shows a decline in the rate of decrease. The depreciation which followed the discovery of vast gold fields diminished their value and checked production. The appreciation of gold which naturally succeeded has increased the miner's profit, although his processes have become more costly, and is stimulating production.

The table which follows shows, since 1857, from what countries the supplies of gold have been drawn. The figures are not in exact agreement with those of the first table, but the difference is not material to my purpose.

From the New York *Commercial Chronicle*, February 3d, 1883.

Gold.	1 *Production in Australia.*	2 *Production in United States (mint estimate).*	3 *Production in Russia.*	4 *Production of other countries.*	5 *Total production in world.*
	£	£	£	£	£
1857	12,096,000	11,000,000	3,549,000	2,500,000	29,145,000
1858	12,762,000	10,000,000	3,454,000	2,500,000	28,716,000
1859	12,861,000	10,000,000	3,156,000	2,500,000	28,517,000
1860	11,838,000	9,200,000	3,053,000	2,500,000	26,591,000
1861	12,635,000	8,600,000	2,980,000	2,500,000	26,715,000
Total 1857-'61	62,192,000	48,800,000	16,192,000	12,500,000	139,684,000
1862	12,933,000	7,840,000	2,990,000	2,500,000	26,263,000
1863	13,003,000	8,000,000	2,988,000	2,500,000	26,491,000
1864	11,724,000	9,200,000	2,862,000	2,500,000	26,286,000
1865	11,805,000	10,645,000	3,227,000	2,500,000	28,177,000
1866	12,529,000	10,700,000	3,397,000	2,500,000	29,126,000
Total 1862-'66	61,994,000	46,385,000	15,464,000	12,500,000	136,343,000
1867	10,583,000	10,345,000	3,377,000	2,500,000	26,805,000
1868	11,051,000	9,600,000	3,503,000	2,500,000	26,654,000
1869	11,382,000	9,900,000	4,108,000	2,500,000	27,890,000
1870	9,237,000	10,000,000	4,414,000	2,500,000	26,151,000
1871	9,605,000	8,700,000	4,913,000	2,500,000	25,718,000
Total 1867-'71	51,858,000	48,545,000	20,315,000	12,500,000	133,218,000
1872	8,841,000	7,200,000	4,771,000	2,500,000	23,312,000
1873	10,609,000	7,200,000	4,500,000	2,500,000	24,809,000
1874	8,250,000	8,000,000	4,035,000	2,500,000	22,785,000
1875	8,250,000	8,000,000	4,500,000	2,500,000	23,250,000
1876	7,243,000	9,670,000	4,500,000	2,500,000	23,913,000
Total 1872-'76	43,193,000	40,070,000	22,306,000	12,500,000	118,069,000
1877	5,995,000	9,690,000	5,625,000	2,232,000	23,542,000
1878	5,995,000	10,580,000	5,785,000	2,246,000	24,606,000
1879	5,943,000	8,037,000	5,899,000	2,596,000	22,475,000
1880	5,943,000	7,440,000	5,899,000	2,711,000	21,993,000
1881	6,431,000	7,169,000	5,899,000	2,767,000	22,256,000
Total 1877-'81	30,307,000	42,906,000	29,107,000	12,552,000	114,872,000
1882	6,405,000	6,504,000	5,948,000	2,920,000	21,777,000

In the five years from 1877 to 1881 Australasia only produced 30 millions of gold, while from 1857 to 1861 her produce was £62,000,000. The United States produce less now than they once did, but the table does not exhibit as serious a reduction of supply from their mines. From Russia and the rest of the world £25,000,000 more were drawn in the latter half than in the former half of the period which is under review. The decrease in the production of the States is met by the increase from Russia. It is the large reduction in the supplies from Australasian mines which accounts for the deficiency in the yield of gold during recent years.

The critical question now requires an answer—"What are the prospects of this industry on which so many interests depend?

Australia.—From the table it will be seen that the production of 1881 largely exceeded that of the preceding years. No official returns for 1882 have yet been received, but I gather from newspaper reports that the output was at least as large for 1881, and probably was larger. The yield of the Victoria mines alone was in 1879, 742,000 oz.; 1880, 812,000 oz.; 1881, 886,000 oz.; 1882, 1,067,000 oz.

From the last report of the Sydney and Melbourne mints I have prepared a table to show the value of the gold received for coinage since 1872:

1872..	£2,829,000	1876..	£3,755,000	1880..	£4,550,000
1873..	2,499,000	1877..	3,100,000	1881..	4,495,000
1874..	3,423,000	1878..	3,576,000		
1875..	4,009,000	1879..	4,073,000		£36,309,000

These figures indicate a steady growth of production which is not apparent in the longer series. Skilled labor and expensive machinery have been brought into operation. The diamond drill goes through the hard basalt with a rapidity which enables the miner to do in hours what it took days to do by the older processes, and scientific modes of treating the ore are replacing the rude methods that were long in use. These facts encourage a belief not only that the fall in production is stayed, as the tables indicate, but that there is a fair promise of a still larger output from the mines.

United States.—It is difficult to follow the statistics which come from the United States. Some are for the fiscal year which ends on the thirtieth of June; some for the year ending on the first of November; some are made up to the thirty-first of December. Mr. Burchard's estimate of production for the calendar year 1881 was £6,940,000, and for the fiscal year which closed on the thirtieth of June, 1882, only £6,300,000. These last figures must have darkened the hopes of optimists, and led many to think that gold mining in the States would soon be played out. The Director of the Mint has, however, since issued a return made up to the first of November, 1882, and showing a production of £8,670.000 for the year which then ended. If his last statement is even approximately true the mines have yielded more than in any year since 1878, and fears of a scarcity of supply may be dismissed for a time. The recent decline in American production is largely due to the failure of the Comstock lodes. The Consolidated Virginia, and the California mines in 1877 yielded over £3,000,000, but in 1881 the whole county in which they are situate yielded only £200,000.

The workings are now chiefly in low-grade ores. If these can be cheaply extracted and reduced it is said that a new lease of life will be granted to the Comstock, and to the State of Nevada. Writing of California, where more than one-half of the whole production of the States was raised in 1881, Mr. Burchard, in his last complete report, describes the outlook as good. "The old superficial placers have been exhausted and left to Chinamen, but the quartz lodes have produced largely, and more than half the production of the State is obtained from the gravel of the ancient river channels by drift or hydraulic power. Mining is becoming every year more of a legitimate business. During the coming year the débris question will be solved, and hydraulic and drift mining will probably be pursued with renewed energy. It is not likely that there will be a less yield than the average annual production of the last ten years." A recent observer, quoted by Mr. Paterson in his work on *Gold*, says that, "The great auriferous gravel beds of California are hardly scratched over, and hydraulic mining now yields a more certain harvest than the raising of agricultural crops." Mr. Taliesin Evans also writes in the *Century Magazine* for January, 1883, that the great gravel deposits of California will furnish half a century's vitality to the gold-mining industry, and are estimated still to contain not less than £1,200,000,000 in gold.

Russia.—Mr. Lansdell, one of the latest travelers in Siberia, and one of the most exact and trustworthy, gives a favorable report of the gold industry, and believes that its prosperity will last.

Professor Süss, the Austrian geologist, in a book entitled *Die Zukunft des Goldes*, published about 1877, predicted the approaching failure of the gold supply, and M. de Laveleye has freely used his authority in the interest of bi-metallism. Professor Süss does little more than repeat what Sir Roderick Murchison, a more eminent geologist, said thirty years ago, when he predicted the speedy exhaustion of the alluvial deposits in virtue of a Currency Restriction Act of Nature. It is hazardous to prophesy unless you know. The older prediction was only partially fulfilled, and events have not yet verified the new. Possibly at some distant day the mines will all be drained of their gold; but so, too, our iron and coal may one day be all exhausted. When that time arrives we shall doubtless have found perfect substitutes. Although the older alluvial deposits of Australia, California and Siberia are far spent, we have seen that even on the same ground by powerful machinery, and deep mining, a large output of gold is obtained. Wide tracts of Central Asia, Siberia, and Australia, all gold regions, still remain unexplored, and in them other rich mines may be found. But without trusting to a mere hope, the reports of recent travelers make it evident that there are untouched reserves in existence from which gold can be drawn.

China and Thibet.—Mr. Colquhoun, in his recent expedition through the South China border-lands, saw large quantities of gold being prepared for the Burmah market by being rolled out into leaf. Although the authorities do not encourage the development of the mines, and none may be worked without express and carefully restricted sanction, when China is opened to trade these may become prolific. Mr. Lepper read before the Society of Arts, a few weeks ago, a very interesting account of his travels among the Singphos, and along the route from India to China by Assam. He describes Bathang and Ta-tsien-lu especially as rich in gold, though here again, on Chinese territory, mining is forbidden under penalty of death. The soil about Ta-tsien-lu is known to be so rich, that men build houses simply that they may dig under them for gold without discovery. Major Badgley describes how the natives of the district lying south of Mr. Lepper's route spread out skins of animals in the rivers in the evening to catch the precious dust, which transmutes a common skin into a golden fleece. Next morning the skins are hung up to dry, and the dust is beaten out. Any large lumps the natives throw back, giving as their reason that if they keep the fathers and mothers, how can they expect little ones in future!

A friend of Mr. Lepper, who has lived twenty-five years on the Chinese frontier of Thibet, also bears witness to the wealth of the district in metals and minerals. Gold is there commonly used for barter, but it is obtained by washing of the crudest sort, and no calls having been made for centuries on the mines, the gold in the matrix has probably never been touched.

India.—Mr. Eastwick has no doubt that King Solomon brought from India the vast quantities of gold which he required for building and furnishing his temple, and that the Land of Ophir was near to the coast of Malabar. It may be accepted on the high authority of the late Dr. Burnell that in the eleventh century gold was the most common of the precious metals in India, and that the working of the mines was only interrupted by the great Moslem invasion. The reefs which are now met with in many parts of Southern India, especially in Mysore, are believed to be composed of quartz identical with the reef quartz of Russia and Australia. Mr. Brough Smyth said, two years ago, that not one-twentieth part of the gold-bearing land of India had even been prospected, and in the Wynaad alone this has an area of nearly 3000 miles. Skill and capital are now being expended freely in the development of its resources, and although the mines, like many other ventures, may bring little profit to the first investor, India appears to have a fair chance and a fair prospect of vindicating her ancient fame as a land of gold.

Africa.—Captain Burton, in his *Wanderings in Western Africa*, said of the African Gold Coast, that it would one day equal six Californias. In 1873, Captain Brackenbury expressed a similar opinion in his narrative of the Ashantee war. Captain Burton is sometimes rash in act and statement, but last year he made another expedition to the Gold Coast, in the company of Commander Cameron, for the purpose of examining the mines which have been opened. He writes:* "Any one who has eyes to see can assure himself that Axim is the threshold of the gold region. It abounds in diorite. After heavy showers the naked eye can note spangles of the precious metal in the street roads. You can pan it out of the wall swish. The whole land is impregnated with the precious metal. I find it richer in sedimentary gold than California was in 1859." The January number of the *Proceedings of the Royal Geographical Society for* 1833, contains a report by Mr. C. W. Thompson, an Inspector of Constabulary, of a journey of 123 miles which he made last June from Accra to Prahsue, through the same district. He fully corroborates Captain Burton's account of the richness of the country in gold. In the village of Asafu he saw it collected in the street gutters after rain. The difficulties in the way of successful enterprise are the extreme rudeness of the mining implements and the laziness of the natives, whose *beau ideal* of life is to do nothing for six days and to rest on the seventh. This gold district has an area of 24,500 square miles, and in Captain Burton's judgment English capital, management and machinery, would soon cause a flood of gold to be poured from it into Europe. If our fears of scarcity are answered thus by a broad stream of new gold, we shall be tempted to cry, like the Scotch clergyman who prayed for gentle rain, but there came a flood, "O Lord, this is ridiculous!"

Spain.—The last sensation is the re-opening of the old Spanish mines of Asturias, which Philip II shut up nearly 300 years ago. This "golden valley," only fifty hours from London, and ten to thirty miles broad by eighty long, is said to have still all the characteristics of a prolific gold region.

I know that much of the mining intelligence that we read in newspapers is speculative and untrustworthy, but I have adduced strong evidence in proof of my contention, which is confirmed by the steady rise in the receipts of gold from "other countries," that a fair, and possibly a large amount, of gold will be drawn from new or less-known sources to relieve the apprehended scarcity.

I now pass to consider the uses to which gold is applied in the arts and currencies of the world.

Industrial Arts.—Very diverse estimates are formed of the amount of gold which is consumed in the arts. Dr. Soetbeer reckons that

* *To the Gold Coast for Gold*, vol. ii., pp. 111, 113.

£11,500,000 are now used yearly for this purpose, after allowing for old material; while M. Leroy Beaulieu estimates the amount at only £4,000,000.

TABLE SHOWING THE ANNUAL CONSUMPTION OF GOLD IN THE ARTS.*

Countries.	Gross gold consumption. Kilograms.	Deductions for old material re-used. Per cent.	Net gold consumption. Kilograms.
United States	15,000	10	13,500
Great Britain	20,000	15	17,000
France	21,000	20	16,900
Germany	14,700	20	11,760
Switzerland	15,000	25	11,250
Austro-Hungary	2,900	15	2,465
Italy	6,000	25	4,500
Russia	3,000	20	2,400
All above countries	97,600	—	79,775
Other civilized countries	5,000	20	4,000
Total	102,600	—	83,775

TABLE SHOWING THE PRODUCTION, THE MONETARY AMOUNT, AND THE CONSUMPTION OF GOLD IN THE ARTS FROM THE YEAR 1831 TO THE YEAR 1880.

Years.	Production of gold.	Monetary amount of gold. At the beginning of the period.	At the end of the period.	Increase.	Abrasion of the coin and accidental loss.	Net export to the Orient.	Net consumption in the arts.	Decrease of latent reserve
	Kilograms	Kilograms.	Kilograms.	Kilograms.	Kilograms.	Kilograms.	Kilograms.	Kilograms.
1831–1840.	203,000	800,000	850,000	50,000	3,000	10,000	150,000	40,000
1841–1850.	548,000	850,000	1,200,000	350,000	4,000	28,000	200,000	34,000
1851–1860.	2,018,000	1,200,000	2,833,000	1,633,000	5,000	100,000	280,000	—
1861–1870.	1,885,000	2,883,000	3,841,000	1,008,000	7,000	300,000	570,000	—
1871–1880.	1,703,000	3,841,000	4,690,000	849,000	8,000	120,000	840,000	114,000
1831–1880.	6,357,000	800,000	4,690,000	3,890,000	27,000	558,000	2,110,000	—

Mr. Giffen, in a series of elaborate articles which he contributed to the *Economist* in 1872, concluded that in England £2,000,000 were yearly consumed in the arts and manufactures, because he could not otherwise account for the large sum which was clearly traced to the United Kingdom, but did not enter into the coinage. Mr. Burchard, the Director of the United States Mint, two years ago addressed 6417 circulars to firms in the States who used gold and silver in manufactures and the arts. From the answers which he received it appeared that 1143 firms consumed in their trades over £2,000,000 of gold in the year; and from a comparison of these returns with those of the New York Assay Office, Mr. Burchard concluded that in the United States nearly £2,500,000 of gold are thus annually absorbed. An estimate of the amount of gold employed in the industries of Switzerland, derived from bankers and refiners, was submitted to the Paris Conference in 1881, and showed a yearly consumption of over £1,500,000. These independent estimates for England, the United States and Switzerland, resting on the evidence of experts, agree substantially with those

* From Dr. Soetbeer.

of Dr. Soetbeer, and support the general accuracy of his tables. There is, however, a great danger in all these calculations that we may be reckoning the same amount twice over. Much of the metal which is used in the arts is taken from the currency. If £10,000,000 of gold are coined into sovereigns, £5,000,000 of these sovereigns may afterwards be melted down into watch cases; yet because we seem to require £5,000,000 for the arts, and £10,000,000 for currency, we are apt to suppose that we are actually consuming £15,000,000, and to wonder where the gold is to come from. It is said that nearly all which is used in Swiss manufactures is in the shape of coins, and in the returns which Mr. Burchard collected for the year 1881, United States' coins formed one third of the whole consumption. Such facts as these lead me to believe that Dr. Soetbeer has not made a sufficient deduction in his estimate for the use of old material. Nevertheless the consumption of gold in the arts has grown with such remarkable rapidity that I accept his figures as a safe working estimate, and out of the yearly supplies of new gold I assign £12,000,000 for use in the industrial arts.

India.—We must also count upon a large and constant Indian demand for gold, which is either hoarded or fashioned into ornaments, very little of it now being coined. Two years ago, Sir Richard Temple computed the amount held in India at £122,000,000. The following table shows the surplus imports of gold from 1836 to 1881:

1836 to 1845..	£3,297,000	1866 to 1875..	£36,575,000
1846 to 1855..	10,282,000	1876 to 1881..	6,730,000
1856 to 1865..	51,095,000		
			£107,979,000

These figures exhibit a diminishing demand. I am aware that during the last two years the imports have again increased. This increase follows a time when famine compelled the people to part with their gold. I take it as a sign that prosperity has returned to India, and that her people have the power to recover their lost treasure and to add new gold to their hoards. It is, however, unsafe to draw conclusions from the figures for two years. The average surplus import for the ten years, from 1872 to 1881 was £1,600,000. If we assume that India will require £2,000,000 a year, we make an adequate allowance for the wants of a country which has already £120,000,000 in her possession, and needs none of it for her currency, and which in the three years, from 1877 to 1879, was able to export to England £4,600,000 in gold. India plainly can spare some of her treasure, and probably, under pressure, much more of it could be drawn back into the active service of the world's trade.

We may, then, estimate that the industrial arts and India will together absorb £14,000,000 of gold. This is an enormous sum to spend every year chiefly upon decorative work and objects of luxury, and no more striking evidence of the growth of wealth and of the love of splendor can be fonnd than in Dr. Soetbeer's table, which shows that the consumption of gold upon the arts has increased fourfold during the past forty years. Between 1851 and 1860 the gold thus consumed was only one-sixth of that coined into money; but between 1871 and 1880 the amount absorbed by the arts was as large as the whole increase for the time in the gold money of the world.

This great change in the distribution of gold has an element of danger in it which is worthy of notice. The gold which is made into coin is put into a convenient form for storing value, and has a long life before it; but a very large part of what is consumed in the arts by potters, electro-platers, dentists, the makers of paper-hangings and of tapestry may be said to perish in the using. If we go on consuming more and more gold in luxurious adornment, we are destroying much that we have been wont to save in the shape of money, and we are diminishing to this extent our available reserves. It is only the growing dearness of gold, if this be coming, that will correct our excesses, and compel us to be less lavish in its use.

This change of distribution has another important issue. So long as gold was mainly used for currency it might speciously be argued that Governments could settle its value among themselves. But if more than one-half of the new production is employed in the arts, and if this industrial use is rapidly growing, it is not the monetary but rather the industrial demand that will govern the value of gold, and it will be impossible for the States, which convert that gold into money, by any treaties or edicts, to determine its value as they please.

DIFFERENCE BETWEEN ANCIENT AND MODERN FOREIGN TRADE.

The differences between modern and ancient trade were brought out with great clearness in a paper read before the recent tariff commission by George M. Weston. The ideas are new and valuable, and are well worth presentation to our readers.

There are certain traditional ideas which mankind have of foreign commerce as a source of opulence which are misleading, because they overlook the essential difference between the kind of commerce in which the United States ard nearly all commercial countries are engaged in these modern days, and the kind of commerce which principally created the wealth and splendor of the trading cities of the ancient world, of the mediæval ages, and indeed of times as near to us as the epoch when the Dutch supremacy in Oriental traffic fell before the superior fortune of the English.

The exterior commerce of the nations at the present day is the indirect exchange by each country, through the medium of money, of commodities of its own production or manufacture, for commodities for its own consumption obtained from other countries. There is no commercial nation now dealing on any appreciable scale in a mercantile way with the commodities of other nations, that is to say, buying them to sell again to others, except Great Britain. Even in that case, although British importing of foreign goods for re-export is absolutely very considerable, it is overshadowed by its vast imports for home consumption. And since the opening of the Suez Canal has given to the cities on the Mediterranean and Black Seas a greater proximity to the farther East than London and Liverpool enjoy, the business of England as an *entrepôt* for the receipt of Asiatic goods for distribution over the continent of Europe tends to decline.

During all prior times, as far back as history or traditions go, the cities on the Mediterranean and its connected seas, and of Western Europe, which have been pre-eminently flourishing and opulent in commerce, became so from dealing as mercantile intermediaries, receiving the spices, rich stufls, "barbaric pearl and gold" of farther Asia, and distributing them at enormous profits to other nations and cities. Such was Palmyra or Tadmor, of the Syrian desert, founded, according to some accounts, by Solomon. Ruined temples and countless columns yet standing over vast spaces attest its greatness at a remote antiquity. Pliny describes it as being in his time a city of merchants, trading between the Parthians and the Romans. We know from both sacred and profane history how rich ancient Tyre was, and we know from what principal source its wealth came, from the method taken by Alexander the Great to inflict upon it an irretrievable destruction. That method was to found in Egypt the city still bearing his name, to command the Asiatic trade coming by the way of the Red Sea, and thus forever prevent the building of a new Tyre upon the ruin he had made of the old one. Alexandria continued to be either an emporium or on the transit line of the Red Sea trade until the beginning of the sixteenth century; but in the meantime another part of the traffic from farther Asia reached Bagdad, by the way of the Euphrates, passing thence either to Trebizond on the Black Sea, and thence to Constantinople, or to Asiatic ports on the Mediterranean. Later on, Italian cities, pre-eminently Venice and Genoa, became the points of distribution through Europe for the merchandise of Asia, and at what prices to ultimate consumers may be imagined from the statement of Prof. J. E. Thorold Rogers ("Agriculture and Prices in England"), that Asiatic spices in British markets were "*once worth half their weight in silver*." Of the course of Oriental merchandise, after it fell under the control of Venice and Genoa, Rogers says, in the same book:—

The distribution of the produce was, it appears generally effected by carriage over the Alpine passes to the free cities of Southern Germany and of the Rhine. In the fifteenth century, such towns as Nuremburg and Ratisbon, Mayence and Cologne, were at the height of their opulence. . . . The trade of the East enriched the burghers of the Low Countries till, after a long and tedious travel, the abundant spices of the East, increased in price a hundred fold by the tolls which rapacity exacted *and the profits which merchants imposed*, were sold in small parcels by the grocer, or apothecary, or purchased in large quantities by wealthy consumers at the great fair of Stoughbridge, or in the perpetual market of London. . . . The stream of commerce which passed through Egypt as far as Antwerp—slender rivulet as it was by the side of what we know now—had been marvelously fertilizing to all who lived upon its banks."

The whole course of trade was changed by two nearly simultaneous events,—the passage of the Cape of Good Hope by the Portuguese navigator, Vasco di Gama, in 1497, and the complete establishment, by the conquest of Egypt in 1517, of the barbarous, violent, and anti-commercial power of the Turks over all the routes by which the merchandise of the Indies had before reached Europe. From those events dates the decline of the Italian cities, and the rising of the Asiatic colonizing and commerce of the Portuguese, of which the insignificant trading-port of Goa is now the solitary remaining monument. It was that commerce which was the principal source of the former luxury and magnificence of Lisbon, which so affected the imagination of contemporaries, and the engulfment of which, by the earthquake of 1755, so excited the horror and compassion of mankind, and served so long as one of the most striking illustrations of the instability of human fortunes.

Upon the succession of the Dutch to the Portuguese, as the masters of Oriental commerce, Holland became in its turn the richest country in Europe, its wealth being created and existing in its cities, which became the *entrepôts* of the trading exchanges of the world, although having necessarily little domestic trade, on account of the diminutiveness of the Dutch territory and population. The last transfer of ascendancy in Oriental commerce was from the Dutch to the English, who still enjoy it, but in their hands it is an ascendancy less exclusive than that of any of their predecessors, and it also figures as a less proportional part of their wealth-producing resources.

Until about the middle of the eighteenth century it had thus been true, as far back as history goes, that cities rather than nations had furnished the conspicuous illustrations of wealth and power derived from commerce, and that the traffic which enriched them was the traffic of *entrepôts*, receiving foreign goods to be resold to foreigners. The profits were great, and of course greatest in the distribution of the rare and rich merchandise of the remote and then little-known Indies, the cost of which customers had no means of measuring. In that way it became naturally one of the traditional ideas of mankind that the lead in commerce followed the control of the Oriental trade, although it by no means constituted the entire traffic of the *entrepôt* cities of past times.

It will not seem strange that it should also have become one of the traditional ideas of mankind, that foreign commerce is the principal source of any great opulence, and that they should fall unreflectingly into the error of overlooking the essential differences between the only kind of foreign commerce known to them until a comparatively recent period, with that trade of modern nations which bears the same name.

In the cases of individual persons, we should never confound the operations of an agriculturist exchanging his crops, directly or through the medium of money, for the supplies of various kinds which he needs, or of a manufacturer exchanging his wares, in the same way, for raw materials and for the means of paying wages to his workmen, with the operations of a merchant, who buys to sell, and who sells only what he has bought. Trading is more or less an incident, and a necessary incident, of the business of agriculturists and manufacturers, but we never think or speak of them as traders. All dealings with foreigners are described by an identical phrase as foreign commerce; but there is no more actual similarity between the foreign commerce of Brazil and the Argentine Republic, which exchange agricultural staples for manufactures for their own use, or of Belgium, which exchanges manufactures for raw materials and food for its own use, and the foreign commerce of ancient Tyre, or of the Venice of the Middle Ages, than there is between the kind of trade incident to the business of individual agriculturists and manufacturers and mercantile trade.

It is, therefore, only by a confusion of ideas, resulting from a phrase which has two diverse meanings, that all the glories and splendor and magnificent opulence of the foreign commerce of past times, from Palmyra, Tyre, and Alexandria to Venice and Genoa, and later on to the cities of the Flemings and the Dutch, are held up as irresistible persuasives to the utmost enlargement of that entirely different species of trade which constitutes substantially the whole of the foreign traffic dealings of all the modern nations, except England, and much the larger part in the case of that country.

The exterior trade of the present time is the indirect exchange through the medium of money of the agricultural, mining or industrial products of one country for the products of other countries for home consumption. It is sometimes a necessity, as in the case of England, with a density of population which compels it to seek a large part of its food abroad; but it is not at all a necessity for this country, which can obtain at home everything which is indispensable. Without doubt, exterior trade is sometimes advantageous, but it is sometimes impoverishing or otherwise injurious. Whether it is the one or the other, depends upon the circumstances of each particular case, and it is not a question to be concluded for all cases by brilliant descriptions of the opulence of the commercial cities of antiquity and of the Middle Ages. To make exchanges abroad which can be made at home never increases commerce, and oftentimes substitutes a less profitable kind of commerce for a more profitable kind.

THE ABUSE OF CREDITS.

At the recent annual meeting of shareholders of the Merchants' Bank of Canada, a statement was made by the General Manager, Mr. George Hague, from which we extract the following sound banking advice.

It is a source of satisfaction to Directors and Officers in a position of responsibility—I may say of heavy responsibiiity—when they find their efforts appreciated by those whom they serve. The manner in which this report has beeu received shows that there has been appreciation. The results of the year's working have been, on the whole, satisfactory. This, indeed, has been the first year in which the profits have been satisfactory to myself. But they have not been realized without an unusual amount of care and watchfulness. It has been an anxious year for the most part. The evil that has afflicted our community so seriously in former years, viz., the giving and taking of unreasonable amounts of credit, has again broken out, and it has brought with it, in many quarters its usual accompaniment of commercial trouble.

For, gentlemen, I speak from long conviction in saying that the credit system—although the very life of both commerce and banking—is sometimes very seriously abused in Canada. There has been in various quarters an entire lack of prudence and consideration of circumstances, both with regard to the present standing of customers and their antecedents, leading to the giving of credit for larger amounts than the case warranted. Customers also, notwithstanding excuses urged (such as importunity of travelers, &c.), are often equally blamable in *taking* credit, and buying goods to an amount far beyond their ability to meet within a reasonable time.

The responsibilities involved in taking credit are often entirely overlooked—responsibility to keep well insured, for example.

If there is a brisk season it is taken for granted it will always last. No provision is made for contingencies, or changes, for a reverse of trade or for altered circumstances. But reverses and changes are part of the ordinary contingencies of life. They come inevitably after a time. Then those who are unprepared are found with heavy stocks of goods they cannot sell, book debts they cannot collect, and engagements they cannot meet; possibly also with lots of real estate, bought also on credit, the payments on which are coming due simultaneously with payments for merchandise, all finally leading to entanglement and embarrassment.

Now, it may not strike you as it does me, but the simple fact is that the burden of most of this want of prudence falls upon the banks. It is sometimes said that the banks have themselves to blame for many of the troubles that befall themselves and their customers. This is perfectly true. Bankers are, no doubt, often to blame for being good-natured, and for yielding to importunity. The fact is we must make up our minds to be blamed in any case. For my part, I would rather be blamed for refusing the accommodation which would do a customer harm, than for granting it and doing him an injury thereby.

This is a question of the very first importance for bank shareholders. It is generally your money in reality, gentlemen, that is at stake when over-crediting is being carried on. You are all, therefore, interested in diminishing this great evil.

But, so far as active steps are concerned, it is for Directors and bank officers to take measures to check it. In so doing, they have the real interest of customers in view. I hold, indeed, that a judicious banker may often prevent his customers from making shipwreck of their business, if they will only listen to his advice, and limit credit within reasonable bounds. So far from being restive and sensitive under such advice, a prudent merchant will be glad to take all the hints he can get. And if the banker goes farther, and absolutely refuses to allow certain lines to be increased, the last thing a wise trader will do, will be to endeavor to place the paper elsewhere. I need not say to you, however, that this is only too common a practice. But it is done at your risk, and sometimes at your expense. The risk of all this falls on bank stockholders, and they have to meet its consequences occasionally in the most unpleasant shape possible. A prudent merchant, I repeat, will not seek accommodation in other quarters when a check is put upon the amount done on certain names. He will rather restrict his dealings with these customers, and in so doing he will generally save himself from loss—perhaps from failure.

The practice of keeping two or three bank accounts is not a judicious one. I speak thus after twenty years' experience. It is only the very strongest house that can afford to run the risk of it. It prevents the merchant having the benefit of the banker's information and the banker's judgment as to the amount of credit he is giving. This wholesome check being removed, credit is apt to be extended untfl that dangerous period is reached when accounts get entirely beyond control. In nine cases out of ten, when this transpires, the failure of the merchant himself is only a question of time.

I have long noted it, as a matter of fact, that in nearly every case of mercantile failure, two or three banking accounts have been kept.

Far, indeed, am I from saying that every merchant who discounts at more than one bank is in an unsound position. But I do say this, that the practice leads to undue extension of credit, deprives a customer of the benefit of the banker's information and judgment, and leads indirectly to losses which may ultimately bring the merchant down. I am satisfied, from long years of observation, that many mercantile failures, and those of a large amount and importance, would have been in all probability prevented if only one account had been kept.

It is generally an unreasonable amount of credit given to a few persons that causes a merchant's ruin. Now, if the paper of these persons is all placed in one bank, the amount is likely to be noticed and a check imposed before much mischief is done. But if the paper is spread over two or three institutions, the amount is not so large as to excite special attention. The mischief then goes on unchecked until it is too late to be remedied. There is this further to be said, that parties who keep accounts with two or more banks have no claim on any of them when a time of pressure comes.

Although aware that this strain of remark may be unpalatable, a sense of duty to the bank and its constituents leads me to take it up. The bank, let me say, can have no interest but in the welfare of its customers. And it would be a matter of pride and satisfaction to us all were the customers of this bank so dealt with, that they would avoid disasters and continue in business steadily year after year, surviving the hard times that trouble us at intervals, and keeping accounts that were a source of equal satisfaction to themselves and to the bank. This I believe possible, if customers will give us their undivided confidence.

The subject of credit is of the very essence of our business. We dispense credit ourselves through our customers. If they are judicious they prosper and help us to prosper. If otherwise, they trouble us and themselves also.

There is much said just now of over-trading and over-production. But over-trading rarely takes place except by abuse of credit.

The same applies to over-production. People rarely, if ever, over-produce when they are working on their own capital. It is by means of borrowed money and high discounts that mischief is done. Excuse me, therefore, dwelling on it at such a length.

These remarks bear with special force on the state of things which has prevailed during the past year. It has been a year, as I have said, of very considerable anxiety. Our discounts have been high. Every branch of business has been carried on with great enterprise and activity. Canada had a good harvest, and our forests yielded well. This state of things always stimulates business. Men are hopeful and ready to buy and sell. They are ready also to give and take credit. Promissory notes and bills of exchange always increase at such times, and the banks are heavily drawn upon for loans and disconnts. Men are ready also to extend old enterprises and engage in uew ones. There has been much of this as you are aware. The extension of our cotton and woolen factories has been very great, and has absorbed very large amounts of capital. Railways have also absorbed immense sums.

We have, in fact, been converting onr floating into fixed capital at a very rapid rate; hence the drain on our deposits and the tightening of money.

But it is to be noted that banking profits, so-called (for all is not gold that glitters), are generally very good at such a time as this. A note of caution, however, as to large profits is not out of place at present. They are the result of lending large amounts of money. Now you cannot lend additional sums of money without having additional risks as well as additional interest. I took occasion once, in this room, to call attention to the fact that all banks are in the habit of crediting interest before they really receive it. We take credit for profits, while our risks are running. But, gentlemen, I need not tell you that the ultimate issue depends on the goodness of the loan.

At the very time when a bank is expanding its discounts, and swelling up its interest receivable, it may be preparing the way for disaster. Indeed, it will certainly do so, unless vigilance goes on increasing as loans expand. These observations are not theoretical; they are gathered from Canadian experience. Two years before the difficulties of the Bank of Upper Canada began its profits mounted up to twenty-five per cent.; but in that very year the seeds of its ruin were sown. The profits of all the banks were very heavy in the years preceding the great reverses of 1876 to 1879. There is no absolute necessity for a period of good profits to be followed by reverses;—English and Scotch experience proves the contrary. But there can be no question that such times are apt to disturb a banker's judgment. Vigilance is apt to be relaxed when profits swell up to large figures. But we never need to be so vigilant, and I will even say suspiciously vigilant, as in a time of heavy business and large profits.

If we are vigilant we may see the elements of trouble beforehand and avoid them. Then we shall keep our profits, and go on adding to them year by year, no matter how hard the times may be.

All this, however, points to the wisdom of holding large amounts of profits in reserve and not dividing them. We are making progress in building up a substantial reserve fund or rest, and with a few more years of good business, well watched, we may hope to accumulate sufficient to satisfy every possible requirement in that direction. We are on the way to it, and for the next few years any energy and experience we have at command will be devoted to bringing about this desirable consummation.

LEGAL MISCELLANY.

CONSTITUTIONAL LAW—IMPAIRING CONTRACT BY STATE JUDICIAL DECISIONS.—A statutory contract of tax exemption, valid upon the well-settled, practical construction of the Constitution when the contract was made, cannot be invalidated by a decision holding that construction to be erroneous. Contracts, valid by the well-settled, practical construction of the Constitution when they were made, cannot be invalidated by an amendment of the Constitution. *Dodge* v. *Woolsey*, 18 How. 331, 360; *J. B. Bank* v. *Skelly*, 1 Black, 436, 449, 450; *P. R. R. Co.* v. *Maguire*, 20 Wall. (36). Or by a judicial change of construction. *Rowan* v. *Runnels*, 5 How. 134, 139; *O. L. I. and T. Co.* v. *Dibolt*, 16 id. 431, 432; *Pease* v. *Peck*, 18 id. 595, 599; *Gilpecke* v. *Dubuque*, 1 Wall. 175, 206; *Havemeyer* v. *Iowa County*, 3 id. 294, 303; *Chicago* v. *Sheldon*, 9 id. 50 55, 56; *City* v. *Lamson*, id. 477, 486; *Olcott* v. *Supervisors*, 16 id. 678, 690; *Pine Grove* v. *Talcott*, 19 id. 666, 678. *Matter of Tax Exemption*. New Hamp. Sup. Ct.

ORAL PROMISE TO GUARANTEE NOTE.—In *Dows* v. *Swett*, Massachusetts Supreme Court, January, 1883, 15 Rep. 466, it was held that an oral promise to guarantee the note of a third person, transferred by the promisor to his pre-existing creditor, when such promise cannot by any construction be enforced against the promisor as a recognition of, or promise to pay his own pre-existing debt, is a promise to pay the debt of another, and is within the statute of frauds. The court, after speaking of transfers as collateral security or in conditional payment, said: "In the latter class of cases the transaction is as if the debtor said, 'I owe you a debt. Take this note and collect it if you can. If you get the money on it, that will pay you. If you do not, I will myself pay you what I owe.' In all such cases the defendant's promise is in effect to pay his own debt, and it is not necessary that such promise should be in writing, though incidentally the debt of a third person is guaranteed. And many of the decisions of courts which at first sight may appear to hold that an oral guaranty of the note of another, which is transferred on account of a debt due from the guarantor, is not within the statute of frauds, on careful examination will be found not to rest on that principle, and not to be necessarily inconsistent with our own conclusion in the present case. For example, in *Milks* v. *Rich*, 80 N. Y. 271; S. C., 36 Am. Rep. 615, Earl, J., after stating that 'the reasoning to take this promise out of the statute is quite subtle, and I should have much difficulty in yielding it any assent, but for the authorities which I think ought now to control,' goes on to say: 'The defendant's promise may be regarded in effect, not as a collateral promise to answer for the default of Marsh, but as a promise to pay the plaintiff the money he had had, in case Marsh did not pay him, like the promise of one to pay his own debt in case a third person did not pay it.' In *Bruce* v. *Burr*, 67 N. Y. 237, the decision rests on the same distinction, and both cases refer, for authority, to *Cardell* v. *M'Niel*, 21 N. Y. 336, where Comstock, C. J., in delivering the opinion of the court, said: 'In mere form it was certainly a collateral undertaking. . . . But looking at the substance of the transaction, we see that the defendant paid in this manner a part of the price of a horse sold to himself. In a sense merely formal, he agreed to answer for the debt of Cornell. In reality, he undertook to pay his own vendor so much of the price of the chattel, unless a third person should make the payment for him, and thereby discharge him.' In all these cases, it will be observed that the court carefully put the decision on the express ground that the original debtor is not discharged, and his debt is not extinguished, until the note is actually paid. So in Pennsylvania, in *Taylor* v. *Preston*, 79 Penn. St. 441, Mr Justice Woodward, a high authority, says, 'The statute does not require the promise to be in writing where it is in effect to pay the promisor's own debt, though that of a third person be incidentally guaranteed; it applies to the mere promise to become responsible, but not to actual obligations,'—*i. e.* of the promisor. 'Buying the land, the promise to pay for it, whatever the form, was a promise to pay their own debt.' 'It was not only a stipulation to pay a debt which P owed, but a stipulation to pay the price of property they had bought.' To the same effect are *Townsend* v. *Long*, 77 Penn. St. 147; S. C. 18 Am. Rep. 438; and *Malone* v. *Keener*, 44 id. 109." See also *King* v. *Summitt*, 73 Ind. 312; S. C. 38 Am. Rep. 145.—*Albany Law Journal.*

OBLIGOR'S NAME NOT IN BODY OF BOND.—To charge one as obligor, who has signed a bond or written undertaking, it is not necessary that his name should appear in the body of such instrument, provided the intention that he shall be so charged appears clearly from its terms, taken in connection with the circumstances attending its execution *Partridge* v. *Jones*, 38 Ohio. Ohio Sup. Ct.

STATE LAWS IMPAIRING OBLIGATION OF CONTRACT.—In 1871 the State of Virginia issued bonds which were declared by the State law to be, with the interest coupons attached, "receivable after maturity for all taxes, debts, dues, and demands due the State." At that time in case of a refusal by a tax collector to receive the coupons or bonds for taxes a writ of mandamus would lie from the Supreme Court of the State to compel him to receive them. Afterward and after these bonds had passed into the hands of holders for value, the Legislature passed an act providing that in case of a tender of coupons for taxes before proceedings could be taken in reference to their receipt for taxes, the tax-payer pay his tax in money, and send the coupons to a local court before which the question of their genuineness was to be tried and determined. In case the judgment should be that the coupons were genuine, provision was made for refunding to the tax-payer the amount of such coupons. *Held*, that the change in the remedy for a refusal to accept the coupons for taxes was not unconstitutional as impairing the obligation of a contract. *Antoni* v. *Greenhow*. U. S. Sup. Ct.

PARTNERSHIP—DUTY OF SURVIVING PARTNER—ASSIGNMENT FOR CREDITORS BY SURVIVING PARTNER.—A surviving partner is not permitted to apply the partnership assets to the satisfaction of his own separate individual debts before fully discharging those due from the firm. A deed of assignment to trustees professed on its face to be made by G as surviving partner of G & B. It recited that the assignor was indebted to various parties in sums of money incurred in the prosecution of his business and otherwise; and that he desired to pay his creditors their respective claims. as far as he was able, without preference, prejudice, or partiality. It then granted all his property including as well that which he held in his own right as all that which he held as surviving partner, and provided that the trust-fund, after payment of costs, etc., and liens, should be applied "to the payment of all the creditors of the said G, without preference," the surplus, if any, to go to the assignor. *Held*, first that the dedication of the property to the payment of all the creditors of the assignor without preference, which of course included the separate individual creditors of the surviving member of the firm, and would thereby defeat the just rights of the partnership creditors, would be such an application of the partnership assets as would be justified by no principle of equity. Second that the validity of the deed must be tested by the legal consequences to which its provisions gave rise, and by what it professed on its face to do. And its provisions being contrary to principle and equity, and therefore void as against creditors, it could not be aided or relieved of the defect by any subsequent declaratory instrument. *Saunderson* v. *Stockdale*, 11 Md. 563; *Washburn* v. *Bonk of Bellows Falls*, 19 Vt. 279; *Allen* v. *Center Valley Co.*, 21 Conn. 130; *Ogden* v. *Astor*, 4 Sandf. 311; *Case* v. *Abeel*, 1 Paige 393; *Hutchinson* v. *Smith*, 7 id. 35: *Egberts* v. *Wood*, 3 id. 520; *Bancroft* v. *Snodgrass*, 1 Caldw. 441; *Gable* v. *Williams*. Md. Court of App.

DEPOSITOR NOT CHARGEABLE FOR ALTERED CHECK.

NEW YORK SUPERIOR COURT.

Crawford v. *West Side Bank.*

A depositor in a bank, for the purpose of furnishing his bookkeeper with funds to pay his workmen in case he should be absent, drew a check on the bank for $700, payable to the order of the bookkeeper. The check was dated April 22, and the bookkeeper was directed to use it to draw the sum named in case the depositor should be absent from his place of business upon the date named, which was several days after the time the check was given. The bookkeeper altered the date of the check, and presented it at the bank April 21, and the bank paid him the amount named therein. The bookkeeper absconded with the money he drew. *Held*, that the bank was not entitled to charge the amount paid upon the check to the depositor's account,

Action to recover the amount of a deposit. From a judgment in favor of defendant plaintiff appealed. The facts were these: Plaintiff, who had a deposit in the defendant bank, being about to leave his place of business for a few days, left with one Morgan, his bookkeeper, a check on the defendant for $700 payable to Morgan's order. This was on April 20, 1882. The check was dated April 22, and Morgan was directed by plaintiff, in case plaintiff should be absent over the 22d, to draw the amount of the check from the bank, and use it for the purpose of paying plaintiff's workmen, whose pay was due that day. On the day after the check was made, Morgan altered the date so that it read April 21st, and presented it to defendant who paid its amount to him. He then absconded with the money. The amount paid on the check was charged to the account of plaintiff as depositor. Other facts appear in the opinion.

The plaintiff having deposited money with the defendant, the latter was authorized to pay out, on account of plaintiff, the amount deposited as ordered by plaintiff's checks. This relation of the parties involved obligations of the kind that rest upon contract, and it was the contract of the defendant that it would not charge the plaintiff with the amount of a payment made upon a check that was not drawn by plaintiff. Therefore the inquiry in this case is: Was the amount in controversy—that the defendant charged to plaintiff—paid upon a check drawn by plaintiff?

The plaintiff had drawn an instrument in the form of a check upon the defendant for $700, and as of the date of April 22, 1882. After giving attention to what, as matter of law, is identity of choses in action, it is clearly seen to be the fact that the instrument referred to was never presented to the bank for payment.

Morgan, who was named as payee in it, changed April 22 on the paper to April 21st. Beyond controversy, this was a material alteration. The effect was that from the time of the alteration the instrument ceased to be the act of the plaintiff and was void against him. When the defendant, after paying the amount written in it to Morgan, charged the sum to the plaintiff, as the payment was not made upon the order of the plaintiff, the charge was not justified by the contract between the parties.

As a part of the argument of the learned counsel for respondents, it was urged that the defendant was bound to know only the signature upon the check. The leading case of *Hall* v. *Fuller*, 5 Barn. & Cress. 750, is that the banker is bound to ascertain that the check is genuine in all respects. Bankers cannot charge checks paid by them that have been forged as to their amounts, or to holders that claim through a forged indorsement of the payee. The principle of this is that the money was not paid upon the depositor's order. The instance of a date being changed is not an exception to the rule; when the date is forged, the instrument ceases to be the order of the depositor. In this respect checks are like notes and bills. The well-known text of Chitty (Bills, 181) is: "If a bill of exchange or promissory note be altered without the consent of the parties in any material part, as in the date, sum or time when payable, or consideration or place of payment, such alteration, at common law and independently of the Stamp acts, renders the bill or note wholly invalid as against any party not consenting to such alteration, and this although it be in the hands of an innocent holder." Citing the leading case of *Martin* v. *Miller*, 4 T. R, 320; 1 Smith's L. C.

It was also argued that the "bank is entitled to charge it against the account of the maker for the correct amount and at the true time he made it payable." This implies, as I understand, that the bank had a right to keep the check, as it did in fact, until the day of the true date, and then to charge its amount against plaintiff's account. This does not appear to me to be correct in principle or to regard the nature of the transaction.

The check, if unaltered, could not legally be paid out of the funds of the plaintiff on a presentation for such payment before the true day of Aprill 22. *Godin* v. *Bank of Commonwealth*, 6 Duer, 76. Any one acquiring the check before that day would have, in the implied obligation of the drawing of the check, a promise of the drawer that the bank would pay upon presentation on or after the date of April 22. The bank on which it was drawn, that is the present defendant, would have no further right. If the bank had cashed the check unaltered, but on April 21, and on that day the whole of the account had been assigned or paid out, so that the bank had been driven to an action upon the check, of course it would recover judgment. But the check being forged as to its date, the answer of the plaintiff that the check was void as to him, that is, that it was not his check, must have prevailed. The defendant, by keeping the forged check one day, could not transform the promissory instrument that was invalid to bind the plaintiff to see that the check was paid upon demand into an instrument valid to justify such a payment upon demand.

Some cases were cited to support the propositions advanced by the respondent. For instance, in *Susquehanna Bank* v. *Loomis*, 85, N. Y. 207, Danforth, J., says: "It must be conceded that the Plainfield Bank was at least entitled to have refunded to it the difference between the true sum for which the draft was drawn and that to which the check had been altered." The Plainfield Bank was the drawer of the draft, and the citation says, in effect, that it could not be charged by the drawee with the amount of the draft to the extent that it had been increased above the amount which was originally and justly due upon it. This, it may be here said, is the opposite of asserting that against its depositor the bank is only bound to look to the genuineness of his signature upon the check. The citation may imply, in connection with the further citation of *Hall* v. *Fuller, supra,* that the Plainfield Bank could properly be charged with the genuine amount of the draft before it was feloniously increased. And *Hall* v. *Fuller* did so hold. In both cases it was either the fact, or was considered to be the fact, that at some time previous to the payment upon the forged instrument there had been issued by the drawer to the payee a genuine instrument, which would have authorized the payment of the genuine amount by the drawer. Under the circumstances it was in effect held that although of course the genuine instrument was destroyed, nevertheless the obligations and rights under it passed by the transaction. Strictly, of course, the forged instrument was a nullity as to any obligation upon itself, and could not transfer rights under a genuine instrument. In favor of an innocent party, it might legally be evidence of a circumstance which was relevant to the rights and devolution of rights under the genuine instrument. When, physically, the forged instrument was the same as the genuine instrument, excepting the alteration of some words—figures, it would be difficult to describe the transaction concisely, unless by referring to the payment of the amount of the genuine instrument as being made upon the forged instrument. Such a description of the facts would not be meant to assert the validity of the forged instrument in any respect. The law justified the payment to the less amount, as made under rights springing from a genuine instrument that had been destroyed; which if not destroyed, but presented at the time of the actual payment, would have been effectual against the drawer.

In the present case, at the time of the actual payment, there was not nor never had been in existence a genuine instrument, which would have justified any payment out of plaintiff's credit with defendant. *Godin* v. *Bank of Commonwealth, supra.* The defendant would have bought a post-dated check, if it had not been altered. It having been altered, they must abide the consequences appropriate to the fact that they bought a forged chose in action. If they should be allowed to charge its amount against the plaintiff, because they had the power of keeping it until the next day, and then use the forgery instead of treating it as void, they would at least use a power that belonged solely to the plaintiff, as drawer, of creating a genuine instrument to bind him.

It may be argued, that if after altering it, Morgan had presented it on the 22d, the defendant would have had a right to charge its amount to plaintiff. The proposition presents an improbable speculation that Morgan would forge with no object. But I do not assent to an inference that the present case is like the hypothesis. The fact that it was altered and presented before the day of its true date has significance in favor of the plaintiff. The plaintiff, by making the day of presentation the 22d, secured, except as against forgery, that perhaps he might be home and prevent the necessity of Morgan using the check, or that Morgan would not use it until a time when there would exist the strongest probability that the proceeds could not be misapplied. The foreman would be looking for the money on that day, and would arrange with Morgan when and where to receive it. The testimony of the foreman and his brother in this case illustrates this. The earlier payment of the check assisted unintentionally Morgan's fraud and deprived the plaintiff of the benefit of those circumstances that would have tended to prevent Morgan's attempting to defraud on the 22d. Of this the defendant took the risks. *Cowing* v. *Altman*, 71 N. Y. 442.

In *White* v. *Continental Bank*, 64 N. Y. 317, the plaintiff was the drawee of a sight draft. Its amount was unlawfully increased, and it was then presented to the plaintiff, who accepted and afterward paid the increased amount upon it to the defendant. The action was to recover back the money. When therefore the court said that "the plaintiffs, as drawees of the bill, were ouly held to a knowledge of the signature of their correspondents as drawers; by accepting and paying the bill they only vouched for the genuineness of such signature, and were not held to a knowledge of the want of genuineness of any other part of the instrument or of any other names appearing thereon," it gave the rule of obligation between the acceptor and the person to whom the bill was paid. It does not touch the obligation between the drawee as acceptor and the drawer. The second rule of the case contains something pertinent to that, and relevant here when looking upon the defendant as a holder of the check on the 21st, seeking to charge it on the 22d. If, as against the drawer, the drawee was held only to ascertain the genuineness of the signature, there would be no reason why, if the drawee paid, he would not be authorized to charge the drawer, and then why he should be allowed to recover the amount over again from the person to whom the acceptance was paid. The same distinction exists in the cases of *Marine National Bank* v. *Nat. City Bank*, 59 N. Y. 67, and *National Bank of Commerce* v. *National Mechanics' Banking Association of New York*, 55 id. 211.

I am of opinion, therefore, that the plaintiff should have had judgment in the case as presented, unless it appeared that the plaintiff was guilty of such laches in respect of the forgery that he should suffer rather than the defendant. The plaintiff so wrote the date of April 22d, that the forgery was accomplished by erasing the second figure. The figure 1, that was placed instead of the erased figure was not written in a blank space, which a person to whom the check might be presented would have a right to believe would be filled up by the maker when drawing the instrument, or by his authority afterward. The circumstances presented to the plaintiff, and to the defendant, the same considerations that would apply to the erasure of the amount of a genuine check. The plaintiff gave no facility for the accomplishment of the forgery. The trust he placed in the forger led to the forgery, or caused or aided it, in no other sense than that it was one circumstance of the many that must exist to render the crime possible. It is usual to have employees, and usual to believe that they will not forge. The fact that he made the check to the order of his clerk was an act of prudence rather than of negligence, in respect of the course the check might take in general. But he was not bound to entertain the likelihood of such a forgery as did take place. No one would think of it as being likely to be perpetrated. The general honesty of men and the improbability of dishonesty of the clerk in such a respect, the restraints of conscience and of the penal laws, would prevent a business man entertaining the idea that such a forgery was probable, if it came into his mind casually.

I am therefore of the opinion that the amount of the check should not have been charged against the plaintiff.

On the findings of the court below, I also think that the plaintiff's action in taking the custody of the check for the purpose of prosecuting Morgan did not ratify the alteration or the change, or estop him from bringing this action.

Judgment should be reversed and a new trial ordered with the costs of the appeal to appellant to abide the event.

Traux and O'Gorman, J.J., concur.—*Albany Law Journal.*

A LOST CERTIFICATE OF DEPOSIT.

In the District Court of Cincinnati, Judge Moore has delivered the following opinion in the case of *Brown* v. *The Citizens' National Bank* relating to the liability for a lost certificate of deposit:

On the 9th of August, 1882, plaintiff deposited in the Citizens' National Bank of Cincinnati $1145, receiving therefor a certificate of deposit. On the 16th of September following he lost the certificate. It was not indorsed by him. The bank refused payment, and he brought his action in the Superior Court for money had and received. The bank filed a demurrer, which was sustained, upon which Brown excepted, and filed his petition in error in this Court, asking a reversal of the judgment.

The bank admits the deposit, and is willing to pay the amount to the plaintiff if he will indemnify it against subsequent demand and recovery on the part of the finder or holder of the certificate. What are the obligations of the bank under these circumstances? The certificate was not indorsed by Brown, and the knowledge of its loss was made known to the bank immediately and payment demanded one month after its issue and date. The bank in strict law is entitled to the production of the certificate before payment, but that is now physically impossible, and the question arises whether Brown must tender to the bank a sufficient indemnity against any future claim by a finder or holder.

In the United States the decisions of the Courts vary in the mode of procedure under the circumstances stated. In some States the distinction between negotiable instruments lost before and those lost after maturity is recognized, and when lost after maturity the right to an action at law without making an indemnity is maintained. It is asserted that the American rule upon indemnity is simply that if it can be shown in any way that the defendant may be wrongfully injured by paying, he may require security, but only then.

There are several exceptions to the rule, denying the right to sue at law when the lost instrument is negotiable, and among them is the case where the instrument is unindorsed by the payee, for in such case no legal title could pass so as to invest any one with the privilege of a *bona fide* holder, and no indemnity would be necessary. That the certificate was negotiable and in effect a promissory note, is supported by the weight of authority, and therefore the principle applicable to promissory notes should apply.

The uniform authority is that a note payable on demand must be presented within a reasonable time, or it would be deemed overdue, and that a negligent transferee would take it subject to all equities existing between the original parties. No one can become a *bona fide* purchaser of a certificate of deposit who does not take it within some reasonably short time, for the reason that banks would then be able to issue certificates of deposit of any denomination for circulation as ordinary bank bills, and with like effect.

The question is narrowed down to the simple matter of indemnity, and if the instrument was due at the time of its loss the finder or subsequent holder took it subject to all the equities existing between the original parties, and the payment to the original holder would be a bar to another action by a person who should receive the instrument after due. And hence it follows that the defendant is not wronged by being required to pay to the plaintiff without indemnity, because he is under no legal obligation to recognize the present holder (if such there is) as a *bona fide* holder. Judgment reversed.

THE GUISE FAMILISTERE.

In his forthcoming annual report, the Hon. James Bishop, chief of the New Jersey Bureau of Labor Statistics, places in close juxtaposition the "Society of the Familistere," at Guise, in the department of L'Aisne, France, and the Workingmen's Institute, now approaching completion, at Millville, N. J.

The Familistere, or "Social Palace," is an association of capital with labor, which was founded fifteen years ago by M. Jean Baptiste Andre Godin. Its object is the promotion of commerce and industry, both in agriculture and manufacture, and the development and improvement of the moral and material condition of the workingman. It has two "works," one in France and the other in Belgium. The society includes 1657 workmen and employeés, and its principal industry is the manufacture of stoves. The capital for the plant, $920,000, was contributed by M. Godin. The workmen are a part of the association and will, eventually, as is meant, own the entire business.

In addition to the wages paid, which are fixed by a "Syndicate of Labor," elected from each workshop, the workmen also share in the net profits, ratably, according to the wages earned. Fifty per cent. of the profits is set aside to certain funds, and the other half is divided between capital and labor. Capital comes in only in proportion to the amount of interest, at five per cent. received on the original investment. The latter amounts to the sum of $45,000, while salaries and wages earned foot up $330,000. In other words, capital is content with twelve per cent. and the balance goes to labor. But the share of "labor" is not all paid in cash; a portion, under the name of "certificates of savings," is placed to the holder's credit, made part of the capital, and then begins to draw interest.

During the stock period since its organization the Familistere has netted, in profits, over $410,000. Among the workmen there has been divided $168,000 and $73,000 has been placed among the "certificates of savings." The legal limit of the "reserve fund," $92,000, has been reached, and the twenty-five per cent. heretofore applied to the reserve fund will soon be applied to increase the joint share of capital and labor.

However satisfactory the financial returns of the Familistere have been, its social triumphs, the spirit of industry and good order which it has promoted, and the more economical, while more generous, mode of living provided for its workmen are beyond praise. M. Godin, himself a workman and the son of a workman, seeing that it was impossible, outside the realms of enchantment, to transform the house of the workman into a fairy palace, did not despair in his attempt to place the workman himself in a palace. "The Familistere," he says "is in fact nothing else. It is the palace of work, the social palace of the future. What, with families scattered, disconnected, in cellars and in garrets, is impossible, the Familistere renders not only possible but a practical necessity." In addition, therefore, to the foundries, there is this vast edifice, a real palace in appearance, the abode of 400 families, or 1200 persons, whose sympathetic interests make them one household.

The buildings which make up the Familistere were completed in 1870 at a cost of $200,000. Some idea of its extent may be obtained from the fact that it contains 1100 windows, and if the apartments of which it is composed were distributed into small houses united to each other they would extend over three miles. It is made up of three parallelograms, with cellars, a ground floor, and rises three stories. The center part is thrown back, and with the two wings forms an outer court 230 feet long and over 300 feet deep. Opposite the court are the school buildings and fronting the two wings are the various "offices." Within each of the three parallelograms of residences is an inner glazed court, under cover, which allows intercourse in all weather. At each story, around these courts, runs a balcony, which is a street in miniature, and forms a sort of promenade. The rents for apartments vary from three to five cents a day, according to location. The arrangements are such that the occupants of the Familistere have as much isolation as those who live in expensive apartment houses, while whatever is in common use, such as stairs, balconies, watertaps, closets, etc., are under the care of special paid employeés.

Then there are schools and nurseries for the children; swimming-baths, gymnasium, library, reading and billiard-rooms, theatre, restaurant, laundry, co-operative store, and a general kitchen where food is cooked at cost. The expenses for the education and instruction of the young, for the year ending June, 1882, were $5000. The school and nursery system in use at the Familistere is of the most admirable and successful kind. There are nurses and special teachers for the juvenile population, which is classed in seven divisions. The nursery is devoted to children under two years of age. Those in the "baby-room" are from two to four years old. The "child-room" gathers in those from four to seven years of age, and it is here that instruction first begins. Hitherto the youngsters have had nothing to do but grow in the garden, where they pass most of the day in fair weather. At seven years of age the children have learned to read and have begun arithmetic. They pass through the remaining divisions up to fourteen years of age, and the last is supplemented by a "superior class" for older pupils.

From the first week after its birth the infant, if properly vaccinated, may be admitted to the nursery and it may be left there for an hour or all day, as the mother may choose, with the certainty that it will be religiously cared for. However poor the parent may be, the child finds in the nursery the needed care, food and clothing, and as a consequence none of those painful cases of desertion, so common among the poor, ever occur at Mr. Godin's happy Familistere.

CURRENT EVENTS AND COMMENTS.

THE PRODUCTION AND CONSUMPTION OF WOOL.

Few things in the progress of the civilized world are more astonishing than the increased consumption of wool. This is best shown by the statistical account of the production which, in the year 1830, was about 320,000,000 pounds in weight, and in the year 1881 had risen to 1,926,750,000 pounds. In this extraordinary aggregate, Europe is set down as producing 858,750,000 pounds, South America and Mexico 174,000,000 pounds, the United States 185,000,000 pounds, Australia 255,000,000 pounds, and Africa 96,000,000 pounds. Of this crop England controls absolutely the Australian, South African and English wool clips, making altogether a larger stock of wool than is controlled by any other commercial power in the world. This is the cause of her long-continued supremacy in the manufacture of woolen goods. She commands an unlimited supply of the raw material, and the product of the British Isles alone exceeds that of all the United States. Nevertheless, our own progress in this business has been truly marvelous within the last twenty years, under the vast domestic demand created by the enormous growth of the American manufacture of woolen fabrics. In those lines of industry we are now able to supply ourselves entirely with nearly all lines of staple goods. Whether we ever shall become as successful in the production and exportation of wool as of cotton, petroleum, lumber and grain, the future alone can disclose; but we have all the elements that are requisite for great success in that line, as in the producing of breadstuffs and provisions. Like all other elements of Northern agriculture, the production of wool in the United States seems to be going rapidly and steadily farther and farther westward.

A SOURCE OF SUGAR SUPPLY.

A source of raw-sugar supply which has been drawn on but very lightly by American refiners is the beet sugar of Germany. Small quantities have now and then been imported by Boston refiners, either directly or through New York, and there has been considerable imported now and then by the refiners of the latter port. The importation of this sugar has been going on for a number of years past, but only in small lots and has never, therefore, been of much consequence. The German beet-sugar crop comes in from September till November, or just when the stock of West India sugars are running out in our markets. The German beet-sugar crop is increasing every year, and is being produced at prices which will enable it to compete with Cuban and other raw sugars.

SULPHURIC ACID.

A new industry springing up in the South is the manufacture of sulphuric acid from iron pyrites. We now import sulphur from Sicily for the manufacture of the acid, and also import large quantities of the acid itself from England. It can be manufactured here from the immense deposits of pyrites cheaper, it is said, than it can be imported.

SOUTHERN COTTON MANUFACTURERS.

The Southern cotton manufacturers have formed a protective association for their common benefit. During the last year the cotton spinners in the Southern States have not been very prosperous, and a few of the leading manufacturers united in calling a meeting which was held at Atlanta, Ga., last week. These gentlemen thought that bad management and not over-production was the principal cause of the depression in their trade. When the meeting took place a permanent organization was effected, officers were chosen, and a committee was named to draw up a report for the information of the cotton-spinning trade in all the Southern States. This report, which has since been circulated through the mails, explains the evils that are to be corrected, and the methods by which the association hopes to make the business of cotton manufacture once more a healthy and profitable industry in the States in which cotton is grown and those adjoining them. The report says that the mills hitherto have been carelessly managed, and that selling agents have recklessly cut prices to suit themselves, and worked without regard to each other or the welfare of the trade in general. The association proposes to disseminate practical information on the subject of cotton manufacturing, of the demand for and the supply of the several varieties of goods produced, and the prices obtained by the agents who sell goods for the Southern spinners. The weavers are invited to co-operate with the spinners, for although the latter have thus far suffered most from the depression, it is thought that those persons who weave the yarns into cloth have a positive interest in the successful operation of the mills.

LEGAL ARBITRATION IN PENNSYLVANIA.

The bill providing for legal arbitration in the State of Pennsylvania, commonly known as the Voluntary Trade Tribunal Act of 1883, has become a law by the signature of the Governor. This bill provides in effect that upon the joint petition or agreement of a certain number of workmen and a certain number of separate firms, individuals or operators within the county, who are employers of labor, the petitioners to have certain qualifications which are set forth in the act, a license for a trade tribunal may be issued by a judge of the Court of Common Pleas, which tribunal shall have the settlement of such labor disputes in the iron, glass, steel, textile and coal industries as may be submitted to it. The petition for the formation of this tribunal must set forth, among other things, the number and names of the members of the tribunal, an equal number representing each side, and also the name of an umpire. The board first attempts to come to an agreement without the services of the umpire, these being called in only after disagreement of the tribunal or failure during three meetings held and full discussion had. The award of the arbitrator or umpire is final and conclusive upon such matters only as are submitted to him in writing, signed by all the members of the tribunal, or by the parties submitting the same; but upon questions affecting the price of labor, the decision is in no case binding upon either party, except as they may acquiesce or agree therein after such award. The members of the tribunal receive no compensation for their services; their expenses, however, being paid. When the umpire makes an award, that award may be submitted to the judge of the court under whose authority the tribunal was instituted, and if he approves the finding he indorses the approval thereon, and the same is entered on the records of his court, and when so entered it is final and conclusive, and the proper court may, on motion of any one interested, enter judgment thereon, and when the award is for a specific sum of money, may issue final and other process to enforce the same.—*Iron Age.*

PROPERTY AND MANUFACTURES IN MEXICO.

Considerable attention is just now being centered upon Mexico, and it will, therefore, not be inopportune to call attention to certain statistics which have been published in connection with that country. Taking first private property in the rural districts, it appears that there are 5869 cattle ranches, valued at $390,000,000, and 14,705 others, valued at $126,000,000; there are 8341 farms and country seats, valued at $48,000,000; 116 groves of cocoa and palms, valued at $13,000,000; 479 square leagues of forests, $34,000,000; 18,134 square leagues of mountain lands, $60,000,000; 40,822 square leagues uncultivated, $96,000,000; and 897 settlements, $6,000,000—thus yielding a total value of $773,000,000. Of private property in cities there are 36,648 large buildings, valued at $897,700,000; 196,846 medium-sized dwellings, $614,000,000; 1,186,440 small dwellings, $362,000,000; forty-six theatres, $5,600,000; 178 large Roman Catholic churches, $54,000,000; 1200 chapels and places of worship, $27,000,000; twenty-three rings for bull-fights, $620,000; ninety-eight pits for cock fights, $116,000, or a total of $1,961,036,000. Government property is estimated at $340,000,000. These *data* which are said to be within, rather than over the mark, show a total aggregate value of $3,074,036,000, or upwards of £600,000,000. The statistics do not include any estimate of the mineral wealth of the country, nor of public property such as coasts, ports, bays, lakes, rivers, etc. With regard to the manufactures of Mexico, which were formerly very deficient, rapid strides have been made within the past ten years. The city of Mexico now boasts a number of silk, felt, and straw-hat factories, forty-eight scarf factories, twenty-six silver works, thirty-two tin works, twelve match factories, twenty-two saddleries, seven cooper shops, twelve iron works, fourteen chocolate factories, four upholsteries, ten candle factories, and many other manufacturing industries of growing importance. On the line of the Mexican Central Railroad, to the north of the City of Mexico, there are a number of cities and towns whose manufactories now yield a large revenue. Emigration to Mexico is rapidly increasing. By the Vera Cruz Custom-House returns it appears that nearly 11,000 immigrants entered that port during last year, of whom the greater proportion were Italians and Spaniards, though the Americans numbered 2178. The opening up of the country is also attracting many Europeans.

SOUTH AMERICAN CATTLE.

In South America cattle have recently increased so rapidly that fat bullocks have declined from $10 per head to a few cents over $6 per head; the hide is worth in the English markets about half that sum. It is estimated that in two years from now the number of cattle in tne Argentine Confederation will number 28,000,000 against 13,000,000 in 1877, 5,000,000 of which are in the State of Buenos Ayres. The Confederation also claim 60,000,000 sheep, 10,000 goats, 4,000,000 horses, and 18,000 ostriches. The population is only about two to the square mile. The United States has only 39,000,000 cattle, 43,000,000 hogs, and 42,000,000 sheep; — in all in round numbers, 121,000,000, according to the census of 1880

THE RICE PLANT.

The rice plant is distributed over the earth as high as the forty-fifth parallel north, and the thirty-eighth south. It is the main crop of China, Japan, Burmah, Cochin China, India, Madagascar, Java and Italy, and is extensively cultivated in North and South America. Wild rice is still eaten as a luxury on the Madras coast; it has a small white grain, very sweet; it grows on waste, marshy lands. The only reason it is not cultivated is because it returns so small an increase as compared with the cultivated varieties of the same plant. Although rice was introduced into Italy so lately as the thirteenth century, its cultivation on the rich meadows of Lombardy, watered by the Po, and other similarly flat lands has so increased that the Italian crop of 1879 amounted to no less than 500,000 tons. It is the most profitable crop to the cultivators of any that is raised in Italy; but the same unwholesome effect of malaria from irrigated lands is experienced there as has proven so fatal in Carolina, and the Government has found it expedient to place its cultivation under great restrictions. This circumstance together with the extra taxation on rice, would have destroyed any other culture save one that offers the only means of profitably cropping swampy and marshy lands.

MOTIVE FOR EFFORTS AT INVENTION.

A peculiarity of patent laws is illustrated in the case of Switzerland. The Swiss have been almost a nation of watch-makers, yet nearly every improvement in timekeepers has originated in England, France, and the United States, and this simply because these countries have patent laws and Switzerland has none, thus suggesting the idea that it is of no use for a man to spend his time and money inventing an improvement if the moment it is done his neighbor can appropriate it. An inducement accomplishes great things sometimes. The chronometer, that little article of such inestimable value to the commerce of the world, was the result of a prize offered by the British Government of $100,000 for any means by which the longitude of a vessel could be determined within ten miles. Harrison worked at it for forty years, and in 1767 he won the prize. It is recorded that he made a chronometer so perfect that it varied but one second and a quarter in ten years.

ITALIAN ASBESTOS.

It appears that in Italy the working of asbestos is at present limited to the provinces of Turin and Sondrio. In the latter, the asbestos forms regular stratifications, varying from three to four inches thick, although in some cases it attains twenty inches. The rocks inclosing it consist of talc, chlorite, or steatite, of a green color, and the asbestos is chiefly found in fibrous masses of a yellowish white. Sometimes the fibers are long and close, resembling a skein of cotton thirty inches long. Asbestos abounds in the fissures of serpentine rocks, and is frequently mixed with other minerals. Openings have been made at forty different places, the inclosing rocks being generally blasted. When the rocks are of too considerable volume to be removed in this way workings are prosecuted in tne unresisting deposits of asbestos, where galleries withont props are formed, the roof being kept up by pillars of the asbestos itself, left at intervals.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. FORGED SIGNATURES.

A draft purporting to be drawn by A on Roe & Smith, in favor of B, is received in the course of trade by C, who indorses it and forwards it for collection. Roe & Smith pay it, but subsequently discover that both A's and B's signatures are forgeries. Who has to lose the money?

REPLY.—The law is stated in the opinion of the Court in the case of *National Park Bank* v. *Ninth National Bank*, 46 N. Y. 77, as follows: "For more than a century it has been held and decided, without question, that it is incumbent upon the drawee of a bill to be satisfied that the signature of the drawer is genuine—that he is presumed to know the handwriting of his correspondent; and if he accepts or pays a bill to which the drawer's name has been forged, he is bound by the act, and can neither repudiate the acceptance nor recover the money paid." The general question involved in this inquiry is one that has caused much discussion. Some account of the different views which have been held on the subject will be found in *Morse on Banking*, page 327 et seq., and in *Daniel on Negotiable Instruments*, § 1359 et seq.; but the case above referred to seems to us a decisive authority.

II. TAXATION OF NATIONAL BANK SHARES.

A owns National-bank stock to the amount of $5000, which is assessed to him on the tax rolls of the city at par. He owes on his personal notes $4000. Is he not entitled to that much offset, the same as he would be if he were assessed $5000 on any other personal property? The assessor claims that the offset does not apply as against bank stock. What is your opinion?

REPLY.—The Bank Act provides that State taxation upon the shares of National banking associations "shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State." *Rev. Stats.* § 5219. Assuming from the language of the inquiry that the statutes of Michigan (from which State the inquiry comes) allow the tax-payer to deduct, from the amount of his personal property generally, the debts which he owes, in order to fix the amount for which he is taxable, then the case is precisely within the decision of the Supreme Court of the United States in *People* v. *Weaver*, 100 U. S. 539, also printed in this Magazine, vol. 34, p. 795. That case decided that a statute of New York, which permitted a debtor to deduct the amount of his debts from the valuation of his personal property, except so much thereof as consisted of shares in National banks, taxed such shares at a greater rate than other moneyed capital, and was, therefore, void as to them. The assessor, therefore, is clearly wrong. If the offset is not allowed, A will be subjected to a heavier tax, on account of his shares, than the owners of moneyed capital otherwise invested, who are also in debt, because the latter can diminish the amount of their taxes by the amount of their indebtedness, which A cannot. This would work a discrimination against National-bank shares, as a subject of taxation, unfavorable to the owners of such shares, which is the very thing which the Act seeks to prevent.

III. Can a Cashier act as Notary.

Is a Notary Public, who is a stockholder and a Cashier of a bank, prohibited from taking acknowledgments of parties giving deeds of trust to the same bank of which he is Cashier; or, in other words, is he an interested party to the extent of invalidating the deed of trust?

Reply.—We have not seen a decision upon this precise question, but on general principles we think that such an acknowledgement would be sufficieut. There is a well-understood distinction in the law between acts which are judicial and those which are merely ministerial; and, whereas the slightest interest will disqualify one from the performance of a judicial act, yet this is not the case where the act is a ministerial one. It is said in *Jones on Mortgages* that an acknowledgment may be taken by one who is so related to the parties as to be disqualified as judge or juror. And it seems, from the cases which he cites, that nothing short of a direct interest as grantee will disqualify the notary from acting. We do not see how it can be said in such a case as this, that the notary has any direct legal interest in the conveyance.

IV. Interest and Days of Grace.

In the Magazine for May you reply to an inquiry that "the maker of a note has no right to insist upon payment before the last day of grace, and that the holder is entitled to interest in full up to that day, when the note bears interest."

It seems to me that when the interest on a sixty-day note runs with the note, and the tender is made on the sixtieth day, of principal and sixty days interest, but none for the days of grace, that that is sufficient. So far as concerns the three days of grace, they are just as if the note were payable "*on or before*"; they are the privilege of the debtor—he may pay on either of them, but cannot be compelled to pay before the last one expires. Therefore he has, in the case stated, the *option* to pay on the sixtieth day, or on the first, second or third thereafter, and on which soever one he does pay, on that one would the interest cease.

Reply.—We do not assent to the criticism of our correspondent, nor to his construction of the meaning of days of grace. As we understand the law, they have become actually a part of the note itself, so that, for example, the promise contained in the note in question was, by operation of law, a promise to pay, not in sixty, but in sixty-three days. The note was not due and the, maker could not be compelled to pay it before the sixty-third day. We hold that the rights of the holder and maker are reciprocal, and that as the maker could not be compelled to pay before the last day of grace, so the holder was not bound to surrender the note without payment of interest up to that date. This construction is convenient, because it makes the amount of interest payable at the maturity of note certain, and is the only one which does exact justice to the holder.

V. Printed Signatures.

Some days ago our bank received for collection from a New York bank the check of another bank drawn to their order—as "Pay A B, cashier, or order" —$ 5000, on a Baltimore bank. The bank to whose order the check was drawn *printed* on the back, "For collection and credit of —— National Bank, New York. C D, Vice-President," with no official signature whatever in *writing*. The Baltimore bank refused to pay the check, not recognizing the printed indorsement as valid. The United States Treasury and sub-departments have for years refused to recognize such indorsements (printed) as valid. Concurring in the view of the Baltimore bank, I returned the check to the New York bank for a written indorsement, resulting in a correspondence between us. Another point I took, that as the check was drawn, *ex vi termini*, and not so indorsed in a valid way, was not subject to protest. Finally, that anyone could stamp the name of a corporation or person upon a piece of paper, and that it was not forgery in the sense of imitating the sign manual in writing. Upon these three points I would be pleased to have your opinion.

Reply.—The rule is that a printed signature is valid, if it be shown to have been used and adopted by the party as his signatnre. The indorsement in this case, therefore, was good. Our correspondent will find a more full discussion of the question in our number of April, 1880, p. 816. With regard to protest, the answer must depend upon the validity of the indorsement. If the indorsement was invalid protest was improper, because useless, but if it was valid, of course the paper would be subject to protest. It is well settled that paper payable to the order of "A B, cashier," is, in law, payable to the bank of which he is cashier. *Baldwin* v. *Bank of Newbury*, 1 Wallace 234. The check being legally payable to the New York bank, we see no reason why it could not be properly indorsed by any officer of that bank authorized to indorse.

We have no doubt that the fraudulent use of the name of a person or corporation in the manner described would be forgery.

BOOK NOTICES.

Fourteenth Annual Report of the Bureau of Statistics of Labor of Massachusetts. By Carroll D. Wright. Boston: 1883.

This report is not less interesting and valuable than its predecessors. Large space is given to the very important topic of employers' liability for personal injuries to their employees. Then follows statistical matter relating to the hours of labor and wages paid in twenty-one industries which comprise the more important in the State, their profits and earnings; the volume closing with a sketch of early factory labor in New England. In a future number of the Magazine a considerable portion of this exceedingly interesting sketch will be laid before our readers.

A Treatise on the Law of Bills of Exchange, Promissory Notes, Bank Notes and Checks. By the Right Hon. Sir John Barnard Byles. Seventh American from the Thirteenth London edition, with additional notes illustrating the law and practice in the United States, by George Sharswood. Philadelphia: T. & J. W. Johnson & Co. 1883.

This is one of the last undertakings of the accomplished American editor. In a prefatory note he says that the original treatise has won its way so entirely to public confidence as an accurate and practical compendium of the law of bills of exchange and promissory notes, that nothing further need be said in its favor. The American editor has made extensive additions, but has not, as too often the case in editing books of this kind, inserted the notes almost at random, moved by the idea that so long as the principles and cases were crammed in somewhere the work of the editor was done. On the other hand, Judge Sharswood has prepared these notes with great succinctness, and has always put them under the most appropriate heads, and where they can be easily found. With these notes the work is made very complete, and of the highest utility to the practitioner in this branch of the law.

Cyclopædia of Political Science, Political Economy, and of the Political History of the United States. Edited by JOHN J. LALOR. Vol. II. East India Company—Nullification. Chicago: Melbert B. Cary & Co. 1883.

The worth of a good encyclopædia has long been acknowledged. The foregoing publication has peculiar value, because it is the only one of the kind in the English language. Several years ago Mr. McLeod began the preparation of such a work, but only the first volume has ever appeared—nor is he ever likely to finish it. The plan of the present undertaking is to cover the field selected in three volumes, and the volume before us carries the topics so far down the alphabet that the completion of the work within the limit originally prescribed is assured.

Nothing is easier than to criticise a work like this. One critic may find fault with the topics selected and the mode of handling them. Another may complain that many things ought to have been added which are not to be found here; a third may say just the opposite, that the topics ought to have been limited more strictly to such as are of an economic and political nature; another critic may contend that topics which were dismissed with a few lines ought to have been considered at greater length; on the other hand, a critic, whose idea of an encyclopædia is that every article should be short and none exhaustive, may find fault with the length of many contained in this publication. Our own judgment is that, on the whole, the editor has shown a wide comprehension of his undertaking; that the topics selected are timely and useful, and their mode of presentation satisfactory. Considered in a general way, the volume contains a vast amount of knowledge, fresh and well put together—a great reservoir from which many can draw with confidence. The work will prove a great labor-saving instrument, an economizer of time to writers and others who wish to get the information here given, but have not the opportunity to consult the scattered and often inaccessible sources whence it was drawn.

The articles are prepared by many writers, not a few of whom are specialists with respect to the subjects they have handled. A considerable portion of the encyclopædia is derived from foreign sources, and the labor bestowed in this direction consisted in translating and in many cases adapting articles to the existing condition of our knowledge. Turning now to those especially prepared for this work we first meet an article on "Education and the State," by Edward Cary, of the New York *Times*. After showing the right of the State to prosecute the work of education, he discusses the questions,—in what way can the school be made the most useful? within what limits can it be properly maintained at the general cost? and at what point should it turn its pupils over to the agencies provided by private educational enterprise? In discussing them he shows a strong grasp of the subject. A valuable article on "Gambettism" is by the same author. All the more distinctively political articles are written by Alexander Johnston, and form an important feature of the encyclopædia. They are written in a spirit of golden candor, and evince much familiarity with American history. Some of the titles are "The Electoral Commission," "The Electoral College," "Electoral Votes," "Habeas Corpus," "Electors and the Electoral System," "Impeachments," "The Emancipation Proclamation," "Embargo," "Federal Party," "Fugitive Slave Laws," and "Judiciary in our History." One of the most valuable contributors is T. E. Cliffe-Leslie, whose last energies were expended in preparing articles for this work. Having known Leslie for several years, and familiar with all his writings and designs, we can appreciate somewhat his great worth as a writer. He dug deeper and more broadly than any English writer of this generation in his chosen field, and we know of no economic writings which are so deserving of prolonged study as his. These last productions from his pen are mournfully interesting for they were written in acute bodily pain, which would have deterred from labor a soul possessing less fortitude. The titles are "Guilds," "Exchange and Foreign Exchanges," "Feudal System," "Fictions in Law and in Political Economy," "Interest after the Historical Method," and "History, Economic and Legal," and "The Historical Method of Investigation." This article especially is of rare merit, and should be read by all who follow the benighted abstract speculative method of economic investigation. The article on "American Finance" is contributed by Albert S. Bolles, a name familiar to the readers of the BANKER'S MAGAZINE, and Professor in the Wharton School of Finance and Economy. One of the most valuable and voluminous contributors to the volume is E. J. James, recently elected professor in the same school. "The Science of Finance," "Factory Laws," "Excise," "Emigration and Immigration," and "Insurance," are some of the subjects illuminated by his pen. They are marked by candid investigation, thorough digestion of facts, and excellent form. An elaborate and valuable article on "Fisheries" is the production of G. Brown Goode. Franklin B. Hough contributes an appropriate and valuable article on "Forestry." One of the striking articles in the volume is by David A. Wells, entitled "Free Trade." The same author has another on the "Navigation Laws." Horace White's contribution, entitled "Money and its Substitutes," is an excellent presentation of that subject. We have not space to catalogue the full list of American contributors, but we trust that our readers will be able from the slight glance bestowed on this work to learn something of its value. The enterprise reflects great credit on the editor and publishers.

H.

BANKING AND FINANCIAL ITEMS.

The One Hundred and Twenty-first Call for the redemption of bonds was issued by the Treasury Department on July 26. The bonds are the five-per-cent. funded loan of 1881, continued at three and a-half per cent. from August 12, 1881. The principal and accrued interest of the bonds designated wlll be paid on the first day of November, 1883, and the interest will cease on that day, viz.: All registered bonds of the Acts of July 14, 1870, and January 20, 1871, continued during the pleasure of the Government under the terms of circular No. 52, dated May 12, 1881, to bear interest at the rate of three and a-half per cent. per annum from August 12, 1881, and which constitute the residue of those issued under the Acts of July 14, 1870, and January 20, 1871, known as continued fives, and which have not h retofore been called, or which have not been offered for surrender and exchange into three-per-cent. bonds of the Act of July 12, 1882. The bonds embraced in this circular are those last dated and numbered, as required by Section 3 of the Act of July 14, 1870, and include those which have been issued on transfers since the 120th call was issued.

New York Stock Clearing House.—The Osterberg system of clearing stocks is now perfected, and the rules and regulations for the guidance of those who wish to practically test its working have been issued. The department is situated at No. 41 Exchange Place, and is under the management of Mr. R. L. Edwards, President of the Bank of the State of New York. Its business began by clearing the following stocks, without any charge, for the period of thirty days: Western Union, Union Pacific, St. Paul common, Delaware, Lackawanna & Western, and other stocks may be added from time to time at the discretion of the committee.

The most important rules which have been issued are the following: In case of the failure of a member, or a failure to pay difference due at the time designated, or his dues or fines on demand, he shall be suspended from the Clearing Department, and notice of such suspension will be immediately issued to the dealers. All statements of dealers must be delivered at the Clearing Department, properly balanced and signed, at or before 12:30 P.M. Tickets, signed by the Manager, designating the parties to whom stock shall be delivered, and which shall accompany the stock, will be distributed through the lock boxes at 1:15 P.M. In the case of the failure of any member to receive or deliver stocks or bonds as directed by the Manager of the Clearing Department, the party with whom the transactions should have been settled shall have the right to close the contract under the rules of the New York Stock Exchange for account of the member in default. The loss resulting from the purchase or sale of stock purchased or sold under the rule for account of the party in default, shall be adjusted *pro rata*, and paid by the parties who had direct transactions with the delinquent in that particular stock. Any member who fails to present his statement at or before 12:30 o'clock P.M. will be fined $25. For each and every error in statement a fine of $2 will be charged.

Blank forms with instructions as to how they should be filled are also issued. The following is given as an elucidatory example: "If you have any stock "by balance" to deliver, you send to the Clearing Department at 1:15 P.M., when you will receive a ticket designating to whom the stock has to be delivered. You will find the price at which the stock is to be delivered on the ticket, but you will be informed of that price the day previous, after 3 P.M., through the indicator, and at this price, which is called the settling price, all differences have to be settled. Supposing, then, you have bought or borrowed from different parties 5000 Union Pacific, and sold or loaned out the largest portion, or all, you save all risk and annoyance of receiving stock which you have to deliver again. You only receive such portion, if any, as you have actually to keep in your box and send a check for the difference only to those parties from whom your are to receive higher than the settling price, or to whom you must deliver them for less. In the same way others must send you their checks if the position is reversed. In delivering stocks the Clearing-House ticket must always be sent with the shares. The stocks are delivered direct to the parties designated on the ticket, as the Clearing-House Department does not receive or deliver stocks, nor does it handle any checks or money."

THE TRADE DOLLAR.—The crusade against the trade dollar which resulted so quickly in its extirpation from circulation, has given rise to many accounts of the genesis of the coin. The following history of it is by Mr. Acton, Assistant Treasurer of the United States in New York. In an interview with a newspaper reporter, he said, "There appears to be a great misunderstanding of the coinage and manner by which the trade dollar got into circulation. It is not money. It never was. By that I mean it never was a dollar. It was coined under an Act of Congress known as the Coinage Act of April, 1873, and was first issued in July of the same year. The trade dollar was intended to snpersede or take the place of the Mexican dollar. So it was made a trifle heavier and given a better cast generally. It was countenanced by the Government for the purpose for which it was made only—that of export. Mexican dollars were the coin current in China, and the trade dollar, it was thought, would take their place. They have been pretty generally accepted along the coast, but have never got very far into the interior. The trade dollar was coined when the single or gold value was adopted. and was a legal tender in sums of five dollars or less up to July 22, 1876. Then the Act making it such was repealed, and it became again a coin valuable only for the amount of silver it contained. A regulation was then issued by the Secretary of the Treasury that no trade dollars should be put in circulation or coined except for export, and the coin has been under a cloud ever since."

FIDELITY AND CASUALTY COMPANY OF NEW YORK.—The semi-annual statement of this company shows the aggregate of assets to be $463,390, and the total liabilities $161,397. These liabilities consist of the re-insurance reserve as required by law (being fifty per cent. of all premiums on policies in force), and the reserve for all other liabilities, absolute and contingent. The surplus to stockholders is $51,990, and the surplus to policy-holders $301,990. The statement may be found at length on the cover of our present number.

LEGAL STATUS OF STOCK-EXCHANGE SEATS.—Judge Truax, of the Superior Court of New York, has affirmed the principle that a seat in the Stock Exchange is, in a certain sense, a privilege and not property. In 1873 Erastus F. Mead, a member of the New York Stock Exchange, went into bankruptcy. Among his assets he included his seat in the Exchange, but his assignee at that time declined to accept the seat as an asset. Mr. Mead continued to pay his membership dues, and in 1879 transferred his seat to J. Frank Emmons, who was subsequently admitted to full privileges as a member of the Stock Exchange. In 1882 Mr. Mead's assignee, in closing up his accounts, sold "whatever right or title" Mr. Mead possessed in a seat in the Stock Exchange, at auction, to Mr. Henry McCabe, a milk dealer, of this city, for $1. Mr. McCabe brought suit in the Superior Court against J. Frank Emmons and the Stock Exchange last January to obtain possession of the seat with its privileges. On February 6 Judge Ingraham refused to issue an injunction to restrain Mr. Emmons from exercising a member's privilege on account of the seat, and now Judge Truax has dismissed the complaint and ordered judgment for the defendants, with costs.

NEW YORK CITY.—The new banking house of James O'Connor, Son & Co., has begun business at 69 Wall Street, under very favorable auspices. The senior of this firm, Mr. James O'Connor, was formerly President of the Fourth National Bank of Pittsburg, and more recently President of the Central National Bank of Baltimore. The combined advantages of experience, capital and credit should ensure for them a large business in the line of legitimate banking which they propose to follow.

CHICAGO CLEARING-HOUSE BUSINESS.—The aggregate of yearly clearings at Chicago, since the organization of the Clearing House in 1865, show a large increase in almost uninterrupted progress since that date, as follows:—

Year.	Amount.		Year.	Amount.
1865 (3 quarters)	$ 319,606,000 00	..	1874	$1,101,347,948 41
1866	453,798,648 11	..	1875	1,212,817,207 54
1867	580,727,331 43	..	1876	1,010,092,624 37
1868	723,293,144 91	..	1877	1,044,678,895 70
1869	734,664,949 91	..	1878	967,184,093 07
1870	810,676,036 28	..	1879	1,257,756,124 31
1871	868,936,754 20	..	1880	1,725,684,794 85
1872	993,060,503 47	..	1881	2,229,463,275 00
1873	1,047,027,828 33	..	1882	2,366,536,855 00

BANK DIRECTORS.—Judge Phillips, of the Macoupin Circuit Court, Illinois, has rendered a decision which will be of decided interest to bank directors and officials. He holds that a director of a bank must keep posted as to the condition of the institution with which he is connected. In the case at bar a depositor in an insolvent bank sued the directors personally and recovered a verdict. The insolvency of the bank was caused by the fact that its cashier stole the funds, and the court held that it was the business of the directors to ascertain the true condition of the bank, and that they could not plead ignorance when due diligence would have discovered the facts.

OPTION CONTRACTS.—A suit was brought before the United States Circuit Court for the District of Kansas to recover the difference on a contract for the sale of grain. The defence set up was that the contract was a mere speculation. Judge McCrary, in delivering his opinion, said: "The parties did not intend the actual delivery of the grain contracted for, but did intend to speculate upon the future market, and to settle the profit or loss of the defendant upon the basis of the prices of grain on a certain day as compared with the price at which the defendant contracted to sell. Such being the fact the law is well settled that the plaintiff cannot recover."

PROPOSED ESTABLISHMENT OF A BANK CLEARING HOUSE FOR NEW ENGLAND.—A special meeting of the Boston Clearing-House Association was held this morning for the consideration of a proposition to establish a Clearing House for New England, to be located in Boston. The subject has been talked about by Boston bank men for a number of years, but until now it has not taken a definite shape. The necessity for such a time, labor, and money-saving institution has long been felt by the Boston banks. Each bank now makes its own country collections by mail. With the banks in the larger New England cities nearly every Boston National bank is obliged to conduct an almost daily correspondence of this sort. Collections from country banks require an average of more than three days, besides the laborinvolved.

The proposition now before the Clearing-House Association contemplates the establishment of a New England Clearing House, organized as a bank to do exclusively collection business. The most prominent plan proposes the organization of a bank with a capital of $100,000, to be held by the Boston National banks. The proposed bank would do nothing of an ordinary banking business, but would attend solely to the collection of New England checks and other obligations of country banks to the Boston institutions. Instead, therefore, of sending fifty letters daily from as many Boston banks to Worcester, Portland, Providence, and other places, all the claims would be pooled and collected promptly by messenger or express. The plan is not a new one, having been in successful operation in London for many years. The subject was favorably received by nearly all the members of the Clearing-House Association, and it was finally referred to a committee, which will report at a special meeting.—*Bost. Trans., July 24.*

THE PHILADELPHIA MINT.—The annual settlement of the accounts of the mint for the last fiscal year show that the wastage of gold and silver was the smallest on the amount of bullion used during the year, of any in the history of the mint. The total amount of gold bullion operated upon during the past year was 2,210,944.82 ounces, equal to seventy-six tons. The total amount of silver operated upon was 45,591,338.72 ounces, equal to 1563 tons. The gold coinage for the year consisted of 415,486.55 ounces, equal to fourteen tons, the value being $7,729,982.50. The number of gold pieces struck and issued was 941,680. The total silver coinages issued, weighed 10,551,908.88 ounces, equal to 362 tons, value $12,325,470.15.

PENNSYLVANIA.—Mr. Wm. Saeger, who has served very acceptably for twenty-one years as President of the Allentown National Bank, has resigned his position as President, to take effect August 1st, but continuing a member of the Board. Advanced years, impaired health, and illness in his family are the causes moving him to resign. Mr. Esaias Rehrig, a gentleman well and favorably known, was unanimously elected the successor to Mr. Saeger.

SOUUH CAROLINA.—Mr. Cadwallader J. Iredell, who has been for many years Cashier of the Carolina National Bank of Columbia, has resigned his position to take the active management of a new bank. This will be known as "The Commercial Bank of Columbia, S, C.," and will begin begin business about September 1.

The resignation of Mr. Iredell was accepted with expressions of regret and esteem by the Directors of the Carolina National. The choice of a new cashier resulted in the promotion of Mr. Wilie Jones, who has been connected with this bank for fourteen years, in several capacities, to the satisfaction of the corporation and the public.

TENNESSEE FUNDING ACT.—The application for an injunction to prevent carrying out the provisions of the recent Funding Act, has been denied by the Court at Nashville. The plaintiffs contended that the bonds issued under the Internal Improvement Act of 1852 are void, because the Act of 1852 is unconstitutional, and because certain prerequisites made a condition precedent under the Act were not observed, and that the Act of 1883 is unconstitutional and void. Chancellor Merritt, in his decision said: "It seems to me to be obvious that the Act of 1852 being valid, the non-observance of the conditions alleged to be conditions precedent to the issuance of the bonds was a defence available only to the State, and that it was clearly within the power of the State to waive the irregularities complained of, in whole or in part, and compromise the debt. If the General Assembly can issue bonds without conditions precedent, it would seem to me that the Legislature could waive the conditions at any time if not complied with. This was done by the Act of 1883. I am of the opinion that the fact that there were irregularities in the issuance of the bonds on the part of the agents of the State would not be an available defence on the part of the State after the bonds had gone into the market and passed into the hands of innocent holders. I am of opinion that the same legal obligation was on the State to pay the bonds under the Act of 1852 as to pay the State debt proper bonds."

IRISH SAVINGS BANKS.—The report of savings in Ireland for the past year show that the deposits and cash balances in the joint-stock banks increased by £2,585,000, from £30,161,000 at the end of 1881 to £32,746,-000 at the end of 1882. This large increase has only been surpassed in the prosperous years of 1864, 1865, and 1871. The trustee savings banks situated in twenty-eight towns show an increase of £36,000 from £2,042,000 in 1881 to £2,078,000 in 1882. The bank-note circulation of Irish banks in December, 1882, shows the large increase of £858,000 from £7,476,000 in 1881 to £8,334,000 in 1882. The only years since 1859 when there was anything like similar increase were 1865 and 1874, and then the increases were £819,000 and £816,000 respectively. The recent recovery has been £205,000 in three years. In the former crisis—1860–63—it took eight years to recover, and it was not until 1870 that the amount in 1859 was reached.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from July No., page 75.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
NEW YORK CITY		Jas .O'Connor, Son & Co	....
DAKOTA	Springfield	Bank of Springfield ...... (Geo. W. Snow & Co.)	First Nat'l Bank, *Chicago.*
ILL	Biggsville	First National Bank	....
	$50,000	H. M. Whiteman, *Pr.*	J. E. Barnes, *Cas.*
"	El Paso	National Bank of El Paso,	....
	$50,000	Abr. S. McKinney, *Pr.*	Samuel T. Rogers, *Cas.*
IND	Bedford	Indiana National Bank	United States National Bank.
	$50,000	Archibald C. Voris, *Pr.*	Thomas H. Malott, *Cas.*
IOWA	Albia	Albia National Bank	....
	$50,000	William Bradley, *Pr.*	J. R. Hays, *Cas.*
"	Rolfe	Lee & Lamb	Traders' Bank, *Chicago.*
"	Silver City	Silver City Bank	Union National Bank, *Chicago.*
	$25000	C. G. Greenwood, *Pr.*	W. B. Oaks, *Cas.*
KANSAS	Hanover	Taft & Goodrich	Kountze Brothers.
"	Strong City	Strong City National B'k.	....
	$50,000	Stephen F. Jones, *Pr.*	Edward A. Hildebrand, *Cas.*
MD	Havre de Grace	First National Bank	....
	$60,000	Arthur Vosbury, *Pr.*	R. K. Vanneman, *Cas.*
MINN	Alexandria	First National Bank	....
	$60,000	F. B. Van Hoesen, *Pr.*	G. B. Ward, *Cas.*
"	Anoka	Anoka National Bank	....
	$100,000	Wm. D. Washburn, *Pr.*	C. S. Gudemin, *Cas.*
"	St. Cloud	German-American Nat'l B'k.	....
	$50,000	Charles A. Hull, *Pr.*	Edgar Hull, *Cas.*
MO	Carthage	First National Bank	....
	$100,000	Wm. E. Brinkerhoff, *Pr.*	Victor A. Wallace, *Cas.*
"	Springfield	Exchange Bank	(To commence August 15.)
	$50,000	John B. Noland, *Pr.*	W. G. Porter, Jr., *A. C.*
MONT	Livingston	First National Bank	Mercantile National Bank.
	$50,000	C. Livingston, *Pr.*	Fred. Ward, *Cas.*
NEB	Wilber	First National Bank	American Exchange Nat'l Bank.
	$50,000	Oliver H. Patch, *Pr.*	John S. Edwards, *Cas.*
N. J.	Bridgeton	Bridgeton National Bank.	....
	$100,000	Thomas U. Harris, *Pr.*	James W. Frenchard, *Cas.*
N. Y.	Norwich	Chenango National Bank.	....
	$100,000	Cyrus B. Martin, *Pr.*	Henry T. Dunham, *Cas.*
"	Owego	Owego National Bank	....
	$50,000	George B. Goodrich, *Pr.*	Clarence A. Thompson, *Cas.*
OHIO	Chillicothe	Central National Bank	....
	$100,000	Thomas G. McKell, *Pr.*	Theodore Spetnagel, *Cas.*
"	Greenville	Second National Bank	Hanover National Bank.
	$100,000	William K. Kerlin, *Pr.*	Robert A. Shuffelton, *Cas.*
"	TippecanoeCity	Tipp National Bank	Continental National Bank.
	$60,000	Samuel Sullivan, *Pr.*	A. W. Miles, *Cas.*
S. C.	Columbia	Commercial Bank. (Commence Sept. 1) Cadwallader J. Iredell, *Mgr.*	Nat'l B'k Republic.
TEXAS	Dallas	Dallas National Bank	Seaboard Bank.
	$150,000	Charles Wheeler, *Pr.*	E. M. Reardon, *Cas.*
"	Greenville	First National Bank	Hanover National Bank.
	$50,000	Thomas H. King, *Pr.*	George M. Oneal, *Cas.*
"	Mexia	First National Bank	....
	$50,000	William Hamsler, *Pr.*	W. L. Murphey, *Cas.*
WIS	Arcadia	Bank of Arcadia	National Park Bank.
		J. Gillespie, *Pr.*	J. M. Higbee, *Cas.*
"	Stevens Point	First National Bank	....
	$50,000	A. E. Bosworth, *Pr.*	A. E. Morse, *Cas.*

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from July No., page 74.)

NEW YORK CITY...... Lincoln National Bank; removed to 42d Street, near Vanderbilt Avenue.
" " " .... Budge & Goldschmidt; now H. P. Goldschmidt & Co.
" " " .... W. H. Goadby & Co.; admit Edward Bement.
" " " .... Hallgarten & Co.; dissolved. New firm, style same.
COL.... Leadville...... Bank of Leadville; assigned.
" .. Saguache...... San Luis Valley Bank; discontinued.
DAKOTA Huron......... Beadle County Bank; now Beadle County National Bank. Same officers. $50,000.
" .. Lisbon .... Bank of Lisbon (Kindred, Green & Co.); now Green & Kindred.
ILL..... Wenona....... Howe, Hodge & Co.; now Peter Howe & Sons.
IOWA... Alta............ James F. Toy; succeeded by (Branch) Farmers' Loan and Trust Co. F. B. Browne, *Cas.*
" .. Nora Springs.. Exchange Bank (A. B. Tredway); now E. S. Wheeler.
" .. Sioux Rapids... Hoskins & Toy; succeeded by (Branch) Farmers' Loan & Trust Co. J. F. Harshberger, *Cas.*
" .. Storm Lake... Farmers & Merchants' Bank; succeeded by Farmers' Loan & Trust Co. Incorporated. W. H. Hoopes, *Pres.* James F. Toy, *Tr.* R. H. Brown, *Cas.* $150,000.
KAN.... Belleville...... George N. Davis & Bro.; now Davis, Steele & Co.
" .. Sabetha .... Citizens' Bank; now Citizens' National Bank. Same officers. $50,000.
" .. Strong City... Strong City Bank; now Strong City National Bank. Same officers. $50,000.
MASS... Lawrence...... Pacific National Bank; Capital to be increased to $150,000, payable, in full, on October 1.
MICH... Vassar .... T. North & Son; succeeded by First National Bank. Same management. $50,000.
MINN... Alexandria..... Bank of Alexandria; now First National Bank. Same management. $60,000.
" .. Chatfield...... O'Ferrall & Trego; succeded by Onstine & Doud.
MO..... Carthage...... Traders' Bank; now First National Bank. Same officers. $100,000.
NEB.... Chester........ Thompson & Dinsmore; now James Dinsmore.
" .. Fairbury....... Farmers and Merchants' Bank; now First National Bank. Same officers. $50,000.
" .. Hebron........ W. J. Thompson & Co.; now Exchange Bank Company. Same management.
" .. Lincoln........ Marsh Brothers, Mosher & Co.; succeeded by Marsh National Bank. Same management. $100,000.
" .. McCook........ Bank of McCook (Taylor & Meserve); succeeded by State Bank of McCook (incorporated.)
" .. Minden........ Kearney County Bank (Kent, Palmer & Co.); now Kent & Palmer.
OHIO... Paulding ...... Jay Olds & Co.; suspended.
PENN... Philadelphia... Ashton Coates & Co.; suspended.
" .. " .... Work & Co.; dissolved.
TENN... Nashville...... Merchants' National Bank; voluntary liquidation.
TEXAS.. Burnet......... W. H. Westfall & Co.; succeeded by First National Bank. Same management. $50,000.
" .. Goliad......... Boyd & Sibley; now Boyd & Boyd.
WYOM.. Cheyenne...... Stebbins, Post & Co.; now Morton E. Post & Co.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from July No., page 71.)

	Bank and Place.	*Elected.*	*In place of*
COL....	First National Bank, Central City.	Otto Sauer, *Pr*..........	J. A. Thatcher.
		C. W. Ladd, *V. P.*......	O. Sauer.
		Harry Lake, *A. C.*......	....
″ ..	First National Bank, Trinidad.	Daniel L. Taylor, *Pr*....	G. R. Swallow.
		George R. Swallow, *Cas*.	W. Saeger.
		S. B. Brown, *A. C.*......	E. D. Wight.
DAKOTA	Beadle County National Bank, Huron.	R. W. Holmes, *V.P.*....	....
		Leon L. Stevens, *A. C.*..	....
″ ..	First National Bank, ″ ...	W. N. Coler, Jr., *V. P.*..	....
″ ..	First National Bank, Mitchell.	John D. Lawler, *Pr*.....	S. F. Goodykoontz.
		M. H. Rowley, *V. P.*....	J. D. Fegan.
GA.....	Nat'l Exchange B'k, Augusta..	Charles E. Coffin, *Cas*...	J. S. Bean.*
ILL....	Freeport National Bank.......	O. B. Sanford, *V. P.*....	....
″ ..	Second National B'k, Galesburg.	John G. Vivian, *A. C.*...	....
″ ..	La Salle National Bank......	K. O'Brien, *V. P.*.......	G. M. Murphey.
		G. M. Murphey, *Cas*.....	W. G. Reeve.
IND	First Nat'l B'k, Indianapolis...	J. L. Ketcham, *V. P*....	....
IOWA...	First National Bank, Davenport.	J. E. Stevenson, *V. P.*...	L. Schricker.
″ ..	First National Bank, Elkader..	Henry Meyer, *Cas*.......	E. V. Carter.
″ ..	Knoxville National Bank	J. S. Cunningham, *V. P.*	....
″ ..	Osage National Bank..........	J. H. Brush, *A. C.*......	....
″ ..	First Nat'l B'k, Storm Lake....	Joseph Sampson, *Pr*....	J. Harker.*
KANSAS.	First National Bank, Abilene...	J. E. Martin, *A. C*......	....
″ ..	First National Bank, Frankfort.	J. T. Phinney, *Cas*......	J. S. Warden.
		A. B. Pomeroy, *A. C.*....	J. T. Phinney.
″ ..	First National Bank, Garnett.	W. H. Conover, *Pr*.....	....
		R. H. Moore, *V. P.*.....	....
MD.....	Nat'l Exch. B'k, Baltimore ..	J. Scott, *Acting Cas.* during absence of *Cas.*	
″ ..	Second Nat'l B'k, ″ ..	C. C. Horner, *Acting Pr.* during abs. of *Pr.*	
″ ..	Washington County Nat. B'k, Williamsport.	J. H. Motter, *Cas*........	E. G. W. Stake.
MASS..	Holliston National Bank.......	John H. Andrews, *Cas* ..	T. E. Andrews.
″ ..	Merchants' Nat'l B'k, Salem...	Henry M. Batchelder, *Cas.*	....
″ ..	Salem National Bank..........	Joseph W. Lefavour, *V.P.*	....
″ ..	Watertown Savings Bank....	Alfred Hosmer, *Pr*......	....
		John K. Stickney, *V. P.*.	....
″ ..	Hampden Nat'l B'k, Westfield.	Charles L. Weller, *Cas*..	....
MONT ..	Montana Nat'l Bank, Helena..	A. G. Clarke, *V. P.*.....	....
NEB....	First National Bank, Fremont..	D. A. Lumbard, *A. C.*...	....
N. Y....	Sherburne National Bank......	Homer G. Newton, *Cas*..	H. T. Dunham.
N. C....	B'k New Hanover, Wilmington.	Isaac Bates, *Pr*..........	C. M. Stedman.
OHIO...	First National Bank, Athens...	D. H. Moore, *Cas*.......	....
″ ..	First National Bank, Bellevue..	Amos Woodward, *Cas*...	E. H. Brown.
″ ..	First National Bank, Eaton..	C. F. Brooke, Jr., *Cas*...	J. A. Du Sang.
		A. Edgar Hubbard, *A. C.*	....
″ ..	Merchants' Nat'l Bank, Lima..	R. W. Thrift, Jr., *Cas*...	O. B. Selfridge.
″ ..	First National Bank, Springfield.	B. H. Warder, *Pr*.......	J. Ludlow.
		J. H. Thomas, *V. P.*....	B. H. Warder.
PENN...	Allentown National Bank......	E. Rehrig, *Pr*...........	W. Saeger.
″ ..	National B'k of West Chester.	Paul F. Whitehead, *Cas*.	W. W. Jeffris.
		I. Carie Carver, *A. C.*....	P. F. Whitehead.
S. C....	Carolina Nat'l Bank, Columbia.	Wilie Jones, *Cas.* (Sept. 1)	C. J. Iredell.
″ ..	Merchants' and Planters' National Bank, Union.	H. L. Goss, *V. P.*.......	T. B. Jeter.

* Deceased.

	Bank and Place.	Elected.	In place of
TENN..	First National Bank, Nashville.	Thomas Plater, *V. P.*	J. C. Warner.
		W. F. Bang, Jr., *A. C.*	L. R. Eastman.
" ..	Third National Bank, "	Edgar Jones, *Cas.*	A. W. Harris.
TEXAS..	First National B'k, Gainesville.	F. M. Dougherty, *Pr.*	L. G. Cairns.
VA.....	Planters' Nat'l B'k, Danville.	W. F. Cheek, *Pr.*	W. D. Bethell.
		W. P. Bethell, *V. P.*	W. F. Cheek.
		W. J. Fowlkes, *A. C.*	....
" ..	Bank of Warren, Front Royal..	W. P. King, *Cas.*	J. H. French.

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from July No., page 72.)

No.	Name and Place.	President and Cashier.	Capital.
2987	First National Bank, Vassar, MICH.	Townsend North, Frank North.	$50,000
2988	Marsh National Bank, Lincoln, NEB.	Charles W. Mosher, Richard C. Outcalt.	100,000
2989	Beadle County National Bank, Huron, DAKOTA.	Everell F. Dutton, Frank E. Stevens.	50,000
2990	Citizens' National Bank, Sabetha, KANSAS.	J. T. Brady, A. C. Moorhead.	50,000
2991	First National Bank, Wilber, NEB.	Oliver H. Patch, John S. Edwards.	50,000
2992	Second National Bank, Greenville, OHIO.	William K. Kerlin, Robert A. Shuffelton.	100,000
2993	Central National Bank, Chillicothe, OHIO.	Thomas G. McKell, Theodore Spetnagel.	100,000
2994	First National Bank, Fairbury, NEB.	John A. Buckstaff, Daniel B. Cropsey,	50,000
2995	First National Bank, Alexandria, MINN.	F. B. Van Hoesen, G. B. Ward.	60,000
2996	Owego National Bank, Owego, N. Y.	George B. Goodrich, Clarence A. Thompson.	50,000
2997	National Bank of El Paso, El Paso, ILL.	Abraham S. McKinney, Samuel T. Rogers.	50,000
2998	First National Bank, Greenville, TEXAS.	Thomas H. King, George M. Oneal.	50,000
2999	Bridgeton National Bank, Bridgeton, N. J.	Thomas U. Harris, James W. Frenchard.	100,000
3000	Anoka National Bank, Anoka, MINN.	William D. Washburn, C. S. Gudemin.	100,000
3001	First National Bank, Stevens Point, WIS.	A. E. Bosworth, A. E. Morse.	50,000
3002	Strong City National Bank, Strong City, KANSAS.	Stephen F. Jones, Edward A. Hildebrand.	50,000
3003	First National Bank, Biggsville, ILL.	H. M. Whiteman, J. E. Barnes.	50,000
3004	Tipp National Bank, Tippecanoe, OHIO.	Samuel Sullivan, Ahijah W. Miles.	60,000
3005	First National Bank, Carthage, MO.	William E. Brinkerhoff, Victor A. Wallace.	100,000
3006	First National Bank, Livingston, MONT.	Crawford Livingston, Fred. Ward.	50,000

No	Name and Place.	President and Cashier.	Capital.
3007	First National Bank............ Burnet, TEXAS.	W. H. Westfall, W. H. Hotchkiss.	50,000
3008	Dallas National Bank.......... Dallas, TEXAS.	R. V. Tompkins, *V. P.*, E. M. Reardon.	150,000
009	German-American Nat'l Bank... St. Cloud, MINN.	Charles A. Hull, Edgar Hull.	50,000
3010	First National Bank............ Havre de Grace, MD.	Arthur Vosbury, R. K. Vanneman.	60,000
3011	Chenango National Bank...... Norwich, N. Y.	Cyrus B. Martin, Henry T. Dunham.	100,000
3012	Albia National Bank........... Albia, IOWA.	William Bradley, J. R. Hays.	50,000
3013	Indiana National Bank......... Bedford, IND.	Archibald C. Voris, Thomas H. Malott.	50,000
3014	First National Bank............ Mexia, TEXAS.	William Hamsler, W. L. Murphey.	50,000

OHIO LIFE INSURANCE AND TRUST CO.—In July the account of James P. Kilbreth, trustee of the Ohio Life Insurance and Trust Company, was filed in the Probate Court in Cincinnati. The company assigned for the benefit of the creditors in the year 1858. The account is voluminous, and carefully and systematically presented. It embraces over one hundred pages in all its details. The summary shows the following, which will be of interest to the thousands of creditors:

Total receipts..	$1,234,540 10
Dividends paid and to be paid upon this account......	644,884 46
Other claims paid..	369,045 01
Total amount paid creditors of all classes.............	$1,013,929 47

The total percentage of receipts paid to creditors is 82.13.

The expenses of the trust were as follows:

Law expenses..	$87,279 51
Compensation of Trustees..............................	76,146 83
Miscellaneous expenses................................	57,184 29
Total..	$220,610 63

There remains in the hands of the trustee $34,351.25, to be distributed in dividends amongst the holders of the outstanding certificates, which amount to $361,320.82. This yields a final dividend of 9½ per cent., which, with the dividends previously declared, makes the total dividend paid to unsecured creditors about 46½ per cent.

In his report Mr. Kilbreth says: "There probably never was a great failure in this country, in which the complications were so all-pervading, and where the assets were of such uncertain value, and so hard to reach."

"The cash turned over to us by the assignees was only $47,790.94, after an administration of more than a year, the available assets being almost entirely gone, and every account of importance tied up in litigation in a number of States and in Europe, but chiefly in New York City. It soon became evident that a forced and hurried liquidation would yield to unsecured creditors a meager pittance, perhaps ten per cent., and that the only hope lay in patiently seeking to unravel complications, resist unjust demands, and pursue with diligence all legal remedies. Uuder these discouragements the entire receipts have reached to $1,234,540.10, out of which the unsecured creditors will receive $644.884.46, more than four-fifths of which they have received many years ago. The total dividend for this class of creditors will be forty-six and a-half per cent."

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of July has neither been one of realization of the hopes entertained of it in June, or of promise for the coming month. The "Fourth of July" boom, that was to have let the bulls out of their heavy loads, at a profit, or without loss, proved to be a boomerang. It had been more than discounted in June. Hence we have had declining markets as a rule for the greater part of July. This was the tendency, especially during the first half of the month, and before the telegraph strike entered, as the predominating element in financial and commercial affairs. That tendency was the result of natural causes. The strike suspended their operation in part, or wholly, and substituted artificial ones in their stead. The situation of the markets at the close of the month, therefore, is complicated by this vexed and still unsettled element, which, although purely an outside one, is more potent and universal in giving direction to prices, in the immediate future, than any other—possibly than all others. Other outside influences have also played an important and at times controling part in some of the markets. Yellow fever at Southern ports, and the fear of its spread inland, broke provisions very severely early in the month, and this danger still hangs over that market, liable at any moment to rob it of all the improvement gained in the latter half of the month. Cholera in Egypt and its probable spread to India and Europe, has been at times the chief factor in the wheat market, as such extension of its terrible ravages would result in the closing of the Suez Canal, aud three months' delay to sailing vessels and one month to steamers bringing Indian wheat to Europe, by sending them around the Cape of Good Hope, if not in stopping all shipments from India, which would throw Europe upon America to make up this deficit. On the other hand, the demoralization to all business that would follow its spread to Europe, was a depressing influence on wheat which counterbalanced at times the bullish effect of the prospective cutting off of Indian supplies. With these two staples—hog products and wheat—thus largely controlled by these purely accidental and extraordinary influences, the balance of the breadstuffs and provision list has closely sympathized.

The petroleum market was also adversely affected by one of these three outside elements—the telegraph strike—but rebounded when it was ended, so far as that trade was concerned, by the resumption of the Rapid Telegraph Company, whose lines extended into the oil regions. Dairy products were affected in the same way as other produce markets by the strike, though to less extent, as the business in options is light in this trade. Cotton and coffee have been affected very little, if any, because the cable service has not been interrupted, and those markets depend more upon foreign news and quotations than upon domestic. The stock market, however, has been in a state of suspended animation since the strike began, as Western Union stock has been the key of the market, and more immediately and seriously affected by the strike than anything else. Its revenues are not only cut off, but the little business done is at a loss, entailing, as estimated by good judges, and from their annual gross earnings for 1882, a loss of fully $50,000 per day, and $300,000 per week, or at the rate of $15,600,000 per annum, while their largest gross earnings have been only about $18,000,000.

The June boom in stocks on the "improvement in the iron trade" has since proved fallacious, in the frequent and large failures of iron manufacturers, and the suspension and curtailed production of others, owing to the fact that the railroads are not replenishing their rolling stock, nor even keeping up their tracks or equipment, on account of financial embarrassments or in order to keep up unearned dividends. The former is true of nearly the whole Gould system, and the latter of even the best of the Vanderbilt roads, the New York Central, whose rolling stock is admittedly bad, and whose dividends, on, so good an authority as Poor, we are told, are not earned. Good crop prospects are the only bright spot in the Wall Street horizon, and these have improved the past month, giving us promise of nearly an average wheat crop, though 75,000,000 bushels less than the big crop of last year, with 80,000,000 bushels of the old crop to carry over, however, which gives us about the same supply as for 1882, or 500,000,000 bushels. The prospects of the oat crop are for 500,000,000, or 25,000,000 bushels more than a year ago; of a corn crop of nearly 2,000,000,000 bushels, or 375,000,000 bushels more than in 1882, as big crops of rye and barley, enormous cotton, hay, potato and root crops, more hogs, cattle and sheep than in two years past, with a shortage only in apples and a few of the minor crops. These are, on present conditions, although with late copious rains there is less danger to the crops, not yet matured, than usual, and they may all be considered virtually safe except corn and cotton and those also, barring early frosts. The business of the railroads, therefore, for another year, promises larger than for the present one. The only trouble is that there has been an over-production of roads until the biggest crops do not employ them all.

There is this further in favor of them, however, that general business should be better this year than last, as it takes two good crop years to repair the losses of one bad year, which we had in 1881, and the West bound business as well as the East bound should be much better than a year ago, and may help put the weak and waterlogged roads on their feet again.

This insures, at same time, prosperity in the agricultural States and to the commerce of the country, both home and foreign, which in turn will stimulate demand for manufactured goods of all kinds to repair, restore and replenish the last two poor year's wear and tear. This will be a spending year in those States rather than one of retrenchment and economy, all due to two good crops in succession.

The bugbear of a tight money market next fall, based upon an extraordinary demand to move these enormous crops, is hardly warranted, for the reason that there will be less rush of crops early this year than for the past five years. Usually at this season exporters have bought millions of our new crop of wheat for August, September and October shipment, which compels its early movement. This year they have not bought a bushel for two reasons; our speculators got up a short-crop scare and run up the late options or new crop, several cents higher than cash wheat, whereas the reverse is usually the case. The other reason is that Europe has replenished her reserves this year for the first time after her past four short-crop years. Great Britain will have some

34,000,000 bushels of wheat and flour to carry into new crop this year, when she has not had over 10 to 12,000,000 in the past four years. Other importing countries are in the same condition, with average crops of home-grown wheat. Hence the demand for our surplus will not be so large at the beginning of the crop as usual and our crops will move more uniformly through the year, the farmers holding more than the usual proportion of these till Europe wants them. Hence we do not agree with those who look for such a tight money market this fall unless for other reasons than moving the crops. Besides the call of the Treasury of over $30,000,000 bonds for October 1, is something that had not been expected since the reduction of revenue by the new tariff, and puts in circulation nearly the whole enormous balance that has been lying idle in the Treasury for several years past.

Money still continues as easy as ever without sign of increasing demand, as there is less locked up in produce by speculators than usual, although stocks are large, for prices are low since the late liquidation in Chicago, and less is locked up in margins, as that collapse has checked speculation in everything and liquidation has taken its place. McGeoch's lard pool have settled up at fifty cents on the dollar within a month of its failure, and a better export and home consumption of hog products at the decline of forty per cent. in values has followed, which has restored temporary confidence in that trade, Yellow fever being the chief bugbear in the near future and a big supply of hogs over the later options, and next Fall when much lower prices are looked for. The dark spot outside of Wall Street is in the continued failures throughout the country in excess of last month and last year, largely in the Eastern or manufacturing States, and in the liquor trade, owing to the prohibition against exporting and re-importing it in bond to postpone payment of tax to the Government. But the good crops and a better Fall trade in consequence should lessen these failures in a couple of months more at farthest.

The dairy interests have had a slow dragging market for July, and so far as butter is concerned the speculators are the cause and the chief sufferers, as they have put up the price three cents in this market and piled away some 175,000 packages in cold storage in this city, costing them twenty-one to twenty-two cents, for which they could not get over nineteen to twenty cents if put on the market for export. Meanwhile the farmers of this State are repeating their last year's folly in holding back and playing into the hands of the speculators and butterine and oleomargarine manufacturers, by keeping up the price when it is profitable for them to manufacture. The Western dairymen, however, are wiser, and having lost their California market this year they are selling as fast as they make to the Eastern speculator, as the flush feed throughout the country, including California as well as Europe, is making production of butter the world over greater than ever before. Cheese is in the same boat, except that it has not been held back, and consequently has not accumulated here.

Petroleum would not go up while the old Wall Street and Pittsburgh syndicate had 12,000,000 barrels. crude, and the market went down until they sold out and touched the dollar line before it reacted, and even for a moment went to ninety-seven and seven-eighths cents. Then the field got bullish on declining production in the old oil territory, without enough increase in new to compensate and not much prospect of it, and with the aid of the trade here put the market back the last few days of the month sharply to $1.11 and over, on large trading. The Standard Company and Sage and Keene are supposed to be in this move. But above $1.10 and $1.15 the market has not held since Cherry Grove dried up, and below $1 it has not stayed any length of time, indicating between $1 and $1.10 as about its value. The iron trade has been talked up, and on the New York Metal Exchange it was marked up a little early in the month on some Wall Street purchases for its "moral effect" on the stock market, which scared in some "shorts" to "cover," but since then it has relapsed into dullness with little change in prices, as the curtailment of production by failures of manufacturers and idleness of others has stopped accumulations.

There has been a little spurt in tin on the New York Exchange of about the same nature.

Cotton has gone steadily down, in absence of Liverpool demand, as spinners there had more reserves of cotton from last year than expected, while cholera in Egypt demoralized the trade with that country and India in fabrics, which have tended downward. Our stocks here and South have been too large, our spinners doing little, as their demand for goods is light and at unsatisfactory prices, while the prospects of a new crop are for one as big as last year, in spite of a little drought scare and worm in the Eastern Gulf States.

The woolen trade is in a still worse condition from over-production and lack of demand, both of which combine to make things pretty blue, but without important failures.

Coffee has not been active the past month and prices have fluctuated but little, as home trade has been light and the receipts at Rio have been free, while speculation has fallen off in this as in other markets. The situation is rather mixed and unsatisfactory at the close of the month, and August does not look like much improvement. But when summer vacation is over, crops begin to move, railroads do a better business, strikes are settled, manufacturers resume, and exporters take our staples more freely (unless speculators hold them too high) we should have a good Fall trade, at cheap prices, with increased consumption.

At the close of two weeks' stubborn contest the telegraph strike is no nearer settlement than at its commencement. The business of the Western Union Co. was taken on the last Saturday and Monday of the month without the "subject to delay" notice, which looked as if the ranks of the strikers were broken. But on Tuesday the blockade occurred and messages from Philadelphia to New York came by mail, and Chicago dispatches were twelve hours or more late. The usual dullness and holiday character of Saturday and Monday in summer had enabled the Company to make this show of improvement, which might effect both the strikers and public opinion which has supported them thus far. On inquiry, however, it is evident that the Company has made no break in the ranks of the operators, and the prospect seems poor of any settlement of the differences for some time yet. What the outcome will be, whether a people's telegraph on co-operative principles, or a Government telegraph, does not seem clear. One thing, however, is sure, the business of the whole country will continue to suffer severely until this blockade is removed. Hence the outlook for the immediate future, and until this cloud is removed, is not at all bright. Fortunately it is in dull summer, else the injury would be fourfold.

The reports of the New York Clearing-house banks compare as follows:

1883.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
June 30...	$328,088,200	$64,189,600	$26,122,800	$324,289,900	$15,642,600	$9,239,925
July 7...	328,653,200	62,799,500	24,431,700	322,348,200	15,612,300	6,644,150
" 14...	329,839,300	64,817,200	25,532,400	327,326,700	15,527,200	8,517,925
" 21...	328,356,100	64,646,700	26,493,900	326,205,100	15,583,400	9,589,325
" 28...	327,250,300	63,130,000	27,103,700	323,575,900	15,378,600	9,339,725

The Boston bank statement is as follows:

1883.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
June 30.......	$144,317,800	$4,909,200	$4,882,900	$87,673,700	$28,916,400
July 7.......	146,591,700	5,111,800	4,383,600	89,910,200	29,012,500
" 14.......	147,714,800	4,995,100	4,199,700	89,765,900	28,829,100
" 21.......	147,164,600	5,171,500	4,339,500	89,713,400	28,833,800

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1883.	Loans.	Reserves.	Deposits.	Circulation.
June 30........	$78,437,321	$20,915,607	$74,392,555	$9,687,433
July 7........	78,852,715	21,451,347	73,447,042	9,591,828
" 14.........	79,142,296	20,959,151	73,490,231	9,577,923
" 21........	79,712,511	19,562,090	71,820,660	9,535,281
" 28........	79,778,802	18,766,498	71,524,064	9,480,256

We append the usual quotations of leading stocks for the month:

QUOTATIONS:	July 7.	July 14.	July 23.	July 31.
U. S. 5s, 1881, Cont...	102½	101	101	—
U. S. 4½s, 1891, Coup.	112¾	112⅝	112⅜	112⅞
U. S. 4s, 1907, Coup...	119	118⅞	118⅝	119⅛
West. Union Tel. Co..	83⅞	80¾	79⅞	80⅝
N. Y. C. & Hudson R.	119⅜	116⅜	115⅜	116½
Lake Shore...........	109⅞	106¾	107¼	108
Chicago & Rock Island	124½	121⅝	121½	122½
New Jersey Central...	88⅜	86	86¼	87½
Del., Lack. & West....	128¼	123⅝	123⅞	125¾
Delaware & Hudson..	109⅝	108¼	109	108¼
Reading...............	59¼	56	56¼	56⅞
North Western........	133¾	128¾	127½	128⅝
Pacific Mail..........	41½	38½	37	37½
Erie..................	37½	35¼	34⅞	35
Discounts	5½ @ 6½	5½ @ 6½	5½ @6½	5½ @ 6½
Call Loans............	2 @ 2½	2 @ 2½	1½ @ 2	1½ @ 2
Bills on London.......	4.84¾@4.89	4.84@4.87½	4.83@4.86¾	4.83@4.86¾
Treasury balances, coin	$115,425,173	$115,649,611	$116,253,986	117,782,127
Do. do. cur.	$8,200,890	$7,939,578	$7,580,552	7,497,376

DEATHS.

BEAN.—On July 10, aged fifty-nine years, JAMES S. BEAN, Vice-President of the Ogdensburgh Bank, N. Y.

CLYMER.—On July 26, aged sixty-two years, WILLIAM H. CLYMER, President of the First National Bank of Reading, Penn.

COUDEN.—On June 24, aged sixty-six years, JAMES S. COUDEN, President of the Morrow Bank, Ohio.

CURTENIUS. — On July 12, aged seventy-eight years, FREDERICK W. CURTENIUS, President of the Kalamazoo City Bank, Mich.

HULETT.—On June 23, aged sixty-four years, S. P. HULETT, of the firm of Hulett & Gaylord, Sodus, N. Y.

MARVIN.—On July 7, aged seventy-two years, CHARLES R. MARVIN, Vice-President of the Brooklyn Trust Co., N. Y.

THE

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THE BUSINESS SITUATION.

Several events have happened in the business world during the month, which are worth more than a passing mention. First is the strike, concerning which we have said something in another place. Then a series of important failures have occurred, both in and outside Wall Street. Many are saying, the crops are abundant, the farmers will have plenty of money, the railroads will do a large business, therefore our future prosperity is assured. But one very important element fs omitted in the calculation which the recent failures among merchants clearly brings to light. It is, that traders are indebted, no one knows how heavily, and are to an unknown extent in such a situation that they must sell in order to raise money to pay their obligations. The recent leather failures show this very plainly. When a trade is in this condition, no matter what other conditions exist, prosperity cannot reasonably be predicted of it. The seller is not master of the situation, on the other hand, he has lost his control; the common saying is, he has lost his grip, and as long as it is lost there can be no certain prosperity. The selling class who are obliged to sell, make prices which are not governed by the cost of production, nor by the ordinary supply and demand, nor by any other fact than that of the necessity of the seller. This is at present one of the unpleasant features of the situation. There is evidently a very strong desire to push off many kinds of goods, the auctions, the dating of bills a long way ahead, selling on memorandum, and other devices known to the different trades—these are evidences of the anxiety of sellers to realize, and in many cases of their necessity. How great may be the necessity of course cannot be predicted; but so long as buyers have so full control over the market as they have at present there can be no strong feeling of confidence in the future.

Now, with good crops, a large business for transportation companies, which means also their having abundant means to maintain the efficiency of transportation facilities, why are sellers so anxious to part with their merchandise? Why do they put themselves so completely in the hands of buyers?

Two answers may be given: first, that production outruns the present capacity to consume; and secondly, that many are in such a situation as to necessitate selling, in order to get money to pay their debts. So far as the recent failures will relieve the market of persons who were obliged to sell, trade will doubtless be benefited, because those who are independent will then be able to control prices in a larger degree than of late they have been able to do. Whenever buyers have full swing trade is in a bad way; and it is reasonable to believe that the recent failures, by relieving the market of weak houses, who made prices and kept them ruinously low, will have the effect of putting trade more completely in the control of stronger hands who will render it remunerative to all concerned.

The failure of stock speculators has quite different effects. The evil consequences are not so widespread or important. They form a class by themselves, and the more perfectly separated they are from other people the better. It may be said, however, that great as has been the decline in stocks, there is no reason why the prices of many should not fall much lower. By no facts or argument can it be shown that Erie, or Reading, or many other non-dividend-paying stocks which might be mentioned, are worth a fig, and the sooner they are all sunk out of sight the better. So long as a purely artificial value is given to them, so long do they injure in many ways the entire list of sound stocks. Of course, this ought not to be so, but it is the fact. The "liquidation," of which we are hearing so much just now, ought to continue until all the non-dividend-paying stocks, or which are never likely to pay, are liquidated out of existence, and then persons would have more confidence in buying, prices would rise, and a more hopeful feeling would generally prevail. Nothing is more certain than that while tares are mixed with wheat in the stock list, the price of the wheat will be much less than would be the case were the tares extracted and burned.

MUTUAL BANK PROTECTION.

The Boston *Advertiser* recently published a timely editorial on the foregoing subject occasioned by the Shaw failure in Boston. The need of such protection is clearly illustrated by the great failure to which we have referred. It is reported that the Shaws during the war, like thousands of others, made a great deal of money, and could have retired with handsome fortunes. Instead of doing so they extended their business until, at the time of their failure, they had become the largest producers of leather in the world. Their business extended beyond their capital and ability to handle it properly. Yet their credit continued high until the very last. Several months ago one of the partners died, and at that time highly favorable statements were made public concerning the large capital of the firm and the fact that the interest of the deceased member was to remain. "These statements," says the Boston *Commercial Bulletin*, "were accepted as more or less authoritative from the fact that they were given out as emanating from an attaché of a mercantile agency who had the confidence of F. Shaw & Bros., and they were supported by a similar statement of the firm itself on the fourth of January, 1883, showing assets of over $5,000,000, and direct liabilities of only about $700,000." Nevertheless, within a short time after the appearing of this statement the concern fails for $3,000,000, dragging down other firms for perhaps as much more. Among other peculiar features of this failure is that of advances by the customers of the Shaws for leather not delivered. One of these customers, who has since failed, had advanced in notes for merchandise not yet received $400,000.

The methods of this firm were, after all, not very unusual. The *Advertiser* remarks that, "as business is now done, it is very difficult to know how much of commercial paper a business firm has issued, except from the firm itself. But the firm has at times the highest interest in understating the amount of its outstanding notes." Is it any wonder then why banks are getting in the way of lending more and more on stocks. The worth of these they know, and if their value declines they can be sold and the banks escape loss. But the condition of men in business is a matter largely of faith. Banks must trust to statements, just as they did to those of the Shaws. They have no property, nor the title to any, to secure advances.

Formerly when a firm discounted all its paper at a single bank, a better judgment could be formed of its condition than is the case to-day when notes are sold in open market. Most firms which give many notes, negotiate them through bill-brokers or different banks, and they are often widely scattered. This may be an advantage to the party giving the notes, for those purchasing them can form but little idea of the amount that may be in existence. But it increases the risk of the note buyer. Now and then one hears that a firm has a great deal of paper out, but that is about all the information of the kind that can be gathered. All else depends on the statements of the persons who have the paper in circulation.

Of course, the more deeply embarrassed a concern may be, the more strenuous generally are its efforts to deceive and mislead.

In consequence of this state of things the *Advertiser* proposes the following plan:

If the banks of Boston, or, still better, of New England, employed a central agency for keeping an account of the notes issued by business men, and held by the banks, the latter would soon know when business firms have reached the limit of their credit. Such an agency would need the confidence of its correspondents. But it could repay that confidence by stating with precision the amount of notes issued by a firm and held by all the corespondents of the agency. This work cannot be done save in an agency controlled by the banks. If a hundred banks combined in establishing such an agency, each bank might learn at least how much paper the firm of A, B & Co. had in those one hundred banks. Of course, it would be imprudent to state in which banks the paper was held; but the total amount in all the agency banks could be stated to the members for their information and protection.

Of course this work the banks themselves must do if it be done at all. It is not a perfect remedy, but it certainly could accomplish something. As the *Advertiser* says, it might "gather information superior to that possessed by the principal note brokers, and the information of these is very great, as well as very valuable. The banks are at a disadvantage in buying commercial paper, as is now done. They pay out their money, and rely on names, general reputation, and such information as they may have or obtain. They would operate very much more safely if they could learn how much paper issued by one firm was held by the associated banks. But the agency would not succeed, unless supported by the principal banks, extremely well managed, and perfectly organized."

DOMESTIC FINANCE AND TRADE.

The total money value of the exports of breadstuffs, provisions, tallow, and dairy products during the fiscal year ending on the thirtieth of last June, was greater by $11,249,000 than during the preceding year, but was less by $109,470,000 than during the fiscal year ending June 30, 1881, and less by $101,041,000 than during the fiscal year ending June 30, 1880. The crop of wheat in 1882 was the largest ever produced in the country, and the export of that cereal during the fiscal year 1882–3 was correspondingly heavy. If the exports in that year of breadstuffs, provisions, tallow, and dairy products were nevertheless less in money value by more than $100,000,000 than in either of the two years ending June 30, 1881, we may conclude that the great exports of farming products in those years are not likely to be reached, or even approximated, in the money obtained for them, for a long time, if ever. The two years ending June 30, 1881, were years of high prices, as compared either with several years preceding, or with the period since. They were years of remarkably poor general crops in Europe, and, furthermore, we have now more competitors in supplying Europe with breadstuffs than we had then. On the whole, it would seem as if we had passed the maximum of our export of the products of Northern and Western farms. Taking our agriculture as a whole, it is possible that the deficit may be made good by increased sales of raw cotton to foreign countries; but that is subject to many contingencies, such as a fall in price, and competition in other quarters.

In the past history of this country the fluctuations in the aggregate volume and aggregate money valuation of our foreign commerce, in and out, and of the tariff revenue derived from it, have been very great. We have had now four years of large receipts from the Custom Houses, but if we should fall back to the lean receipts of the preceding four years, we could not pay interest on our debt and the current expenditures of the Government on their present scale, with the aid of all the existing internal taxes, without borrowing money. The management of our public finances will require constant prudence and watchfulness. People are apt to imagine that when fiscal prosperity is at the flood there will never be an ebb in it. But an ebb is just as certain as it is in the tides of the ocean, although it does not come with the same regularity as to time.

The real addition to our paper circulation from bank issues is the gross amount outstanding, less the lawful money in the United

States Treasury for the retirement of such notes deposited by banks which have failed, or are voluntarily winding up, or are reducing their circulation. In all those cases the contraction dates from the time of such deposits, although the actual retirement by redemption of the bank notes may be spread over years, and as to some notes which are lost, never will occur.

During the month of July the gross amount of outstanding bank notes was reduced $1,049,015, but the amount of lawful money on deposit for the redemption of the notes of failed, liquidating and reducing banks, was diminished $1,245,730, so that there was an increase of $196,715 in the net amount of the bank-note circulation.

On the fourth of August the gross amount of outstanding bank notes was $355,059,896, and the deposits for the redemption of the notes of failed, liquidating and reducing banks were $35,129,560, thus making the net circulation $319,930,336 after deducting the notes for the retirement of which lawful money is held by the United States Treasury.

It might be said, and with some reason, that an exactly correct statement of the net bank circulation should include the further deduction of the five-per-cent. redemption fund which the law requires all the banks to keep in the United States Treasury.

On the twenty-second of June, the date of the last returns made by the National banks, their aggregate holding of gold certificates was $32,791,590, of which $26,477,760 were held by the National banks in the City of New York.

According to *Poor's Railroad Manual* the floating debts of the railroads in the United States increased during 1882 by the sum of $42,404,965, and their bonded debts by the sum of $352,554,496. The new creations of railroad securities, although large, are not nearly so large as might be inferred from the statements of the new railroad bonds listed at the New York Stock Exchange, many of which are merely substitutions for previously existing bonds.

The amounts of gold coin and bullion and of silver dollars held and owned by the United States Treasury, exclusive of the gold and silver belonging to individuals and represented by outstanding certificates, were as follows (three ciphers being omitted) at the dates named:

	Gold.	*Silver dols.*		*Gold.*	*Silver dols.*
1879, Sept. 30..	$154,987	$30,366	1882, Sept. 30..	$148,140	$28,699
1880, " "	128,160	35,355	1883, July 30..	143,000	39,000
1881, " "	169,552	13,108			

At the end of July the available cash balance as given in the Secretary's monthly statement exceeded by $15,000,000 the balance ordinarily held. When the called three and a-half's are paid off in November this extra $15,000,000 will disappear, and there will then probably be an equal decline in the amount of gold held. Whenever the gold falls below $ 100,000,000 the issue of gold certificates will be suspended.

According to figures given by the New York Cotton Exchange, the (so-called) sales of cotton in this city during the last three years amounted to 85,396,900 bales. The actual deliveries were only 1,581,114 bales, all the remainder being gambling transactions in options.

One of our city contemporaries insists that "artificial measures" must be adopted to prevent the outflow of gold. Another insists that "we have in use more currency than can possibly be employed in healthy and legitimate business." It is, however, an established economical doctrine, that if the currency of the country is kept at the metallic standard, the amount of it is automatically regulated by the foreign trade and exchanges; that if there is temporarily too much the result will be a rise of prices relatively to those of the general commercial world and an outflow of coin; that if there is temporarily too little the result will be an inflow of coin; and that, in short, in the language of Francis A. Walker, "prices regulate the territorial distribution of money" in the end, and that it is quite beyond the reach of "artificial measures" of any kind, so long as specie payments are maintained.

FOREIGN FINANCE AND TRADE.

Scotland vies with England in piling up local municipal debts. The amount at the end of the British fiscal year 1881–2 was £ 17,641,664, having been increased during the year by the sum of £ 627,460. The taxes levied in Scotland for local purposes are £ 3,049,864, or about fifteen million dollars.

A correspondent of the London *Economist* points out that, deducting gold held against currency notes, the Scotch banks have gold to the amount of only one-third of one per cent. of their deposits, the English banks to the amount of only two per cent., and the Irish banks to the amount of only four per cent. If it is true, as Mr. Goschen says it is, that the commerce of Great Britain rests on gold, the support which upholds it is a very attenuated one.

The London *Economist*, of July 7, reviewing the course of prices in Great Britain during the first half of 1883, says:

In manufactures, and to a considerable extent in raw materials, there has, in the first half of 1883, been a decline of prices, which, following upon the very distinct and general depression which prevailed during the final quarter of 1882, constituted a fall of somewhat striking importance. It cannot be said, however, that food products are lower during the half year.

It is reported from Brussels that the rents of agricultural lands in Belgium have depreciated twenty-five per cent., which is ascribed there to the influx of American food products at low prices. But there may be other causes. The American Consul at Amsterdam reported last February that there had been "a great depreciation in the value of all kinds of real estate" in Holland.

During the first half of 1883 the British imports of gold were £3,063,944, and the exports £3,292,445, showing a net export of £228,501.

The British export of silver bullion to the East was just about the same during the first halves of the years 1882 and 1883. The gold values of silver exports were $14,489,360 to India, and $1,621,500 to China, during the first half of 1882, and $14,158,945 to India, and $1,879,325 to China during the first half of 1883.

The question of resuming the sales of silver, suspended in May, is being agitated somewhat in Germany, but it is not believed that Bismarck will take any present step. The London *Economist* advises the Germans to wait and see what is done by the Latin nations when the Latin Union Treaty becomes terminable at the pleasure of any one of the parties to it, which will be on the first of January, 1886.

The London *Economist*, of June 16, stated that the Dutch Cabinet had introduced into the Chambers a bill to empower the Finance Minister to buy up not exceeding $5,000,000 of Dutch silver coin, melt it into bars, and sell it, "when and in so far as he, with a view to the condition of the currency, may deem advisable." We have not seen in later numbers of the *Economist*, or elsewhere, any account of the action of the Chambers upon this bill, if, indeed, any action upon it has been taken. The gold in the Bank of the Netherlands, which had fallen to less than one million sterling a few months ago, is now nearly four millions, and it may be that this increase is regarded as making the proposed bill unnecessary.

The London *Economist*, of July 28, says that "the South African press is nearly unanimous in speaking of the reports of the Transvaal gold discoveries as greatly exaggerated." The Natal *Mercury*, quoted by the *Economist*, says, nevertheless, "that no one doubts that gold exists — we might, indeed, say abounds — among the tablelands and in the valleys of the mountain ranges near Lydenburg." It will evidently be some time yet before any certainty will be reached as to the amount of gold to be expected from the Transvaal, but there seems to be no doubt that there is a good deal there.

In the Province of Nova Scotia the deposits in the Dominion

Government Savings banks, which allow interest at four per cent., increased from $ 1,256,529 in 1873 to $ 5,559,112 in 1883.

The opinions and determination of the British people, in respect to insisting upon a control of the Suez Canal, were doubtless fairly expressed by the London *Times* when it declared (June 2) that England will not permit itself to be hampered by a "pedantic adhesion to the letter of an impossible concession," and that while "the rights of investors will always be scrupulously respected they cannot be allowed to stand in the way of the interests of the Empire and the world."

Under an old French practice the Receivers General in all the departments outside of Paris act as agents for the sale and purchase of rentes, and it is said that the great bulk of the transactions of the agricultural classes in Government securities are made through these channels. In this way it is known whether they are buying more than they sell, and how much. The returns for many years have shown a continual absorption of public securities in the French provinces. During the second quarter of this year, the latest reported, their purchases were eighty-three million francs, and their sales fifty-seven millions.

THE TRADE DOLLAR.

There seems to be a thorough determination in nearly all quarters in this country to get rid of the trade dollars now in existence, and to have no more of them coined. It is doubtful if there was ever any sound reason of public policy for issuing them.

All accounts from China agree that it is by weight that silver is used as money in nearly all parts of it; that the exceptions are only to be found in a few trading ports, where foreign coins, chiefly the Mexican dollars, are to a very limited extent current by tale, and that the circulation of coin in that way is very short-lived, inasmuch as it is the practice of the Chinese bankers to put their *chop*, or mark, on all coins passing through their hands, which are thus soon defaced and reduced to the condition of mere bullion. It was really only as bullion that the Mexican dollar, as the successor of the old Spanish dollar, was accepted by tale. It was unnecessary to weigh it, or to test its fineness by an assay, as both its weight and fineness were well known, and had been found by a long experience to be reliable. Our own trade dollar, so far as it was accepted by tole, was accepted on the same basis. As early as October, 1873, which was just after it made its first appearance in China, the authorities of the provinces, including and adjacent to Canton, had caused it to be assayed at Hong Kong, and issued a proclamation informing the Chinese that 111.6 American trade dollars contained as much fine silver as 100 Haikewan taels and might be safely taken at that relative valuation. It must have been true that the cost of coining the trade dollars, which was paid by the owners of the bullion out of which it was coined, was repaid to them by an increase of value from the certifications of weight and value which was obtained by coining. Otherwise, no bullion would have been brought to our mints for manufacture into trade dollars. There was also, doubtless, some degree of convenience in the operation, but that there was no appreciable profit in it over and above a recoupment of the mint charge for coinage, is shown by the fact that the amounts brought to the mints for coinage were never large.

Neither the ability or desire of the Chinese to buy silver could possibly be increased by changing the form in which it was offered to them, from bars and lumps to coins, and the silver mines of the world, taken as a whole, could gain no larger market in China by coining their product. In fact, no such result as that was claimed. But it was said that silver produced in the United States might, by coinage into trade dollars, take away a part of the Chinese market from the silver produced and coined in Mexico. Clearly that was possible, and as a matter of fact it did take place to some extent, but even if we had accomplished the impossible thing of excluding Mexican silver dollars entirely from the Chinese market, by substituting the American trade dollars, that would have been of no advantage to our silver-mining interest. The price of silver would not have been thereby raised. No new use or market would have been found for it, nor would any existing supply of it have been cut off or reduced. The production of silver by Mexican mines would not have been in any degree affected, and nothing could or would have happened except that so far as less Mexican dollars were sent to China, precisely as many more would have been sent to London, to be diffused over the world from that central point of silver distribution. The competition, as sellers, between mines of silver in this country and mines in Mexico, would have remained as active as before. The effect of that competition upon the price would have been in no degree affected by the past, if it had occurred that we had monopolized the trade of the Chinese by a style of coinage which happened to please some of their special whims and humors. The market for silver is world-wide, and its price results from and is fixed by forces operating everywhere.

The supposition, however, that our trade dollar could ever have monopolized the Chinese market, as against the Mexican dollar, is an absurd and impossible one. Nothing approximating that happened during the time that our mint was open for the coinage of the trade dollar. Nothing can exceed the childishness of the reason assigned for the expectation that our trade dollar would drive out the Mexican dollar, viz., that it weighed 420 grains, while the Mexican dollar, with the same degree of fineness, weighed only 416. The value of silver per grain is the same, whether it is put up in packages (coins) of 100 or 500 grains. It is true that we might command the Chinese market, as against the Mexicans, by selling more grains for the same money, but it is hardly conceivable that the contrivers of the trade-dollar scheme could have intended any such folly as that, and it is certain that the interests of our silver producers would not have been promoted by that policy.

THE TELEGRAPH STRIKE.

Of the many labor strikes during the last ten years, the strike of the Western Union telegraph operators, in many respects, is one of the most remarkable. Usually strikers have only few friends and sympathizers among the employing class, but in this instance, while condemnation was heard in some quarters, it was low voiced and confined within a narrow limit. Now and then a newspaper condemned the movement, but rarely; most of them saw the reasonableness of the demands of the operators and recognized them. The *New York Journal of Commerce*, however, maintained that combinations among employers to depress wages, or among workmen to advance them, were morally wrong, and ought to be suppressed by statute. Nevertheless it admitted that the majority of the writers for the press and many other public teachers conceded the right of workmen to combine together in a strike. And this is certainly the case. The position maintained by that journal is that of the small minority, nor is it, in our judgment, defensible. Of course, strikers often violate the law in destroying property, in coercing others to strike against their will, and for such acts no defence can be made. But when the employees of a company, for example, are dissatisfied with their wages, and at the end of the time for which they are hired decline to work unless a more satisfactory agreement be made, the proceeding is just as lawful and proper as that by which they agreed to work in the beginning. No contract is violated, and the day has passed for taking the ground that a laboring man has no rights which his employer is bound to respect.

Nothing shows the spirit of unfairness with which this matter was discussed by the opponents of the strikers than the claim that by their conduct they injured the people in general, who, forsooth, were an innocent party. Admitting, they said, that the Company was not altogether right, its patrons had committed no wrong, and there was no reason, therefore, why they should suffer. Those who put forth this claim never thought of applying it to the Company itself. And yet any fair-minded person can see that it applied with as much or greater force to the Company than to its employees. Why should the Company, which had been doing the business of rapid communication for the country so long, permit a strike to take place? When a railroad is blockaded by a snow storm the cheapest thing, doubtless, would be to wait a few days for the winds and rains to clear the snow away; but as we all know, the railroads work with great vigor, and often at greatly increased expense, to keep their lines open. In this case the employees of the company did not strike before making their demands known in a rightful manner; the Company knew what would happen if the demands of its employees were not considered. Why, then, should it not be blamed for neglecting to make at least a temporary arrangement with the operators? Why did it not regard the public interest of sufficient importance to make something of a sacrifice? Such action would have commended itself to the public, and proved that the Company was really desirous of promoting the public interest. But from the outset it does not appear that the controlling genius in the Company ever thought of anything except its immediate prosperity. The welfare of the public was left entirely out of sight. If the employees in striking thought more of their own interest than they did those of the Company or of the public, they could truthfully say that they had at least as much regard for the public as the organization which employed them.

One of the most noteworthy developments of the strike was the splendid outburst of the feeling of justice universally exhibited. Business, it is true, was partly paralyzed by the strike, and the delay, vexation and loss were doubtless far greater than is generally known, and yet everywhere the feeling prevailed that the demands of the strikers were just, and that their conduct was considerate. The stories about their cutting wires were evidently without foundation, and invented to influence the public; but their real nature was quickly understood. The conduct of the operators was regarded in a manner so exceptional from that of strikers generally, that it is worth while to inquire a little further why this was the case.

In the first place they presented to the Company a petition, the requests in which were generally regarded as reasonable. No ultimatum was announced, no threat was made, the door for compromise was not closed. Had not the operators a right to present such a petition? Certainly. How did the Company receive it? The Company paid not the slightest attention to it, ignored the committee through which it was presented, and declared its intention of breaking up the organization by which alone its employees could hope to exercise any influence on the Company. No violence or intimidation was exercised toward anyone; a fair, honorable effort was made to get higher wages.

In the next place it is well known that the capital of the Company had been enormously inflated, and that to pay dividends thereon the public and the employees must be alike fleeced, the former by requiring them to pay more than they ought for messages, and the other class by giving them inadequate wages. In 1858 the paid-in capital of the Company did not exceed $400,000, and scrip dividends were made that year of 447.7 per cent. Four years after, in 1862, there was another of 27.26 per cent.; in 1863 there were two more of 133.33 per cent., bringing the nominal capital up to $7,950,700. During this period the Company paid all expenses of operating and extending lines, and divided, in addition to the ordinary dividends, $7,500,000. The New York *Herald*, which recently collected all the facts relating to the profits and issue of stock by the Company, also says that, since its establishment it has issued stock for the purchase of the Pacific Telegraph Company's franchises to the amount of $1,279,260, for the American Company, $11,833,000; for the American Union Company, $15,000,000; for the Atlantic and Pacific, $8,400,000; and for more recent transactions, $15,500,000. Of the $80,000,000 of nominal capital, by far the larger portion is water.

It is on this enormously inflated capital that the Company proposes to make six per cent. or larger dividends. Moreover the Company has not only been making such dividends, but, if its reports are to be trusted, accumulating a handsome surplus. In view of these things the operators concluded that it was time for them to ask for an increase of wages. One of the officers of the Company has been reported as saying that the price of food, rents, etc., has not advanced, and hence there was no reason for advancing the price of wages. But what justification was there for injecting forty millions or more of water into the Company, and exacting such rates from the public as to earn ten per cent. on the nominal amount of capital.

Doubtless the fact that Mr. Jay Gould was the principal owner of the telegraph company was another circumstance which led the people generally to side with the strikers. What his principles and methods are everyone knows. He cares nothing for the public: why should the public care anything for him? For years he has been defying law, and his entire business career is a terrible disgrace to the country. At last he has found out that he is regarded as a public enemy, and his misfortunes are a cause for rejoicing. Not only did the feeling of justice to the strikers lead people to sympathize with them, but it was all the stronger because their chief opponent was the enemy of the people. It is well for him to find out that his great fortune has not brought either friendship or admiration; that he is regarded in his true character, which no wealth or display of magnificence can possibly hide.

Strikes are a very costly remedy. The working man knows this quite as well as his employer. Most of them have failed, many have been unwisely declared; but it certainly is incorrect to pass a single sentence of condemnation on all. Sometimes no other remedy is left to the employee. Unhappily there are other corporations beside the Western Union Telegraph Company which lack intelligence and the spirit of fairness in dealing with their employees. The result of the Western Union strike ought to teach employers to be more considerate than they often are, and treat the demands of their employees, when made in a respectful manner, in a fair and kindly spirit. Dictation on the part of either labor or capital is a thing to be avoided; a spirit precisely the opposite to this should be cultivated. Workingmen are more intelligent than they were formerly, and it is useless to try to deceive them. A spirit of amity and not enmity on both sides should be cultivated. Laborers have just as good a right to combine for their protection as capitalists; but let us believe that as they grow in experience they will use their power more wisely, and seek to promote greater harmony between themselves and those who employ them.

ARBITRATION FOR STRIKES.

The New York *Public*, of July 26, recommends a method of arbitrating differences between employers and workmen, which, if we are able to interpret correctly the somewhat obscure phraseology made use of, is unfair to workmen, and would never be accepted by them.

The *Public* recommends a law, and says that the workmen can, if they will, secure its passage, for three arbiters to determine wages, hours of labor, &c., one arbiter to be appointed by each party, and the third, who will be the actually controlling umpire, if not agreed upon within twenty-four hours by the arbiters selected by the parties, to be appointed by public authority. If the award of such a board of arbiters was legally enforcible it would put the scale of wages into the hands of the Government, that is to say, into the hands of politicians, and this would certainly never be agreed to by employers.

But the idea of the *Public* seems to be that the award of its proposed arbiters should be completely compulsory as against workmen, while the extent of its enforcibility as against employers would amount to practically very little. If workmen disobey the award, or if they strike without first seeking an arbitration, they are to be punished, and of course with sufficient severity to compel them to obey. But as respects compelling employers to accept the award of the arbiters the *Public* proposes nothing, except that the award shall be "final as fixing the responsibility for any failure of public services or any nonperformance of private contract which may result from refusal to accept it." It expressly saves to employers "the power to refuse" to accept it, imposes no punishment for refusing, and gives to workmen no right of action to coerce acceptance. If the employers happen to be common carriers of passengers, goods or messages, and if they happen to be sued by anybody for a failure to carry, they cannot set up the defence that the laborers required to do the work demanded exhorbitant wages, if they were ready to accept the wages awarded by the proposed arbitration. It is, to be sure, probable that such suits would be brought, but it is not certain, and at any rate the bringing of such suits is not a matter within the control of the workmen. Furthemore, the employers have the possible chance of taking away entirely the basis of such suits by procuring their work to be done, at some scale of wages, by other persons than those who had forced them to appear before the proposed arbiters. But inadequate and imperfect as the enforcibility of the award of such arbiters would be against common carriers, the case is still worse in respect to the much more numerous body of employers who are not common carriers. There is nothing in the plan of the *Public* to prevent the owners of cotton and woolen mills, of iron works, of cigar factories, and of all similar establishments, from snapping their fingers in the face of arbiters who may award a scale of wages which they do not like.

Without further enlarging upon the case, it is plain that no plan of legal arbitration between employers and employed is admissible, unless it is as enforcible against one side as against the other. Even if it was made so, workmen might not favor the plan, and it is altogether certain that employers would not.

Some newspapers have suggested that it should be made illegal and punishable for the employees of common carriers to engage in strikes. But it is surely plain that the public authority cannot justly intervene to prevent any classes of workmen from any effort, not in itself morally wrong, to induce their employers to give them an increase of wages, unless it also intervenes to secure to them a scale of wages which it may adjudge to be fair. This proposal is therefore not practicable, because, until all the present conditions of business and production are radically changed, those who hire labor will oppose and defeat any scheme which takes out of the hands of those who pay wages the right to fix their amount. And as long as employers insist upon retaining that right, workmen ought to have the corelative right of refusing to work, if the wages offered are not satisfactory.

While it does not look as if any plan of enforcible arbitration between employers and employed can be established by legislation, there may be voluntary arbitrations, with advisory powers, such as have proved useful in so many instances in England. What is needed is something which may perhaps be properly described as the *spirit of arbitration* as between the contending parties. When that spirit exists, differences can be accommodated in many cases by simple conferences between representative committees from both sides. If, in other cases umpires are needed, such committees can agree upon them without invoking the interposition of the public authority. The direct pecuniary loss to employers, workmen, and the general public by strikes is very great, and the spirit of strife which is engendered by them is, perhaps, a still greater loss. Capital and labor have many interests in common, and it ought to be possible in an intelligent community to keep their relations to each other in the main friendly and harmonious.

MEXICAN FINANCES.

Although Mexico is passing through an epoch of internal development and prosperity never known before, the management of her finances is not yet very satisfactory. A clearly marked improvement in the administration of public affairs has taken place, order has been thoroughly restored, new laws providing for the increase of taxation have been enacted and enforced, nevertheless, the expenditures of the Government exceed its revenue. The President of the Republic is hopeful of a turn in the tide, but so long as the present condition of things remains unchanged, the situation can not be regarded with cheerfulness. An excess of expenditure means new loans and a larger interest account, and ultimately heavier taxes; or, unpaid bills and a prostrated credit. Either view is not favorable to the development, prosperity and happiness of the country.

Another unfavorable sign is the inflation and depreciation of the paper money. Only a few years ago no such money circulated in Mexico. Silver was the sole circulating medium for all sums exceeding five cents, and copper for every smaller sum. But within a few years there has been a large issue of bills by banks established by English, French and Spanish capitalists. The Monte de Piedad, under the favor of the Government, issues bank notes, and near the close of 1881, the Government chartered the "Mexican National Bank," with authority to issue sixty milllon dollars, in paper currency upon the sole security of a capital of twenty million dollars, with a special contract to open a credit in favor of the Government up to the amount of four million dollars a year, with exemption of all its assets from taxation, and with an obligation of the Government to receive its bills, to the exclusion of all others except those of the Monte de Piedad, in payment of public dues. The charter contained also the provision that "every thing being equal, this bank shall be preferred in all negotiations of a banking character—to accomplish which the Government is to inform the bank of the most favorable conditions which may be offered to it (the Government) in every transaction, with liberty to the bank to undertake it on the same terms."

Through these various agencies Mexico is flooded with paper money. The American minister, Mr. Morgan, in 1881, sought to convince the Mexican minister of foreign affairs, of the evils that would inevitably result from a depreciation of the paper. In a dispatch to our Government, the following report of the interview is given.

As an example of the loss which would occur to the Government in such a contingency I cited the case of a Vera Cruz merchant who should receive a consignment of goods, the duties upon which would amount to $100,000. It does not require much of a cargo to pay that amount of duties. He may pay in notes of the bank. Should these notes be at a discount of ten per cent. the merchant will only pay $90,000. The Government owes him, later, a like sum. When it pays him he will exact coin. The loss on both sides to the Government is apparent. The public officer, the army as well, I said to him, would be paid in currency. I asked did he think, if the currency should be at a discount, that payment thereon would be received with thanks by the soldiers, particularly when they saw ordinary creditors of the Government, including those for subventions amounting to some $4,000,000 annually, paid in silver.

As no export duty on the precious metals now exists, silver is exported in a larger quantity than is extracted from the earth, so that the metallic support for the paper money fabric is giving way. Gold is still coined at the Mexican mint, but is never seen in active circulation. Even nickel pieces are driving out the smaller silver coins. The Government is trying to establish a banking system similar to our own; but inasmuch as its success rests on a sound National credit, Mexico must reduce her expenditures and radically change her financial notions in many ways if she expects to be successful in this last undertaking.

BRITISH GOLD COINAGE.

An article in the *London Quarterly*, reprinted in the last number of this Magazine, states that the commonly accepted estimate of the gold coins in and out of the banks in Great Britain and Ireland, is $ 100,000,000 sterling, about one-fifth of it being half sovereigns. In a recent report of a committee of the London Institute of Bankers the same estimate is given as being the common and current one. In neither of these estimates is the gold bullion in the Bank of England—which includes foreign gold coin as well as bars—taken into account. Australian sovereigns and half sovereigns are not treated as foreign coins, but are a legal tender, and in all respects on the same footing as similar coins struck at the Royal Mint in London.

An estimate of one hundred millions sterling of current gold coins in the United Kingdom is considerably higher than that made by Jevons in 1876. Mr. Goschen is quoted as giving an opinion that the quantity has increased thirty millions sterling within the last ten years. The view of so well informed and intelligent a banker is entitled to a good deal of weight, but if it is accurate in this case, either the net import of gold into Great Britain during the last decade must have been greater than the Custom-house figures make it, or the consumption of gold in the arts must have been below what it is commonly supposed to have been.

The gold bullion (foreign coins and bars) in the Bank of England is a variable quantity, but always large, and ordinarily in excess of the sovereigns and half sovereigns held in the same institution, the call for which is only for actual use in the domestic circulation, and is unimportant. There is, since the Bank Act of 1844, no possibility of a panic in respect to the redemption of the Bank of England notes. The calls upon it for gold are from merchants and bankers for export purposes, for which bars and foreign coins are always as good as sovereigns, and frequently better. The statement of the *London Quarterly* that the bank is exposed to heavy demands for sovereigns as distinguished from bars, is shown to be an extraordinary mistake by the very authority which it cites in support of it, being the following, from the report (1881) of the Master of the Mint (the italicizing being ours):

Large sums, amounting probably to £6,000,000, were withdrawn during the year for North and South America, Italy, Egypt, &c., &c. It is to be observed that the greater part of these withdrawals consisted of sovereigns, *the stock of bars having been in August nearly exhausted*. This fact is alone sufficient to show to what large demands the stock of sovereigns in the bank is subject, and how important it is that the Mint should always be in a position to comply at a short notice with the application of the bank for gold coin.

There never was a Master of the Mint in England, or in any other country, who did not profoundly believe that the chief end of man is to coin money. This particular Master of the Mint saw the proof of a necessity for great piles of sovereigns, in the fact that British gold exporters, when the bank's stock of bars was exhausted, called for British gold coins. It is evident enough that nothing ever can happen which will not confirm his belief, that the prosperity of England depends primarily upon keeping the institution under his charge always in the highest state of activity in the conversion of bullion into sovereigns.

In 1881 Mr. Grenfell, who was then Governor of the bank, advised a Parliamentary committee that of £26,356,000 of its gold, £17,181,000 consisted of sovereigns and half sovereigns, which was an unusual and unnecessary quantity, and that it was an opportune time for altering or rebuilding the Mint, as no further coinage of gold would be immediately called for. In fact, no sovereigns or half sovereigns were coined during the years 1881 and 1882. Within three or four months the bank reported the amount of its sovereigns and half sovereigns at £11,000,000, or about half its stock of gold of all kinds.

In this country, gold and foreign gold coins are deposited at the assay offices for coinage, and as soon as the value is ascertained, and without waiting for the actual coinage of the metal, the depositors are paid for it. In this way the Treasury becomes the owner of gold bullion, and frequently of large quantities of it, when the gold importations are in excess of the capacity of the Mint to coin speedily. This gold bullion ought to remain in the Treasury in that form to supply the occasional demands for export, whenever there is in addition a stock of coined gold sufficiently large to supply any reasonably possible demand for domestic purposes, which is the case now and has long been the case. It is an absolutely useless waste to coin the bullion under such circumstances; and in addition to the Mint charges, there is the further expense of moving the metal between the assay offices and the Mints. Instead of being more valuable the bullion is made less valuable for export purposes by coining it. So far as the security and credit of the Treasury are concerned, the bullion is practically money, since there is always the power to convert it into coin if occasion shall arise.

Prior to May, 1882, there was no law under which gold exporters could obtain gold in bars at the Treasury by paying the price of an equal amount of gold in coins. Congress then took the matter in hand, on representations made by the merchants and bankers of New York, and authorized the exchange of bars for money, which have since been made on a considerable scale, whereby trade has been facilitated, while the Government has saved the expense of more or less coining, which would have been not only useless, but worse than useless. What we want now is one more law forbidding the conversion into coin of the bullion belonging to the Government, so long as, in the opinion of the Secretary of the Treasury, the Government is the owner of gold coins enough to meet demands for them. Of course this would leave unimpaired the present right which the private owners of gold bullion have to demand its conversion into coined money. All political parties are promising, as a Presidential election approaches, to retrench expenses. This is not a case where a great retrenchment can be made, but a thoroughly useless expense can be cut off, even if it is not a large one. The Mint can find work enough to do in striking coins which are needed.

A GREAT CANADIAN LAND COMPANY.

The first annual meeting was held in London, in June last, Lord Elphinstone in the chair, of a company organized in England under the name of the Canadian North-West Land Company, for the purchase of five million acres of land from the Canadian Pacific Railway Company, of which one and a-half million acres have been deeded. The sales by the Land Company, which commenced only last November, had amounted, to March 31, 1883, to 65,621 acres, at an average price of six dollars per acre, having been bought at $2.25 per acre. The sales after March 31, known at the time of the meeting, had amounted to 28,434 acres, at an average of eight dollars. The capital of the Company raised and to be raised by calls upon shareholders will be $7,500,000, and the remainder needed to complete its 5,000,000 acre purchase will be raised by debentures. A dividend of five and a-half per cent. was declared on the business done to March 31, 1883. Its lands, selected and to be selected, are partly on or near the main line of the Canadian Pacific Road, but a large body was selected away from that road, to the southwest of Winnipeg, and not far north of Minnesota.

The meeting in London of the English proprietary was very enthusiastic, and could not well be otherwise under the influence of the buoyant and inspiring views of the value of its property which were presented by Lord Elphinstone and other managers, and which were confirmed by the sales so far actually made. The general fertility of the lands in the Northwestern territories of Canada, the rapid progress of the main line and branches of the Canadian Pacific Railway, and the magnitude of the immigration, which were of course dwelt upon, are familiar to the American public. The special points insisted upon by Lord Elphinstone were the character of the immigration, consisting largely of persons from the older parts of Canada, and therefore accustomed to a cold climate and the methods of agriculture required by such a climate, and the probability, and as he thought, certainty of an early overflow into the Canadian Northwest of people from Minnesota and Dakota. This latter part of the observations of Lord Elphinstone will be calculated to lead persons in the United States to think that he is influenced too much by his hopes and wishes. The impression here would be that it must be a long time before there would be any surplus population in the United States to be attracted to Northwestern Canada as purchasers of farming land at six and eight dollars an acre.

One of the speakers at the meeting, a Director of the Company and a resident of Canada, Hon. Donald A. Smith, said that the wheat raised "in Manitoba and in the Northwest of Manitoba" was so much better in quality than wheat "grown further South," as to be "worth eight, twelve, and even fifteen cents more per bushel," and that this would go "a very long way to pay for the additional carriage over the railway." This must be an extreme exaggeration of the superior value of Manitoba wheat, measure for measure, or weight for weight, if indeed it possesses any, as compared with the Spring wheats of Minnesota and Dakota, or with the Fall wheats of Missouri and Iowa.

The progress of the settlement of the Canadian Northwest will be watched by the world with great interest. Without doubt it is capable of sustaining, and will ultimately attract, a great population; but the progress in settling it up is not likely to be steady, but rather to be subject to marked interruptions. It is subject to droughts in the Southern and Eastern parts of it, and there will be failures of crops, which are overwhelming disasters in regions devoted exclusively to agriculture, and must cause discouragements and temporary changes in the currents of migration. There will be times when land will go down in price, and when individuals and companies speculating in them will be making losses instead of gains. The prosperity of that country will be more assured and more stable when its industries are diversified by mining and manufacturing, for which it has many natural advantages.

The special and immediate attraction of the Canadian Northwest being its capacity to raise wheat cheaply and abundantly. it is a circumstance unfavorable to its rapid prosperity that the price of that cereal is likely to be low for a considerable period to come. The great reduction in the charges and in the actual cost of land and sea transportation bring the most distant regions within an economically practicable reach of Western Europe, which is the principal market. India is preparing and is now known to have the capacity to become a large supplier, while the areas of production are being greatly widened in the United States, and to a less degree in Russia, by new railroads. There are enormous regions in Australia and South America, lacking nothing except population, which they are rapidly attaining, to enable them to produce wheat indefinitely. Of the innumerable predictions made by Bright and Cobden when they were urging the repeal of the British corn laws, the one commonly spoken of as having been the most completely falsified by the event was that of Cobden, that if England would only adopt free trade, the whole world would at once follow its example. But, in truth, Bright was less justified in making another prediction, which has proved to be an equal mistake, that the repeal of the corn laws would only cause a cheapening of wheat, and would not cause an increased importation of it.

JEAN-BAPTISTE COLBERT.

There was never certainly a monarch more ambitious of glory than Louis XIV of France, yet it may well be doubted whether he would so readily have gained the surname of *the Great* had not a faithful minister been ever at hand to realize his vague dreams. Aspiring royalty must needs have a solid foundation to build upon, and Colbert was the architect of that foundation for Louis XIV. Posterity seems inclined to glorify the master less, and honor the servant more: while the writings of Louis XIV fill but six small, half-forgotten volumes, Colbert's letters and documents form a stately series of nine large tomes, published under governmental auspices.

Jean-Baptiste Colbert was born at Rheims, August 29, 1619, and was one of nine children. His father and his grandfather had been dealers in cloth, and the memorial stone that marks the house of Colbert's birth to-day is said to conceal the business sign of his immediate ancestors. At the height of his success Colbert laid claim to noble descent from an ancient Scottish family, and an ingenious genealogist was not wanting to equip him with a pedigree; but these pretensions were rarely taken seriously, and were perhaps formulated merely out of deference to his courtly surroundings. Plebeian origin was considered no shame in the family, at least, for Colbert wrote to his son to think what his birth would have made him "if God had not blest my work, and if this work had not been extreme." The Jesuits helped Colbert to a part of his education, which was none too great. A contemporary declares him to have been dull at school, and always among the last of his class. Learning dawned upon him late in life; at fifty years of age a hired professor rode around in his carriage with him to teach him Latin. Some of his early years are believed to have been spent with a Lyons banker, a Parisian notary, and a public treasurer. An uncle was first clerk in the war office, and was related by marriage to Le Tellier, its chief; nepotism was a feature of the ancient régime, so naturally enough Colbert, aged twenty, entered the war department through his uncle's influence. He soon showed the severity in the discharge of his duties that marked his whole career, and in time became private secretary to Le Tellier. Scrupulously honest, Colbert was yet anxious to roll up a fortune; thus, when another uncle turned traitor to the king, a royal order confiscated his property and donated it to — Colbert. In 1649 Colbert was made a councillor of State, the road to honors and dignities now being opened to him. When the civil strife of the Fronde agitated all France, Colbert was the agent between the Secretary of War and the real ruler of the State — between Le Tellier and the Cardinal Mazarin. He did not take to Mazarin kindly at first; waiting in the antechamber a whole morning and having the great man's back turned on him were too much for his peace of mind. Mazarin was more impressed with him, however, and attached him to his service from early in 1651. Before this, in 1648, Colbert had married Marie Charron, the daughter of a member of the king's council, and the happy couple were blessed in time with seven children, at least.

A disastrous turn of affairs forced Mazarin to withdraw temporarily from France, and he left Colbert behind to keep him informed of the course of events. Colbert saw his chance, insisted upon receiving his master's entire confidence, and upon acting as his agent with Anne of Austria, the Queen Regent, and others, and was able to render important service. Mazarin wanted to give him once a thousand crowns, but Colbert estimated his own value higher, and declined them. He soon showed how he wanted to be recompensed: begged one place or living after another for himself and friends, without fear of being importunate. One place he secured gratis in the household of the coming queen, and later sold it, in the fashion of the times, for 500,000 livres, or rather more than two million francs of the present, regard being had to the decline of the purchasing power of money. Thus Colbert became Mazarin's intendant, and continued so to be until the latter's death.

Pnblic opinion made Mazarin out ungrateful; to prove the contrary Colbert was seized with the strange idea of publishing a fulsome letter enumerating the favors he had received at his patron's hands. Colbert was active in remedying the disorder of Mazarin's private affairs, in hawking about the public offices to find the highest bidder, in offering counsel on questions of State, and in attending to the thousand preparatory details of Louis XIV's marriage. Without his indefatigable intendant Mazarin might never have accumulated, by fair means and foul, his immense fortune of fifty millions, whose disposal worried him so as he lay on hls death-bed in March, 1661. Colbert advised him to make a donation of the whole to the king, who would surely return it, and events justified the advice. But for two long days the dying Mazarin was left in suspense, and was heard to exclaim: "My poor family! Ah! my poor family will have no bread!" In his last hours Mazarin recommended Colbert to the king very warmly, saying: "I owe you everything, sire; but I believe the debt is paid in some sort by my giving you Colbert." And again in his will he begged his sovereign to make use of the "very faithful" Colbert.

On his part Colbert was not unwilling to be used; he ingratiated himself into the king's favor at once by revealing where Mazarin had left some fifteen millions in cash, and suggested this sum should go into the royal coffers, thus making Louis XIV master of more money than he had ever seen before. Now that his great minister was dead, the king announced that he would take the reins of Government into his own hands. To Fouquet, the Superintendent of Finances, this was disagreeable news, because he aimed to be Prime Minister. His administration of the finances had been marked by the most profligate disorder; he had stolen boldly from the treasury to satisfy his love of building and women, and to figure as the brilliant patron of literature; he had conarceived a plan to arm his friends for open revolt in case of his arrest; he had not been above taking bribes; moreover, when the King had pardoned the past, his peculations were continued as before. Louis XIV knew that he was deceived, as every evening Colbert went over with him the falsified statements presented by Fouquet, and showed their frauds. The king was also irritated by the more than royal magnificence of the entertainment given him by his faithless superintendent at Vaux, that anticipation of Versailles, where near six thousand invited guests came from all over Europe, and where thirty-six dozens of massive gold plates formed but one item of the boundless extravagance. For several months Louis XIV retained the mask of friendship to Fouquet, while the court speculated whether the victory would remain with Colbert or Fouquet. The question was decided during a royal visit to the provinces, and Fouquet was arrested at Nantes, September 5, 1661.

His trial was dragged out for three years; public opinion hostile to him at first was converted to his favor by the clever pleading of his literary friends, and by discontent at some Government measures. He was sentenced to be banished; Colbert had hoped for the death penalty, but the King changed the banishment to imprisonment for life.

The office of Superintendent of the Finances was suppressed a few days after Fouquet's arrest. Louis XIV, faithful to his maxim, "The State is myself," resolved to be henceforth the keeper of his own purse, and summoned to his aid a council of finance, of which Colbert became the leading spirit, exercising the functions of general comptroller immediately, though he did not receive his commission as such until December, 1665. With the exception of the foreign affairs and war, Colbert in time had charge of all the departments of State; his reforms were so various that they may be better understood by considering separately each field of his activity, instead of attempting a chronological view of his work.

Everyone connected with the finances had plundered the State shamefully. Not content with punishing Fouquet, Colbert instituted a court of justice to bring the lesser offenders to account; it operated for several years, and imposed fines and confiscations amounting to no less than 110 million livres upon some five hundred individuals. Great abuses were attached to the rentes or Government annuities; the funds to pay them were often applied to other purposes; unpaid, they fell in value; sedition broke out among the holders; speculators stepped in to buy them up at a low figure, and bribe the corrupt administration to redeem them. Colbert undertook the revision of these rentes, redeeming some at the low prices they had cost the holders, and arbitrarily retrenching others to half or third of their original value. This disregard of the public credit has been much blamed, but the chaotic confusion resulting from continued financial immorality required more desperate measures than would now be sanctioned. Great was the indignation among the rentiers, and Colbert had to stop short of fully carrying out his plans. Mme. de Sévigné says the redemption was on a footing to send people to the poorhouse. A crowd of exasperated rentiers went to Colbert's house, but did not find him at home; his wife prevailed upon them to depart; meeting him elsewhere, they poured forth their grievances, when he coolly told them the best thing for them to do was to obey the king, and had three of them arrested before they could get audience of the monarch. In their consternation the rentiers often flocked to the Hôtel de Ville, of Paris, and told one another their misfortunes were all Colbert's work.

Colbert once wrote to Louis XIV — "Credit consists, in the opinion of the public, on the good condition of your Majesty's finances." He was less mindful of bolstering up this credit at first, because he hoped to avoid loans, but they became a necessity when war broke out with Holland in 1672. Still he would have preferred increased taxation, and thus bitterly reproached the counsellor whose advice had won over the king to loans: "You triumph; you think you have done a good deed. Ah! did I not know as well as you that the king could find money to borrow? But I took good care not to tell him so. Now, therefore, the way of loans is opened! What means will remain hereafter of stopping the king in his expenditures? After the loans taxes will be necessary to pay them, and if the loans have no limits the taxes will have none either." When loans were once decided on, Colbert did everything to maintain the public credit, even feigning financial abundance, while he was hard pushed to furnish the sinews of war. His loans were eagerly sought after at home and abroad, and from 1671 to 1683 they amounted to a capital of 262 millions, at five to five and five-ninths per cent., producing 13,900,000 francs of interest. On the conclusion of peace he managed so well as to soon bring down the rentes to the amount they were before the war.

The tailles or direct taxes demanded much consideration from Colbert. He strove ever to reduce their amount, and to limit the number of exemptions from them multiplied by all sorts of frauds. Some years before Colbert came to power, the tailles collected amounted to 53,400,000 livres; at one time he had succeeded in reducing them to thirty-five millions. There was indeed great need of their diminution, since they weighed down the common people most oppressively. The misery of the peasantry under Louis XIV was sometimes beyond description; Colbert often called the king's attention to it, to the scarcity of money and the utter impossibility of paying taxes. The Governor of Dauphiny wrote in 1675 that the majority of the peasants of that province had lived during the winter on bread made of acorns and roots, that they were then to be seen eating the grass of the fields and the bark of trees. Incessantly Colbert urged the intendants, those despotic agents of the central power introduced by Richelieu and brought to perfection under Louis XIV, to reduce the cost of collecting the tailles, to prevent prosecution for non-payment of taxes, while retaining the right of seizure to exercise it mercifully, to establish equality between different places, and to subject all not formally exempted; one year, also, he ordered a search for those usurping titles of nobility to escape paying tailles.

While reducing the direct taxes, Colbert had an eye to increasing the revenue from the indirect taxes. The future development of indirect taxation was clear to him; he understood the paradox of lowering taxes to augment production. The indirect taxes were farmed out to the highest bidders. There were fifteen general farms and twelve special ones. During Colbert's first year of administration the general farms amounted to 36,738,000 livres; in 1683, his last year, they were 62,787,000. He raised the special farms from 180,000 to 2,150,000 livres. Some of these taxes were very unjust, as the gabelle, forcing a certain quantity of salt upon the people, whether they wanted to buy it or not. Opposition was excited also by the extraordinary affairs to meet war expenses. It was so easy to hit upon some untaxed matter; then the proposed impost was bid for by the farmers of the revenue, and the treasury had only to receive. Colbert's first extraordinary affairs were to alienate royal domains producing 400,000 livres, and to send the superfluous silver plate to the Mint. Some of his taxes made him very unpopular with the Parisians, but his hard master forced him to be hard to the people. The king took the glory, the minister the blame. In 1670 a deficit of five millions in time of peace led Colbert to preach economy to deaf ears; during the war Louis XIV demanded once sixty millions for extraordinary expenditures, and, on expressing some doubt of being able to raise this sum, Colbert was told — "Think of it; some one may present himself who would undertake to be equal to it, if you are unwilling to promise it." This cruel speech of royalty was made to an able and devoted minister, who, a few years earlier, had written to his king in a burst of enthusiasm: "It is necessary to save five sols for things not indispensable, and to throw away millions when your glory is in question. I declare to your Majesty, for myself, that a useless repast of three thousand livres causes me incredible pain; and when it is a question of millions of gold for Poland, I would sell all my property, pledge my wife and children, and go on foot all my life to furnish them, if it were necessary. Your Majesty will excuse, if you please, this little transport."

Though Paris was quiet during the reign of Louis XIV, there were several revolts in the provinces, due generally to increased taxation. The peasants around Boulogne rose in 1662, were subdued by armed force; three thousand of them were made prisoners, and the order went from Paris in advance of their trial to march four hundred of the strongest across the whole length of France to the galleys. Bordeaux broke out in 1674, and Brittany in 1675, the latter requiring six thousand soldiers to reduce it to submission. Many rebels were hanged, broken on the wheel, or doomed to the galleys; a whole street in Rennes was razed to the ground, and its inhabitants ruthlessly turned out of house and home.

O. A. BIERSTADT.

[TO BE CONCLUDED IN THE NEXT NUMBER.]

PAYMENT OF THE NATIONAL DEBT.

The rapid extinguishment of the American National debt, which followed the revival of prosperity in the latter half of 1879, produced a profound impression upon the people and governments of Europe. In England, especially, it was the principal, if not the sole, cause of the new propositions to attempt a reduction of the National debt of that country. Such propositions may fairly be called new, notwithstanding the ostentatious statements by British writers and politicians of a reduction which had already been made during the twenty-five years between 1857 and 1882. Those statements, although literally true, convey a wholly erroneous impression. They do not really affect the general fact that the British policy for two generations has been to carry their debt, and not to pay it or to reduce it. But it was also their policy not to enlarge it, and if compelled to do so by some public exigency, to bring it back to the original amount at the earliest possible moment. It was on that wise and prudent principle that they dealt with the large borrowings they were obliged to make during the Crimean War, and this is the explanation of the fact that the gross aggregate of their debt in 1857, immediately after that war, was diminished in the following years.

There is sufficient evidence that it was the paying off of the American debt, which was in rapid progress before the passage by Congress of the tax-reduction law of March 3, 1883, which forced Englishmen to consider the question whether they must not do something toward the diminution of their own debt. Such a question divides itself into many branches, of which the two following are the most important:

First. Whether maintaining the British debt undiminished might not, if the payment of the American debt was persevered in, give the United States a dangerous advantage as a manufacturing competitor, by insuring to manufacturers a lighter taxation.

Second. Whether, inasmuch as freedom from public debts is the most effective preparation for war, it was quite safe for Englishmen, in view of the great and growing power of the United States, to look on and see our debt paid off without taking some steps to reduce the British debt.

In the British House of Commons (April 9, 1883), the subject of discussion being the expressed hope of the Chancellor of the Exchequer that the British debt might be reduced in twenty years to £500,000,000, Sir John Lubbock said—

Even if these hopes were realized, we should still be burdened with £500,000,000 of debt, while by that time our keen competitors in America would probably be altogether free of theirs. This was a matter which peculiarly affected us as a manufacturing people. With industry and intelligence agriculture might be carried on in any country. Manufactures, on the contrary, would go where the conditions were most favorable. Rich, therefore, and powerful as we were, while our debt remained at anything like its present amount we were heavily handicapped in the competition of the world.

On the other point, of the effective power for war purposes of getting rid of debts, the London *Spectator* of April 14, 1883, said—

The grand reason for paying debt is, that we want to strengthen the credit of the State, as the cheapest and best of all insurances. That credit is, in truth, a gigantic force, which enables England even now to maintain her position in the world without a conscription, and which may hereafter enable her to undertake great schemes for the internal benefit of the people. The ability to raise huge sums at once rapidly and cheaply is the steam-power in our engine. If anyone doubts that, let him look at the position of the United States. That grand Republic has no fleet, and on the water could hardly fight Spain. But she has reduced her debt by strenuous paying to a trifling amount, and everyone knows that if she wanted a fleet to blow Spain out of the water, *or to contest the seas with us*, she could buy and build one in twelve months. Her payment of her debt is an insurance not only against defeat, but against attack.

The London *Economist* of March 10, 1883, exulted greatly over the tax-reduction bill then just passed by the American Congress. It speaks of the bill as "completely reversing" the debt-paying policy, which had given to this country a *prestige* very disagreeable and alarming to Europeans in general, and to Englishmen in particular. The following extract from the article in the *Economist* exhibits its general character:

This policy has been so steadily pursued for eighteen years, that the debt has been reduced from £596,000,000 to about £360,000,000, and seemed so likely to disappear altogether that plans for rearranging the paper currency, which now rests upon National bonds held by the National banks, were being considered. The credit of the Union had been raised until it was about on a par with that of Great Britain, and twenty-five per cent. better than that of France, and the world had begun to doubt whether, after all, republics are not more successful than monarchies in extracting revenue from the people. The grandeur of the Republic considered in its external aspect has, moreover, been greatly increased, for it has been felt that a people which could now raise four or five hundred millions [sterling] at three per cent. was on that account alone a great people: one which, on cause shown, "could create fleets and armies almost out of the ground." This great policy has been suddenly and unexpectedly abandoned, and the repayment of debt has been reduced to a comparatively slow process."

These extracts from the *Spectator* and *Economist* abundantly show how closely Englishmen watched the progress of the reduction of the American debt, and that they appreciated how enormously it was changing the relative position of the United States and Great Britain as military and naval powers. They know that money is the sinews of war, and that the capacity to promptly raise and equip armies, and to buy or build fleets, is for all practical purposes the same thing as their actual and present existence. When this country fifty years ago finished, under Gen. Jackson, the payment of the debts of the Revolutionary War and of the war of 1812-15, the English disregarded it as affecting the relative power of the two nations, because the population of the United States was then only about half that of the United Kingdom. But now that it is one-half greater, the situation is completely changed, and it becomes a startling possibility that the United States, with the numbers of its people expanded to fifty-five millions, might again free itself from debt, and thereby obtain the means, "if she wanted a fleet to contest the seas" with England, to "buy and build one in twelve months," and, "on cause shown," to "create fleets and armies almost out of the ground." It is this possibility which is at the bottom of whatever present tendency, more or less strong, there is among Englishmen to undertake some diminution of their own debt. The urgency of the pressure upon them in that direction is, of course, lessened by the reduction of American revenues made last winter, and will be still further diminished if it shall turn out that that reduction has substantially arrested altogether the payment of the American debt. But there are other aspects of British affairs, besides those connected with their American relations, to cause reflecting Englishmen to appreciate the advantages of improving the financial position of their Government. They know that they do not enjoy the good-will of mankind, and that no nation as prosperous, rich and powerful as their own ever did or can enjoy it. They hold their vast and widely-scattered possessions only because they are strong enough to hold them against all comers, and they have so greatly multiplied and crowded their home population that it has now become a matter of self-preservation to hold them. They see the possibility that exigencies may arise any day, calling for expenditures which could not be provided for without subjecting their National credit, strong as it is, to a dangerous strain, unless they relieve it of a part of the load of debt which now rests upon it. Considerations like these manifestly press upon them with great weight, although they may not be, and probably will not be, sufficiently strong to overcome the selfish interests which would be injured by a serious movement to reduce the amount of British consols, involving, as that would, the reduction of dividends upon the consols not paid off, and of the rate of interest obtainable by bankers and other owners of loanable capital.

It has only been in very modern times that the practice of obtaining money for war purposes by loans was either known or possible .According to the old ideas of mankind, it was by the accumulation of treasures that kings made themselves formidable to their neighbors, and these ideas survive even yet in one of the most powerful and enlightened countries in Europe. A war chest is one of the fixed traditions of the Prussian monarchy. Frederick the Great inherited from his father six million German hard dollars (thalers), and is reported to have himself been able, notwithstanding all his campaigns, to increase that fund to fifty millions for his successor, partly by taxing his own subjects and partly by levying contributions upon his discomfited enemies. The new German Empire, dominated by Prussian ideas, has to-day 120 million marks ($30,000,000) locked up in the Tower of Spandau for the emergencies of war.

The system of voluntary public loans in the civilized States of modern times, is the substitute for accumulated treasures as a resource for extraordinary expenditures. It may be made a far greater and better resource if the credit, upon which the power to borrow rests, is not hampered by too heavy debts already incurred, and especially if there is an entire freedom from existing debts. In the circumstances of the present age, the most effective preparation which can be made for war is to strengthen the public credit. It was in that view that Gen. Washington, who knew that the best way to avoid war was to let mankind see that we were ready for one, specially admonished his countrymen in his farewell address to make "strenuous exertions in time of peace" to pay off debts contracted in time of war. It is in the finances of nations that is to be found the best measure of their effective power whether for offence or defence. England to-day reckons the heavy debt of Russia as its own best security against Russian enterprises in the direction of India. France would not have ventured a year ago to seize Tunis, which is almost in sight of the Italian coast, if the Government of Rome had not condemned itself to utter helplessness by extravagant expenditures and financial involvement. And it is not doubtful that Germany was less influenced by the desire of enriching itself, than by the purpose of weakening and crippling its enemy, when it exacted the famous war indemnity from France, which was paid by French borrowings upon onerous terms, and thereby added a good deal more than the amount of it to the French debt.

Our success in the war for the restoration of the Union, temporarily broken by the secession of the South, was due wholly to the fact that we entered upon it substantially free from debt, and were thus enabled to negotiate the great loans without which it could not have been carried on. They were negotiated upon hard terms, as all war loans for great sums to be raised within a short time necessarily must be. They could not have been negotiated at all if we had been weighed down at the outset by any considerable previously existing debt, for which the annual interest must have been provided.

Mr. Morrill, of Vermont, said in the United States Senate, December 8, 1881:

While the heaviest war taxes are no longer expedient nor required, enough must remain to show that our debt-paying policy is deep-rooted and unalterable. A large National debt invites aggression from those who would otherwise be likely to treat us with their "most distinguished consideration." We intend to keep the peace, but cannot consent to speak with "bated breath," nor to be financially handcuffed.

The late Mr. Sumner, of Massachusetts, had said in the same body, a few years previously, speaking as Chairman of the Committee on Foreign Relations, on the occasion of certain difficulties then pending with Spain, that in view of the magnitude at that time of the debt left by the Civil War, we could not venture upon steps which might lead to a collision with even that not very strong power, without taking the risk of breaking down our finances and ruining our public credit. Senator Morrill could not have forgotten a declaration so humiliating to American pride which Mr. Sumner had, upon deliberate consideration, decided that it was his public duty to make. Not improbably Mr. Morrill had it in special remembrance when he was protesting against being "financially handcuffed" by a large National debt.

It is a significant and ominous circumstance that the same Congress which last winter passed a tax-reduction law, which has retarded and perhaps completely arrested the payment of the National debt, did, at the same session, vote large sums for ironclads and steel cruisers as the avowed commencement of a policy of building a new navy. Without doubt a great navy will be a necessity, if the country decides to maintain in perpetuity the present enormous mass of its interest-bearing obligations, thirteen hundred and thirty-eight million dollars, requiring annual dividend payments of more than fifty million dollars. If the United States is to be weighed down, crippled and weakened by such a load as that, or any approximation to it, we shall "invite aggressions," and be compelled by common prudence to guard against them, not only by a large naval establishment, but by increasing the army, with all its expensive and demoralizing surroundings and appurtenances.

Mankind have never disagreed about the wisdom of preparing for war in time of peace, and not merely, or even mainly, because war is more likely to be successfully waged if preparations are made for it, but because it is more likely to be avoided by such preparations. Peace, and not war, ought to be the object of all nations, and is certainly the object of the United States, which has nothing to desire in the way of territorial acquisition, and can, for an indefinite period, best promote its prosperity and power by developing its own home resources. It is, therefore, not for the purpose of making aggressions upon others, but of effectually dissuading others from making aggressions upon us, that we should prepare for war.

It is not conceivable that we shall commence an offensive war, and there is scarcely a reasonable possibility that we shall be forced into a defensive war. No attack upon us can be apprehended, except from some European quarter. Our relations with all the nations in Europe have been pacific since 1815, that is to say, during a period of sixty-eight years. During all that time our power, relatively to those nations, has been steadily increasing, and as a consequence the danger of an attack from them has been steadily diminishing, and this relative increase of our power with all its consequences, including that of a diminished liability to aggressions from abroad, is likely to be even more rapid in the future than in the past. But no degree of apparent security, considering the changes and uncertainties of human affairs, justifies us in wholly dispensing with prudent precautions against extraordinary emergencies which may still occur, although they cannot be foreseen. As to the methods of preparing for war, however, there is always likely to be a choice, and without undertaking to lay down all the rules which should determine the exercise of such a choice, it is certainly true that, as between any two methods, we should adopt that one which is the most effective to the end, and at the same time imposes upon us the least sacrifices.

It is impossible to doubt for a moment that the payment of our National debt, or the steady persistence in reductions of it looking always to its final extinction, would have infinitely more effect in impressing upon the nations of Europe a sense of our power for offence or defence, and especially in contrast with their own financial condition, than all the ironclads and steel cruisers of which it is proposed that our new navy shall consist.

The exclamations of the London *Spectator*, that the "grand Republic has no fleet, but has reduced her debt, and could buy and build one in twelve months," and of the London *Economist*, that "the grandeur of the Republic in its external aspect has been greatly increased" by reductions of debt, which enable it, "on cause shown," to "create fleets and armies almost out of the ground," were not volunteered by them in any spirit of friendly sympathy with us, but were the unavoidable expressions of the opinions of all observant and intelligent Europeans.

In reducing and paying the National debt as a preparation for and security against war, we submit to no sacrifices, and, indeed, instead of assuming any burden, we rid ourselves of the most onerous of all our burdens. Since October, 1879, by rejecting the

Sherman-Hayes policy of refunding all of the debt which was within reach into four-per-cent. bonds irredeemable for thirty years, and by applying surplus revenue towards the liquidation of that debt, we have cut down our annual interest account by the great sum of thirty million dollars. And while obtaining that large relief, and as a consequence of that relief, we have visibly magnified the "grandeur of the Republic" in the eyes of a watchful world, and gained the best possible guarantee against foreign aggressions.

The contrary policy of preparing for war, by building ironclads and steel cruisers, is open to every species of objection. Their construction is enormously expensive, to begin with, and it costs more to maintain than to construct them. They are not subject to rotting, as wooden ships are, but they become useless by being superseded by improvements in naval architecture and armaments. Such a supersedure is as complete a destruction as a physical decadence, and it is just as certain and more rapid than the rotting of wood. With the experience we have had for fifteen years past of the engineering capacity of the Navy Department, the probability is also great that any vessels which it may build will be worthless from the start. In a time of profound peace, and when nobody really believes in the possibility of a war with any European power, the only contingency for which ironclads and steel cruisers can be rationally provided, it is impossible to direct to naval expenditures the vigilance of either public opinion or of the higher authorities of the Government. Abuses are inevitable under such circumstances.

The cost of great military and naval establishments is not the whole of the evil which they entail, and perhaps not the worst part of it. They are unsuited to the genius of a Republic; they create an aristocracy with a life-term of office, and largely hereditary; and it seems to be impossible to free their expenditures from a most demoralizing degree of corruptions and frauds.

As a means of insurance against war by preparing for it, the country, if the question is fairly presented to it, will be certain to decide in favor of paying the public debt, in preference to engulfing their treasures in army and navy appropriation bills. Paying off debts in times of peace was the policy of the Revolutionary fathers, and of the generation which was next to the fathers. It is one of the best and most fixed of the traditions of the country, and the reasons for it are the most easily comprehended by the people.

GEO. M. WESTON.

NEW YORK, August, 1883.

A CONFEDERATE HALF DOLLAR.—*Meriwether's Weekly* says that $1000 has been offered for one of the four silver half dollars cast by the Southern Confederacy when the Mint was seized in New Orleans. On the liberty side the die is the same as on the present half dollar, but on the reverse side was substituted seven bars and seven stars, surmounted by a pole with a cap of liberty. A stalk of sugar-cane and a stalk of cotton are shown, around which are the words, "The Confederate States of America."

THE SCARCITY OF GOLD AND ITS REMEDY.

The first part of the following paper, which was read before the Manchester Statistical Society by its Vice-President, Mr. Robert Montgomery, was given to our readers in the last number:

The largest part of the gold which has been raised in the world has gone into currency, and a considerable share of the yearly production is still required for current money. Dr. Söetbeer has found by minute inquiry that the gold minted by the chief States of the civilized world between 1851 and 1875 amounted to £800,000,000, while according to his own tables the production for this period was only £655,000,000. Mr. Burchard estimates the coinage of the world, for the three years 1879 to 1881, at £75,000,000, against a production of £66,000,000. Clearly the same gold has passed more than once through the melting-pot, indifferent whether it takes the form of a sovereign, a napoleon or a mohur. In many cases, moreover, bullion is turned into coin, not because new money is required, but as the readiest mode of realizing the value of the metal. Some countries, again, having a forced paper currency, use very little coin. Therefore, I do not lay stress upon these general statistics. The operations which they record are too irregular to permit us to gather from them any safe estimate of the amount of gold that is required for the monetary circulation of the world.

If we turn to the records of the English mint in the hope of finding a surer guide, we learn that it coined in gold pieces

From 1862 to 1871,	£53,179,000.	....	Average, 5,318,000.
" 1872 to 1881,	£32,479,000.	....	" 3,248,000.

For the last ten years — 1873 to 1882 — the average has been £1,722,000, or, deducting the light gold which was re-coined, only £871,000. We have, it is true, many refined expedients for economizing money, and it is apparent that of late we have required less gold coin; but, on the other hand, we are rich, enterprising and lavish. Probably, then, after all deductions, we shall be right in assuming that £2,000,000 a year will provide for the wear and tear of our gold coinage.

We do not charge, as we ought to do, any seigniorage on our gold coins, but we give in them the fullest value. Therefore they are carried all over the world, and in some countries even take the place of a National coinage. Mr. Crawford reported to Lord Derby at the end of 1876, that the number of English gold pieces circulating in Portugal was 200 to every Portuguese gold coin. In Canada, and at the Cape, also, English sovereigns are current money. Our average net export of gold to these three countries— the Cape, Canada, and Portugal — from 1872 to 1881, was about £1,200,000 a year. Adding their population to ours, there is a total of 46,000,000 of people, for most of whom — say for 40,000,000 — we manufacture a gold currency. For the wants of these 40,000,000 of people, £2,000,000 a year appears to be the provision which is required. I have put into the appendix a table of the population of the countries which are under the gold system. In these countries there are 200,000,000 of people who, according to our English scale, would require £10,000,000 a year in gold for the ordinary renewal and extension of their currencies. The arts, India, and the gold currencies of the world would, on this hypothesis, which is purely tentative, absorb yearly, £24,000,000, or at least £2,000,000 beyond the present supply.

The gold circulation of the world is usually computed to be about £700,000,000. M. Leroy Beaulieu sets it as high as £1,000,000,000, but for the smaller figures of £650,000,000 to £700,000,000 we have the authority of Dr. Söetbeer and of Mr. Burchard (Appendix B). The countries which in form or in fact have a gold standard — I now include France and Belgium among them — have a population of about 250,000,000. Their gold currency amounts to nearly £600,000,000, or an average of 48*s.* per head. Dr. Broch stated at the last Paris Conference, that in Scandinavia 25 francs in gold for each person was found to be a sufficient provision; 35 francs or 28*s.* is generally considered to be a fairer allowance, and at this rate only £350,000,000 would be required instead of £600,000,000. At the rate of £2 per head £500,000,000 would amply supply the wants of the countries where gold is current money, and would leave for extraordinary demands a margin of £100,000,000.

Upon my last hypothesis, using an English standard, there was a deficiency of £2,000,000 or £3,000,000 a year in the supplies needful to sustain our gold systems. But if the existing circulations are excessive, so long as we can draw upon them there will be no scarcity of gold, even though the supplies from the mines run short.

According to Dr. Söetbeer's tables the production of gold in the world before 1851 was £655,000,000, and from 1851 to 1882 it was £817,000,000. The stock has much more than doubled since 1850, and the metal is so durable that the annual loss by abrasion and casualties does not amount to a quarter per cent. The English sovereign only loses yearly by wear about one part in 2500 of its weight.

Currencies are full because all the money that can be spared is now put out to usury. Checks and bank credits have become the chief instruments of trade, and have left coin much less and much humbler work to do. It may therefore be perfectly safe to allow now for a gold circulation only 30*s.* per head, while 40*s.* was once a necessary provision. In the continued growth of these banking economies lies our hope that the smaller amount of new gold that we can now afford for the currencies will be sufficient for their maintenance. In the millenium, when everybody will keep a banking account, the scarcity of gold will have lost all its terrors.

Currencies are also full because the great abundance of gold in late years encouraged the use of it for coinage.

From 1865 to 1878	France and Belgium coined in gold..	£106,000,000
" 1869 to 1882	Spain " " ..	45,000,000
" 1872 to 1880	Germany " " ..	80,000,000
" 1874 to 1882	United States " " ..	97,000,000
		£328,000,000

These large operations caused no dearth of gold for the ordinary wants of the world, but were effected out of reserves, old coinages, or new supplies. Italy also has in the last three years been gathering £18,000,000 of gold in preparation for her resumption of specie payments, without exciting alarm.

Such heroic enterprises are, however, not likely soon to be renewed. Germany is full of gold, and is rather tired of monetary reform. Italy has a stock of £31,000,000, and although this is not a large sum for her population, she will for a long time be unwilling to come into the market for more. She may even be content with less when the first strain of resumption is over, and may dispose of a part of her stock. France is gradually adopting banking economies. Her population is almost stationary. She may, therefore, be glad to sell her surplus gold to poorer countries. She has £5 per head in circulation, and if she even were to adopt a gold standard she would have sufficient gold to take the place of the large silver pieces in her circulation. The Comptroller of the Currency says, in his last report, that the addition to the coinage of the United States has been in advance of the legitimate calls of business. The withdrawal of silver certificates and the contraction of the note issues may increase the circulation of gold, and provision must be made for the wants of a population rapidly growing and widely scattered. No special demand for gold is, however, likely to come from the States.

If Austria, Russia, China and India were to conspire to upset their old currencies and to swoop down upon our stock of gold there would not be enough for all. Austria and Russia will be competitors with other countries whenever they establish an effective specie circulation, but this danger is remote, and when they come into the market, possibly they may find abundant supplies.

Austria has had a long series of deficits. She has made no sign of effort to redeem her paper money, and shows no disposition to get rid of the silver currency which suits her people.

Russia also has a forced circulation of £120,000,000, and although gold is native to her soil, it is ill-fitted to form the currency of a poor and half-barbarous race. She will certainly endeavor to reduce her debts and deficits before she undertakes the charge of replacing her paper with gold.

The great silver-using countries of the East are not likely to require any gold for currency. If India ever adopted a circulation of gold she would start with large hoards in her possession, which she might then put to a practical use. But the English Government has strong reasons for wishing to extend the use and authority of silver rather than to supersede it by a gold currency.

Upon a review of the evidence, I come to the conclusion that there is at present no scarcity of gold for the purposes of circulation. £7,000,000 or £8,000,000, which is the residue of a year's supply after the industrial and Indian demands are met, is a small but sufficient allowance in quiet times like the present, when no great monetary schemes are in progress, while the existing currencies will bear depletion, and when the increase of banks and banking credits is tending to curtail the use of coin.

The gold which enters a country commonly finds its way into active circulation, or into the State or bank reserves. At the end of the year 1882 there were in

The United States Treasury, about	£26,000,000
The Bank of England	20,395,000
The Bank of France	38,500,000
The Austro-Hungarian Bank	7,916,000
The Imperial Bank of Germany, about	8,000,000
The Imperial Bank of Russia, about	8,000,000

in gold. The stock in the Bank of France has again increased this year, and now amounts to nearly £40,000,000, a further evidence that French circulation is saturated with gold.

These gold reserves support vast systems of National credit in the shape of State notes, bank notes and bills, and ought to give to these due security. They also serve to meet any sudden calls which other countries have the power to make, and to adjust any balances of international trade which have to be settled in gold. The spread of banks and financial houses, and the creation of a new money in the form of securities marketable on every Stock Exchange, have diminished the need for using gold in the discharge of international debts. Except for high tariffs, which hinder the free course of trade, foreign balances would always be settled in securities or in produce, and no gold would on such an errand ever pass the frontier. Quick trains and steamers, telegraphs, Suez Canals, Mont Cenis Tunnels, have also diminished the necessity for keeping large stocks of gold against a foreign demand, because reserves can now be swiftly replenished.

Whenever the countries which issue great masses of paper accept the duty of putting them on a safe footing, they will have to gather for the purpose large reserves in silver or gold. The considerations which I have just stated indicate that until they are prepared to undertake this task the pressure for reserve gold will be less severe than heretofore.

In estimating the probable demands of the countries which employ gold in their currencies and reserves, I have not provided for an increase of population, because I anticipate that banking economies, which reduce the consumption of coin, will grow as rapidly as population extends. Trade and wealth have grown faster than population, and I purpose shortly to examine how far this growth requires an increased supply of gold for its support. A few leading figures will illustrate my argument.

Imports and Exports of United Kingdom.—1854, £250,000,000; 1861, £343,000,000; 1867, £456,000,000; 1882, £653,000,000.

Gross Annual Amount of Property and Profits assessed in United Kingdom.—1854, £308,000,000; 1861, £336,000,000; 1880, £577,000,000.

National Wealth of United Kingdom.—1800, on authority of Beck and Pultenev, £1,800,000; 1840, on authority of Porter, £4,000,000; 1860, on authority of Leone Levi, £6,000.000; 1865, on authority of Giffen, £6,113,000; 1875, on authority of Giffen, £8,548,000.

Railway Traffic, Total Receipts.—1861, £28,000,000; 1867, £39,-480,000; 1881, £63,873,000.

London Clearing-House Returns.—1867-1868, £3,257,000; 1877-1878, £5,067,000; 1881-1882, £6,383,000.

Tonnage of British and Foreign Vessels Entered and Cleared.—1867, 32,756,000 tons; 1871, 41,548,000 tons; 1881, 57,950,000 tons.

Railway Receipts in France.—1860, £16,000,000; 1870, £25,000,000; 1880, £41,000,000.

Number of Miles of Railroad in Operation in United States.—1851, 10,982; 1861, 31,286; 1871, 60,293; 1881, 104,813.

Imports and Exports.—1871, France, £289,000,000; United States. £207,000,000; 1881, France, £428,000,000; United States, £322,000,000.

These figures make clear how great the development has been in home and foreign trade, and in the wealth of the United Kingdom. In our closest rivals, France and the United States, a similar growth is apparent.

The tables which follow are designed to show the proportion of coin or notes which has been used by banks at stated periods in the settlement of business transactions. For some of them I am indebted to one of our honorary secretaries, Mr. Pownall.

PERCENTAGE OF COIN AND NOTES IN TURN OVER OF MANCHESTER BANK.

1859....53%	....	1872....32%
1864....42% 9% (coin only)	....	1881....20% 6% (coin only)

LONDON. PERCENTAGE OF COIN AND NOTES IN RECEIPTS.

	1864 *Lubbock.*		1881 *London Clearing Banks.*
Bank of England Notes	5.0	....	2.349
Coin	0.6	....	0.956
Town Customers:			
Bank of England Notes	2.2	....	2.039
Coin	0.6	....	0.728

PERCENTAGE OF GOLD IN RECEIPTS.

	1881.
London	0.73
Edinburgh	0.55
Dublin	1.57
New York	0.28
Other principal American Cities	0.76
Elsewhere in United States	2.05

BANK OF FRANCE.

	1877.	
Transactions by Transfer	55.11	per cent.
" " Bank Notes	39.56	"
" " Coin	5.33	"
	100	

There are no comparative statistics of the use of gold at different periods, except for London and Manchester. In Manchester there has been a conspicuous decline in the use of it. In London the proportion of coin has slightly increased, but there has been a diminution in coin and notes combined in one item of money. Manchester is a fair sample of provincial England, and from the figures which I have quoted there is reason to conclude that over the whole country the proportionate use of gold has diminished. The drift of our population is from rural districts into towns. In centres of trade where credit is highly organized, coin is less used than in country places where population is sparse and banks are few. Only one sovereign is used in London for fifteen in the rest of the country. As population increases, as villages grow into towns and towns into cities, the place of gold in the circulation is taken by checks, so that the paradox may be true that the more people a country contains the less gold it wants. In 1851 there was in the United Kingdom one bank to every 15,500; there is now one bank to every 9,000 inhabitants, collecting scattered hoards of money into central reserves. Clearing houses also are extending the economies of our banking system. Even the smallest accounts, as bankers know to their trouble, are often paid by check. Out of ten thousand which lately passed through the London Country Clearing twenty-five per cent. were for sums under £5. In the United Kingdom, then, it is fair to assume that gold will continue to be saved, and that the proportionate use of it in the country at large will gradually dwindle towards the London scale.

It is also fair to assume that since foreign countries are gradually adopting our banking habits—Germany, for example, is only just introducing a check system—a like economy will in them also be effected in the use of gold. How far behind France has hitherto lagged in the employment of bank credit is evident from the return of the Bank of France, which shows that only fifty-five per cent. of her transactions were in transfers, against ninety-seven per cent. in the London Clearing banks. But M. Leroy-Beaulieu truly says of her: "Quant à nous il ne nous en côute point d'affirmer que quand la France sera devenue deux fois plus industrieuse qu'elle n'est, deux fois plus riche, deux fois plus instruite, elle aura besoin de moitié moins d'or qu'il ne lui en faut aujourd'hui. Au lieu de cinq milliards d'or deux milliards et demi lui suffiront pour de transactions qui auront peut-être quintuplé." And what he says of France may be affirmed of other civilized countries.

It is impossible to decide exactly how far the growth of trade and wealth has outrun the use of substitutes for gold, and to settle, therefore, how many millions of new gold the world each year requires for the support of new trade and larger wealth. The data are imperfect, and we are compelled to judge from tendencies rather than completed facts. We are, however, able to show by figures that England has required a very small increase in her gold compared with the increase in her trade. From the years 1867 to 1882 the balance of gold imported into the United Kingdom was £37,717,000, or an average of £2,-357,000 a year. The gold coined at our mint from 1867 to 1882 was £54,234,000, or an average of £3,389,000 a year. Dividing the period into two parts, in the first the gold imported on balance was £35,049,000, in the second only £2,668,000; in the first part the coinage of gold amounted to £41,862,600, in the second to £12,371,551. Notwithstanding this diminution of imports and coinage, the bullion reserve of the Bank of England at the end of 1882 was £20,395,000, against £19,248,000 which she held at the end of 1866. Thus, although trade and wealth have advanced, and our population has risen from thirty to thirty-five millions, yet the consumption of new gold has continued to decline. If foreign countries with gold currencies develop their banking systems, and learn to use gold as frugally as we do, they will not only require a very small yearly increment, but some of them will be able to spare a portion of their stock for less fortunate neighbors.

Dr. Söetbeer has estimated the production of gold between 1492 and 1850 at £654,000,000. He puts the monetary amount in the world in 1850 at no more than £164,000,000, a very safe and modest figure in comparison of other estimates. The annexed table shows in a summary form the concurrent movementof gold money in the world, of our own gold currency, of the trade of the world. and of our own trade since 1850:

	Monetary gold in the world.	*Imports and exports of the world.*	*Imports and exports of the United Kingdom.*	*United Kingdom. Gold coin.*
1850..	£164,000,000	——	£220,000,000	£80,000,000
1860..	388,000,000	£1,580,000,000	375,000,000	85,000,000
1870..	526,000,000	2,160,000,000	547,000,000	95,000,000
1880..	643,000,000	2,960,000,000	698,000,000	100,000,000

It will be seen from this table that the circulation of gold, notwithstanding the large absorption in the arts, has moved fairly in measure with expanding trade, though less rapidly in the later than in the earlier periods. It is this declining rate of increase that has roused alarm; nevertheless, considering how large a part the varied forms of credit now play in the settlements of trade, how rapid are the means of transit and remittance, and how quickly goods are paid for in goods, the reduced proportion of gold should not excite any serious apprehension. The £660,000,000 now in circulation carry on the commerce of the world as effectively as the £388,000,000 supported the smaller business which was done in 1860.

The conclusion to which I have come is that there is no dearth of gold for the present wants of the world. There are a few signs of diminution in the produce of the mines, and the industrial arts are now claiming a much greater share of the supply; but either out of the new production or the large existing monetary stock any probable demands for currency can be met.

ENGLISH BANKS.

Although the French Government has established the Bank of France, yet the former has but little to do in the creation and working of the banks of France. The Bank of England, however, was created for the purpose of carrying on war with France, and no other company or shareholding copartnership, exceeding six persons, was permitted to borrow, owe or take money for a less time than six months, and this was the law for 117 years, till 1826. In no emergency has the bank failed to help the Government. At the same time the merchants are the masters; the twenty-four Directors are chosen from them, with the approval of the stockholders; they select also the Governor and Assistant Governor. The main object of the Bank of England is to protect the paper circulation, and to keep up a powerful metallic reserve to meet the periodical crises of the English market. When money is easy the discountts only reach £5,000,000, while in a great monetary pressure they exceed $11,000,000 in a few weeks.

The Peel reforms of 1844 require the bank to keep a pound sterling in coin for every pound sterling of paper circulation beyond £15,000,000 of circulation, which latter is provided for by an equivalent amount of English consols. The law of 1844 was suspended in 1847, 1856 and in 1866. Mr. Hankey, one of the old Governors of the bank, defended the Peel restrictions in a remarkable book; but the experience made in France from 1870 to 1878, of a paper circulation carried to three thousand millions of francs, and which is now maintained above two thousand millions without depreciation, seems to sustain political economists like MacLeod or Hankey, who insist in regarding as excessive the limits fixed in 1844 to the Bank of England issues. Besides the functions of discount, advances, deposits and circulation, the Bank of England manages the public debt of England, a debt which dates up to the foundation of the bank, and whose successive augmentations constituted the first elements of the bank. It is the bank which pays the interest, and makes the transfers, amounting to 36,000 per annum. This service constitutes a special department, at which 200 persons are employed. The State allows the bank 5,000,000 francs (£1,000.000) for all expenses. This debt involves the opening of 214,000 accounts every year.

During one hundred and seventeen years, from 1709 to 1826, there existed no stock bank in England or Wales but that of the Bank of England. Hence, it was during said period that were formed and developed the great private banks of London, and of the principal English cities. They could not have more than six partners or shareholders, but they possessed the right of issuing bank notes. The number of copartners was limited, but there was liberty of issues. During the first half of the eighteenth century the private banks of London owed to liberty of issue escaped from the monopoly of the Bank of England, a great part of their success. However, in the second half of the century, they abandoned it at London, and adopted the check instead of the bank note: in the counties and boroughs the bank-note issues were preserved. In the history of French legislation it is easy to recognize that on the contrary the liberty of copartnership has been maintained and the right of issue restricted. The first private bankers go back to the second half of the seventeenth century. Some such as Child, M. Strahan, Hoare and Colebroke are still in existence. The eighteenth century was their most brilliant period. It was then that were formed the well-known fortunes of Thomas Guy, David Barclay, F. Baring, Thomas Coutts, M. Hope, and Peter Thellussen, types of the English millionaire. Thellussen left, in fact, eighteen millions, and Coutts twenty-four. The fortune of Coutts is to-day possessed by Madame Burdett-Coutts, one of the ladies the most distinguished and benevolent of the English aristocracy. The will of Thellussen, who deceased in 1797, remains celebrated in the judicial records of England. After having distributed five millions between his wife, his children, his friends, he charged his trustees to administer the remaining thirteen millions, and hand, them over, with the acumulated interest, to the male descendants of his family of the third generation. He had estimated that his fortune would then amount to £70,000,000 (seventy millions sterling), 1,750,000,000 francs.

The succeeding generations were at law during forty years over his will, to the great joy of the solicitors and lawyers. These trials made so much noise that a law was passed forbidding in the future, beyond a certain time, the accumulation of entailed capital and interest thereon.

The private provincial banks were developed subsequently to those of London. One of the oldest was founded in 1716, at Gloucester, by James Wood, whose grandson was well known by the simplicity of his habits and by his great fortune. He left twenty-five millions. It was especially at the moment when manufacturers (owing to the discoveries of Hargrave, Compton, Arkwright, and Watts) took their loftiest flight, that the private banks were developed in the counties. At the time of the Revolution there were 400. More than the fourth failed in 1793, but they were reinstated. In 1809 the number of the licenses of bankers amounted to 700, to 915 in 1816, a figure which has not been exceeded. In 1832 the licenses had fallen to 636. In 1878 there were only 257, of which fifty-six were at London. It is true that in this number are not included either discounters, exchanges or large brokers. The means of the private bankers are large. M. Dunn, Director of the

Par Bank, estimated them, in a recent publication, 1876, at £165,-000,000 sterling—4,000,000,000 francs.

Banking took the form of joint-stock banks in Scotland and Ireland. Not only did they receive deposits but they paid interest on them, and they employed the funds in advances to manufactures, to commerce and to agriculture; they opened cash credits, with two securities. In 1825 there were in Scotland thirty-four public banks, with 133 branches. In 1850 the branches numbered 343, and the banks thirty-seven. Since then there has been a great movement of fusion and concentration, so that at present there are only eleven of them, but their size has increased in proportion. There are at present in Ireland nine joint-stock banks, with 500 branches; the deposits in them amount to only 450 millions of francs, while the deposits in the banks of Scotland amount to 1585 millions of france. The system of joint-stock banks commenced in England in 1833, but they were not allowed to issue bank notes, but could have as many partners or shareholders as they pleased, each one being jointly and severally bound for the company debts. The founders and directors of these banks offered this joint responsibility as a guarantee to capitalists whose deposits they solicited. The lawyers and public opinion were always hostile to the principle of special partnerships which limits the responsibility of silent partners. Hence, the laws of 1826 and 1833 provided formally for this joint liability as a compensation for the hazards attending the absolute liberty of forming chartered companies. Nevertheless the danger on the part of the shareholders of a joint liability soon showed itself. A few failures were sufficient to produce a reaction. The law of 1844 limited this responsibility to a duration of three years. Then the laws of August 17, 1857, August 2, 1858, and August 7, 1862, authorized expressly, under the influence of the progress of affairs and of French legislation, the formation of stock banks with limited liability. A delay was granted the old banks in order to adopt the new system. Every bank having more than ten partners was obliged to conform to the requirements of the new laws. The deposits of the nine most important joint-stock banks amount to £60,000,000, and several of them make dividends of fourteen per cent. per annum.

After the second of October, 1878, when the City Bank of Glasgow closed its doors, there was a great decline in the deposits of the English joint-stock banks; those situated in London lost £12,000,000, while there was an augmentation of an equal sum in the deposits of the Bank of England.

At present the English banks can all, henceforth, those already established as well as those to be established, adopt a system which will resemble nearly that of the stock companies in France. The French banks possess a capital of reserve, for the majority of them only require the payment of the fourth or the half of the capital subscribed. The principal difference with the new legislation of the English banks consists in this, that for the latter the reserved capital cannot be called before the final winding up. Said capital constitutes a real security for the benefit of the company's creditors. In one of the last meetings of the Chamber of Commons, the Chancellor of the Exchequer recognized that the new law had been well received, and that the half of the banks with unlimited responsibility have adopted the system of limited liability. We can cite among the great banks which have given the example, the National Provincial, which increased its capital to

£13,000,000; the London and Westminster, increased to £14,000,-000, and the London and County, whose new capital will be £10-000,000. In these enormous capitals the reserved capital—that is to say the capital liable to be called only in case of winding up—is £8,000,000 for the first, £10,000,000 for the second, and £4,-000,000 for the third of these banks. Far from stopping the onward progress of the English banks, the new legislation, by encouraging the spirit of consolidation in the form of associated capital, will be the beginning of another period of development.

CATTLE RAISING.

Within a few years a new industry has arisen which has already assumed great importance. It is that of cattle raising. A large amount of capital is employed, nor is the business confined solely to Western men. In the early days shrewd business men who lived in the East when journeying westward figured out the enormous profits which were likely to be reaped from the investment. Accordingly, Eastern capital, to a very large amount, has been thus invested. A letter in the *Chicago Tribune* describes how the business is conducted and the profits that accrue from it.

The cattle ranges of Nebraska begin about 200 miles west of Omaha. There is no line to mark where agriculture leaves off and grazing begins, but at about the point named timber and water become too scarce for profitable agriculture, and the ranchmen take up what the ploughmen cannot use. The land is owned in equal parts by the ranchero and the Government, but is enjoyed free of rent by the cattlemen. The ranches vary in extent to the size of the herd and the run of the water-course. The first essential in "laying out" a ranch is water. As for grass, there is always plenty of that, summer and winter. A moderate estimate is said to be two miles of water front, running twenty miles back, for each 1000 head of cattle. So that a man with 20,000 head of cattle—which is about the largest number owned by any man, and more than twice the average of all—would require forty miles of water front running back twenty miles. It is not always an easy thing to find this. When found and occupied, however, the rights of the finder and occupant are respected by his brother stockmen to the extent that he is allowed to remain in unmolested possession. It is a maxim among them that "stockmen respect each other's rights." There are persons called jumpers, however, who look upon the stockmen as having no rights which they are bound to respect, and who make it a business to pick out the best land in a range and settle down upon it under the Homestead or Preëmption laws, remaining just long enough to be bought out, when they move to another range to play the same part. The stockmen complain grievously about this, as an annoyance from which they should be protected by law. They cannot buy the land from the Government in quantities to suit them, and they think Congress should pass a law allowing them to lease it for a term of years, so as to allow them to improve it, and give them a fixed tenure. One of the gentlemen with whom I conversed on this subject told me of a queer mistake he had made by failure to understand the nature of the United States land laws. A couple of years ago he commenced buying up land warrants, thinking that these documents gave their owner the right to occupy and possess public lands for their face value. He bought $5000 worth, at an average of $1.25 per acre, and supposed he had nothing to do but to find 4000 unoccupied acres suitable to his purpose, and call them his own. Imagine his astonishment when he discovered that, although he held the title, as he thought, to 4000 acres, he could occupy for his own use but 160—that being the only amount which could be entered by land warrant by any one person, no matter how many land warrants he held. So his $5000 investment was still on his hands. It is undoubtedly true that Congress should regulate this matter for the benefit of the cattlemen, but it is also true that in doing so Congress should carefully guard against rings and monopolies by restricting the amount of land to be leased to each person, and by giving as far as possible an equal chance to all who desire to invest in the business. The cattlemen have their own association and their own regulations which seem to be intended not only for the benefit of those who are in, but for the exclusion of those who are out. No cattleman has ever been known to encourage an outsider to embark in the cattle-raising enterprise.

After a good deal of cross-questioning and figuring I arrived at some conclusions as to the profits of cattle-raising as a business. I met one man, for instance, who had just returned from Chicago, where he had sold 1000 head of cattle at an average of $40. They were a little over three years old, and had been on his ranch two years. He bought them in 1880 for $8 a head. Counting interest, care-taking, loss by death, and all other items of expense, they stood him, when put on the cars, at $11.50 each. Add to this an average of $5 each for transportation from Ogallala, Neb., to Chicago—$100 per car the actual cost, and an average of twenty head to the car—and the animals on the market have cost him $16.50 each, leaving a net profit of $23.500 on the herd. This was simply one—and not a large one—of many transactions made in the course of the year by the same stockman. Indeed, it was in the nature of an outside transaction, because the rule is to raise the cattle from birth, instead of buying them at a year old. This gentleman has already sold 16,500 head of cattle this year, and now has on his ranch 13,500 head, of which he expects to send about 5000 head to market before the close of the season. It is very safe to say that a man starting with 2500 head of cattle can, after the second year, keep up his herd and sell $25,000 worth of cattle every year; that is to say, he can net that amount after paying every dollar of expense. But 2500 head of cattle are considered a small ranch. The average is more than twice that number. Of possible and actual losses in the business there are really none to speak of. Two per cent. will cover all the losses by death for a good year, winter and summer, and, strange to say, the losses are greater in summer than in winter. In a very bad year, when disease is prevalent, the losses never exceed five per cent.

The stockman's year begins in May with what is called the "round up." At the close of the season, early in the winter, cattle are turned loose without herdsmen and allowed to roam through the whole of Western Nebraska and Wyoming, finding food and shelter as they can. When the spring opens a small army of cowboys is employed—each stockman contributing to the force in proportion to his interest—to range the whole plains, gather up the cattle, and drive them to certain stations or places previously agreed upon at a meeting of stockmen held at Cheyenne. From these immense gatherings each owner selects the cattle bearing his brand, and forms them into a herd to be driven to his ranch; he also brands the yearlings of his herd, who have up to this time run with their mothers. After this grand division the cattle are put in charge of cowboys for the summer. The grass is fine and they improve rapidly, and are ready for the market in June or July. For the largest ranch the expense up to this time is not over $600. The cowboys get about $30 each for the "round-up," but no stockman is allowed to furnish less than twelve, no matter how small his herd may be. Some are taxed as high as twenty cowboys. The matter is all arranged at a meeting of the stockmen held under the auspices of the Stockmen's Association. When the cattle are all gathered in and branded for the summer the only help needed for the rest of the year is a sufficient number of cowboys to watch the herds, which is generally done by sleeping in the grass under some friendly shade. Three cowboys will take care of 5000 cattle, keep them all together, and drive to the railroad stations such as are to be sent to market.

THE FINANCIAL CONDITION OF EUROPE.

In Great Britain the taxes this year amount to £86,000,000, and £59,000,000 are required to pay the interest on the National debt and for the needs of the Army and Navy. In Russia the ordinary expenditure has risen from 58½ millions sterling, in 1879, to 76¼ millions last year. This is an increase of not far short of 14¾ millions, or over 25 per cent., without taking account of the war expenditure at all. The expenditure has grown under all heads; but the main increase is in the charge of the debt and the cost of the Army. The charge of the debt last year was a little over 19½ millions sterling, out of a total expenditure of 76¼ millions sterling, or somewhat over 25 per cent. And the increase in the five years under review was somewhat over eight millions sterling, or almost 70 per cent. The increase in the war expenditure was over 3½ millions sterling, or nearly 19 per cent. But here the extraordinary expenditure is left out of account. The increase in the cost of the army was, therefore, very much greater than is acknowledged.

The Russian army, the debt, and the navy, added together, involve a charge of fully two-thirds of the total outlay of the Russian Empire. There remains little more than 28 millions sterling for the civil administration—including public works, the administration of justice, education, the church, and the support of the great offices of state. Evidently this sum is entirely inadequate for an empire of such enormous extent, so poor, and economically so backward. The truth is that the civil administration is starved to keep up an army and a foreign policy which are rapidly bringing Russia to the verge of bankruptcy. The revenue is 11 millions sterling less than the expenditure. There is no official statement of the actual cost of the Russo-Turkish war. But it is possible to arrive at a rough estimate of the amount by noting the increase in the charge of the debt, and that makes it amount to about 170 millions sterling.

As to France, the French debt has risen to £1,690,000,000, in all, more than double the British debt, the annual charge being actually £51,300,000. The charges for the army and navy and colonies have been recklessly raised, until the Treasury has actually to provide £88,000,000 a year—more than the entire revenue of Great Britain—for debt and defence alone. France is still burdened with the tremendous dead-weight of £80,000,000 a year, or 50s. per head on her population. In addition to this the Government has temporarily swelled the outlay on the public works to £23,000,000 a year, and the total expenditure of the Treasury this year reaches the previously inconceivable sum of £142,000,000. Even in France, if the extravagance does not stop, the Treasury will be driven to dangerous expedients. Retrenchment in the army cannot, for the moment, be hoped for. Other countries are not much better off.

In Germany and Italy great suffering and discontent prevail, while their finances are far from being in a flourishing state. Yet several of these European nations want to extend their boundaries in divers directions. And next to indulging in these prowling propensities at their neighbors' expense, their favorite occupation is to watch each other with a jealous eye, and so to plunge deeper and deeper into what Mr. Gladstone once called "the expenditure of emulation." Alas! we may well exclaim, "With what little wisdom the world is governed!"

These statistics have been compiled by the Peace Society. They are interesting, but lack the illustration which the society might afford could they estimate the cost of the success in Europe of the Society of the Black Hand.

RAILROAD STATISTICS.

The following summary of the railroads in the United States is taken from *Poor's Railroad Manual* for 1883:

During 1882 the mileage of the railroads of the country was increased 11,591 miles, making a total of 113,329 miles. The average mileage operated for the year was 107,158. The amount of share capital issued by the several companies up to the close of their respective fiscal years was \$3,456,078,196, an increase from the previous year of \$385,254,585. The funded debts of the several companies amounted to \$3,184,415,201, an increase from the previous year of \$352,554,496. Their floating or unfunded debts amounted to \$255,170,962, an increase of \$42,404,965 from the previous year. The total increase of share capital and of funded and floating debts from the previous year equaled \$780,213,776. The total amount of all liabilities at the close of 1882 was \$6,895,664,359. The total per mile for completed mileage was \$61,342. The total of stock and liabilities for 1881 was \$6,115,540,583; the amount per mile, \$59,985; the total for 1880 was \$5,373,015,928; per mile,

$58,949; the total for 1879 was $4,872,017,517; per mile, $57,730. The gross earnings of all the roads for their several fiscal years of 1882 were $770,356,716, an increase from the previous year of $67,066,511. Of the gross receipts, $202,140,775 were received from passengers, $506,367,247 from freight, and $61,848,734 from miscellaneous sources. The net earnings for the year were $310,682,877, an increase of $24,929,109 from the previous year. The amount of interest paid was $149,295,380, an increase of $20,708,078 from the previous year. The amount of dividends paid was $102,031,434, an increase of $9,687,244 from the previous year. The percentage in 1882 of gross earnings to investment was 11.2 per cent.; in 1881, 11.5; in 1880, 11.4; in 1879, 10.8. The percentage of net earnings to investment in 1882 was 4.5 per cent.; in 1881, 4.7; in 1880, 5.1, and in 1879, 4.4 per cent. The earnings per mile of all the railroads operated for 1882 were: Gross, $7,188; net, $2,899; in 1881, gross, $7,527; net, $3,040; in 1880, gross, $7,435; net, $3,293; in 1879, gross, $6,652; net, $2,761.

The railroads of the New England States are shown in an abridged table to have 6,233 miles of line, $197,071,108 capital stock, $139,232,591 funded, and $17,493,569 floating debt, 6,186 miles in operation, $56,188,499 gross earnings, $18,258,973 net earnings, $7,215,801 paid in interest, and $8,807,540 in dividends. During the three years since 1879, 28,019 miles of railroad have been opened, the share capital and indebtedness was increased $2,023,646,842, the average cost per mile of the new mileage being in round numbers $70,000, while the increase in funded and floating debts for the three years has equaled about $30,000 per mile. The cash cost of all the railroads constructed in the United States in the last three years did not exceed, probably, $30,000 to the mile, or $900,000,000 in all. To this sum is to be added at least $150,000,000, derived chiefly from earnings expended in improvements of old lines. It is safe to estimate that the actual cash expenditure upon all the railroads of the United States within the past three years did not exceed $1,050,000,000, a sum $973,646,842 less than the increase, in the period named, of capital and indebtedness of the several companies. Of course such an enormous increase of liabilities over actual cash outlay is to be greatly regretted, and is well calculated to create a distrust of all securities, good and bad. It is concluded that in such States as Ohio and New York no extent of additional mileage, except for the development of some particular interest, such as coal, can be constructed to advantage. The same may be said of new lines built nominally to serve as carriers between the West and the East. The existing lines are capable of transporting twice or thrice the tonnage now offering, or that is likely to offer itself. The result of all such new lines will be to divide business with, and thus weaken, the old; or, unable to compete, their stocks and bonds must remain comparatively valueless. While it is not probable that we shall ever again witness the construction in a single year of 11,500 miles of railroad, such construction will continue steadily and rapidly until our present mileage is doubled in extent. There are now, or soon will be, four great lines traversing the continent from ocean to ocean. These lines render every portion of it accessible, and will serve as trunks from which branch lines will radiate in every direction. Included in the available area of the United States are 3,000,000 square miles. A ratio of one mile of railroad to ten square wiles of area will give

300,000 miles of line. Construction will proceed uninterruptedly until such an extent of mileage is reached.

The number of passengers transported in 1882 on the railroads of the New England group of States, having a population of 3,-990,529, was 65,220,934—a number 16.3 times greater than its whole population. The number transported in Massachusetts was 48,-063,639—a number greater than for any other State. The number transported in the Middle group of States, having a population of 12,196,876, was 205,844,626, or, deducting 86,161,029 carried on the New York City elevated railroads, 119,683,597—a number very nearly equaling ten times its population. The number transported in the Southern group of States, having a population of 12,255,910, was 10,875,511—a number 1,379,399 less than the population of this group. The number transported on the railroads of the Western and Southwestern group, having a population of 20,132,325, was 82,940,331—a number 4.1 times greater than its population; the low average of this group arising from embracing in it the South-western States. The number transported on the Pacific group, having a population of 1,393,817, was 10,510,410—a number 7.5 times greater than its population. The total number transported on all the railroads of the United States the past year, not including the New York elevated roads, was 289,190,783—a number equaling very nearly six times the total population, 50,442,066, of the United States in 1880.

The number of passengers moved one mile in the New England group was 1,107,045,086, at a charge of 2.1 cents per mile; in the Middle States group 2,356,226,676, at a charge of 2.3 cents per mile; in the Southern group 559,577,836, at a charge of 2.6 cents per mile; in the Western group, 2,708,268,037, at a charge of 3.2 cents per mile; in the Pacific group 351,942,279, at a charge of 3.1 cents per mile. The total movement on all the roads equaled 6,834,048,765 persons moved one mile, at a charge of 2.86 cents per passenger per mile.

The number of tons of freight transported on the part of the railroads of the New England group of States was 28,605,416 tons, being seven tons per head of its population. The number of tons transported on the Middle group was 166,372,589, the number of tons moved per head of population being 13.6. The number of tons moved on the railroads of Pennsylvania per head was 23.4. The number of tons transported on the Southern group was 19,-199,096, the number of tons per head being 1.56. The number of tons transported in the Western group was 140,791,848, being seven tons per head. The number of tons transported on the Pacific group was 5,526,426, being four tons per head. The number transported on all the railroads of the United States the past year was 360,490,375 tons; the average tons moved per head of population being very little over seven tons. The number of tons transported one mile on the railroads of New England group was 1,680,009,065, at a charge of 1.7 cents per ton per mile; on the Middle States group, 14,233,884,685 tons, at a charge of one cent per ton per mlie; on those of the Southern group, 2,040,078,971 tons, at a charge of 1.8 cents per ton per mile; on those of the Western group, 20,-133,946,667 tons, at a charge of 1.2 cents per ton per mile; on those of the Pacific group, 1,214,289,859, at a charge of 3.1 cents per ton per mile. The total movement on all the railroads of the United States for 1882 equaled 39,302,209,249 tons moved one mile, at an average charge of 1.2 cents per ton per mile.

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OBLIGATION PAYABLE AT BANK NOT DISCHARGED BY DEPOSIT IN BANK FOR PAYMENT.

NEW JERSEY COURT OF ERRORS AND APPEALS. NOV. TERM, 1882.

Adams v. *Hackensack Improvement Commission.*

Bonds issued by a municipal corporation were made payable at a bank named therein and the corporation deposited money with the bank to pay the bonds. When the bonds became due the bank holding the money deposited for payment was solvent. Before the bonds were presented for payment it became insolvent. *Held*, that the bank was in no sense the agent of the bondholder and that the corporation was still liable on the bonds.

DEPUE, J. Presentment of commercial paper for payment at the time when and place where payable is necessary to fix the liability of the indorser, for the contract of indorsement is a conditional contract to pay in case presentment and demand of payment are duly made, and the indorser have due notice of dishonor. The liability of the maker of a check is also a conditional liability, and as a general rule, the money is not due from him until payment has been demanded of the drawee and refused. Demand of payment of the drawee being necessary as a matter of averment and proof, to fix the liability of the maker of a check, if demand of payment of the drawee be unreasonably delayed, and in the meantime, the drawee fails with the money of the maker in hand sufficient to pay the check, the maker will be discharged by the laches of the holder. *Taylor* v. *Sip*, 1 Vroom 284.

Whether an acceptance payable at a particular place, or what is the same thing, a promissory note payable at a particular place, is or not a conditional contract, is a question that gave rise to much discussion in the English courts. The Court of King's Bench held that such an acceptance was not conditional; that it was a contract to pay generally. The Court of Common Pleas held otherwise. Finally, the House of Lords, in 1820, in *Rowe* v. *Young*, decided in accordance with the decisions of the Common Pleas—reversing the judgment of the King's Bench—that an acceptance, payable at a particular place, of a bill drawn generally, was a conditional contract, and that in a suit against the acceptor presentment at the appointed place must be averred in pleading and proved if put in issue. 2 B. and B. 165. Soon after this decision, 1 & 2 Geo. IV, ch. 78 (July 2, 1821), was passed, which enacted that an acceptance "payable at the house of a banker or other place," should be deemed a general acceptance, unless the words "and not otherwise or elsewhere" were added. Since this act, the English courts have held that a bill drawn payable at a particular place and accepted generally, need not be presented at that place in order to charge the acceptor, though it must be to charge the drawer or indorser. 1 Am. Lead. Cas. 456 (364).

In 1827, the Supreme Court of this State, following the decision of the King's Bench in *Rowe* v. *Young*, held that in an action against the maker of a promissory note, made payable at a particular place, averment of presentment was not necessary to the validity of the declaration, nor was proof thereof requisite at the trial. *Weed* v. *Van Houten*, 4 Halst. 189. By the decision in *Weed* v. *Van Houten*, which is in accordance with the almost uniform course of decision in the courts of this country, it became the settled law of this State that the liability of the maker of a note payable at a particular place, or of the acceptor of a bill so payable, is not a conditional liability depending upon presentment and demand of payment at the place where the note or bill was made payable, but is an absolute liability to pay generally.

The cases however agree that if the acceptor of the bill or maker of the note had funds at the appointed place to pay the bill or note, the fact that the bill or note was not presented there for payment is a matter of defence. The material question is as to the nature and extent of the defence that may be made under such circumstances. Professor Parsons states the rule to be that such a defence is no bar to the action, and goes no further than in reduction of damages, and in prevention of costs; placing such a defence on the footing of a tender, which, if accompanied by a continued readiness to pay at the designated place and payment into court, will have the legal effect of a tender in relieving the payor from interest and costs of suit. 1 *Parsons on Bills and Notes*, 309. On the other hand, Mr. Justice Story says that if the acceptor or maker has sustained any loss or injury by the want of due presentment, he will be discharged to the extent of that loss, and that if the bill or note be payable at a bank, and the acceptor or maker had funds there at the time, which are lost by the subsequent failure of the bank, he will be exonerated to the extent of the loss or injury sustained. *Story on Promissory Notes*, §§ 227, 228.

The cases cited by Mr. Justice Story are *Rhodes* v. *Gent*, 5 B. & Ald. 244, and *Turner* v. *Hayden*, 4 B. & C. 1; and reference is made to *Wallace* v. *McConnell*, 13 Pet. 136. In *Rhodes* v. *Gent*, the question did not arise. The banker had not failed. The case was tried after the decision in *Rowe* v. *Young*, and before 1 and 2 Geo. IV, and the court held only that the acceptor had suffered no inconvenience from delay in presentment, and therefore was not discharged. *Turner* v. *Hayden*, as will be seen presently, holds the reverse of the doctrine for which it is cited. In *Wallace* v. *McConnell* the ruling of the court was, that in an action against the acceptor of a bill or maker of a note, payable at a specified time and place, it was not necessary to aver or prove presentment, and that a readiness to pay at the time and place designated was a matter of defence; and the court cited with approbation *Caldweel* v. *Cassidy*, 8 Cow. 271, in which it was held that a plea by the maker of a promissory note, that he was ready and willing to pay the money at the time and place mentioned in the note was not good, unless the money be brought into court as on an ordinary plea of tender.

I have found only two cases in the English courts in which the precise question raised by this writ of error has been presented, *Sebag* v. *Abitbol*, 4 M. & S. 462, and *Turner* v. *Hayden*, 4 B. & C. 1. In *Sebag* v. *Abitbol*, the acceptance was on a bill payable at a banker's. It became due March 1, 1812; it was never presented, and the banker became bankrupt in November, 1814. The acceptor had funds with the banker at the time the bill became due, and up to the time of the bankruptcy, more than sufficient to pay the bill. Payment of the bill was resisted on the ground of the laches of the holder and the loss by the acceptor of the money he had provided for its payment by the banker's failure. The bill had been lost, and the acceptor had notice of the loss. The court disposed of the defence on both grounds, and held the acceptor liable. Lord Ellenborough said: "Laches is a neglect to do something which by law a man is obliged to do. Whether my neglect to call at a house where a man informs me that I may get the money amounts to laches, depends upon whether I am obliged to call there." This case I consider in point, for it was decided before the decision of the House of Lords, in *Rowe* v. *Young*; and the King's Bench always held that an acceptance payable at a particular place bound the acceptor to pay generally and universally, and that there was no occasion to make a demand at the particular place in order to found a right of action on the acceptance. *Fenton* v. *Goundry*, 13 East 459, 469. *Turner* v. *Hayden* was decided in 1825, and after 1 and 2 Geo. IV ch. 78, was passed. It was an action against the acceptors of two bills of exchange which were accepted, payable at Marsh & Co.'s, Berners Street, and becoming due, respectively, on the twenty-first and thirty-first of August. Marsh & Co. stopped payment on the thirteenth of September. The bills were never presented at their banking house. At the time the bills became due, and thenceforth until the failure of the bankers, the acceptors had a balance in the hands of the bankers, exceeding the amount of the bills. The acceptors contended that they were not liable, as they had sustained a loss exceeding the amount of the bills in consequence of the laches of the plaintiff in not presenting them within a reasonable time after they became due. The Lord Chief Justice Abbott overruled the defence and directed a verdict for the plaintiff, and his ruling was sustained *in banc*, on the ground that the holder was not bound to present the bills at the place where they were payable, and therefore was not guilty of laches in omitting to do so.

The cases in the American courts in which funds deposited by the acceptor or maker with the banker at whose place the paper was payable, to meet it at maturity, have been lost by the failure of the banker—the bill or note not having been presented for payment—are few, though the *dicta* on that subject are quite numerous. In *Lazier* v. *Horan*, 55 Iowa 75, it was held that where the maker of a note payable at a bank, before the note became due left with the bank the money to pay it, and the bank, sometime after the maturity of the note, failed—the note not having been presented for payment—the deposit was a complete defence to the note. This case was decided entirely on the authority of the passage from *Story on Promissory Notes*, § 229, above referred to. No cases were cited in support of the proposition announced, nor was the attention of the court called to *Sebag* v. *Abitbol*, or *Turner* v. *Hayden*. Indeed, the learned judge who prepared the opinion conceded that no authority was cited to sustain the views expressed by Mr. Justice Story, and he added that no case announcing the opposite view had been cited.

In *Wood* v. *Merchants' Saving Co.*, 44 Ill. 267, the action was against the maker of a note payable at the banking house of J. G. Conrad, Chicago. The note became due on the twenty-ninth of September, 1864, and at that time the maker of the note had on deposit with the banker funds sufficient to pay the note. The note was presented on the day it was due, and marked good by the teller, and taken from the bank without the money. On the thirtieth of September the banker failed, the money standing to the maker's credit not having been withdrawn. The court held the maker liable on the note. On the point for which this case is referred to, the court held that the making of a note payable at a bank did not amount to an agreement that the maker might deposit the amount of the note in the bank, and thus discharge his obligation and cast the risk upon the holder.

Ward v. *Smith*, 9 Wall. 447, is very much in point. The suit was on three bonds, dated August 22, 1860, payable in six, twelve and eighteen months, at the Farmers' Bank of Virginia. The obligee deposited with the bank one bond for collection, and retained the others in his possession. The obligor made a deposit with the bank to the credit of the obligee, in notes of different banks in Virginia, the nominal amount of which exceeded the balance due on the bond left with the bank. The court held that with respect to the two bonds that were not in the bank, the bank was not the agent of the obligee; that in receiving the money the bank was agent of the obligor; that the obligor, by depositing the money to the credit of the obligee, could not make the bank the agent of the latter, and that the loss arising from the subsequent depreciation of the notes must be adjusted between the bank and the depositor, and could not fall upon the holder of the bonds.

Williamsport Gas Co. v. *Pinkerton*, 95 Penn. St. 62, is a case directly in point. There the action was upon a coupon for interest on a bond given by a corporation, and payable at the banking house of Kirk, McVeigh & Co., West Chester, who were subsequently incorporated under the name of the Bank of Brandywine. The coupon was for interest due on the first of December, 1875. On the twenty-ninth of November, 1875, the gas company remitted to the banking house the funds necessary to pay the interest coming due on the first of December, which were credited on the books of the bank in the name of "Interest, Williamsport Gas Loan." The bank paid all coupons presented up to December 22, 1875, and on that day suspended payment, with a balance of the money so deposited still in hand, more than sufficient to pay the plaintiff's coupon. The plaintiff's coupon was never presented at the bank. The court held that there was no obligation on the holder of the coupon to present the same and demand payment of it within a reasonable time; that the bankers at whose place it was made payable were the agents of the obligors, and that the holder of the coupon was not responsible for the loss, and judgment was given in his favor.

I think those cases which affirm the continuing liability of the maker, acceptor or obligor on paper made payable at a banker's, where the debtor had provided funds for payment at maturity, which the holder might have received if he had demanded payment when due, and which were lost by the subsequent failure of the banker, were correctly decided. Emancipated from the doctrine of *Rowe* v. *Young*, that the contract to pay at a particular place is a conditional contract, the question becomes simply one of agency. As the custodian of the money wherewith to pay, whose agent is the banker?

The contract of the maker, acceptor or obligor is to pay the holder of the paper, and the place for payment is designated simply for the convenience of both parties. Making a bill or note payable at a banker's, is authority to the banker to apply the funds of the acceptor or maker on deposit to the payment of the paper. 1 *Daniel Neg. Inst.* 326 a. If maturing paper be left with the banker for collection, he becomes the agent of the holder to receive payment; but unless the banker is made the holder's agent by a deposit of the paper with him for collection, he has no authority to act for the holder. The naming of a bank in a promissory note as the place of payment does not make the banking association an agent for the collection of the note or the receipt of the money. No power, authority or duty is thereby conferred upon the banker in reference to the note; and the debtor cannot make the banker the agent of the holder by simply depositing with him the funds to pay it with. Unless the banker has been made the agent of the holder by the indorsement of the paper or the deposit of it for collection, any money which the banker receives to apply in payment of it will be deemed to have been taken by him as the agent of the payor. 1 *Daniel Neg. Inst.* 326; *Hills* v. *Place*, 48 N. Y. 520. Such a deposit, without some act of appropriation by the banker, does not create any privity of contract as between the banker and the holder of the paper. *Hill* v. *Boyds*, L. R. 8, Eq. 290; *Johnson* v. *Roberts*, L. R. 10 Ch. App. 505; *Barnea's Banking Co.; In re Massey*, 22 L. T. (N. S.) 853; *Bank of Republic* v. *Millard*, 14 Wall. 152. The only effect of the payer having the money at the bank where the paper is payable, is that it will enable him to plead a tender in exoneration of interest and costs of suit, provided he makes his tender good by payment of the principal into court. *Caldwell* v. *Cassidy*, 8 Cow. 271; *Haxton* v. *Bishop*, 3 Wend. 13; *Carley* v. *Vance*, 17 Mass. 389; *Ward* v. *Smith*, 7 Wall. 447; *Wood* v *Mechanics', &c., Co.*, 41 Ill. 267; 1 Am. Lead. Cas. 478.

The judgment should be reversed.

LEGAL MISCELLANY.

PLEDGE TO A NATIONAL BANK OF ITS OWN SHARES AS SECURITY.—Where a National bank made a loan upon the pledge of its own shares and afterward sold the shares to obtain payment of the loan which exceeded the amount realized from the shares. *Held*, that the owner of the shares could not on the ground that the statute forbid a National bank to take its own shares as security recover from the bank the amount realized upon the sale of the shares. *First N. Bank* v. *Stewart*, Sup. Ct. of U. S.

NATIONAL BANK—CRIMINAL ACT BY OFFICERS OF—U. S. R. S., §§ 5209 AND 5239—REQUISITES OF INDICTMENT.—(1) Section 5209, U. S. R. S. is as follows: "Every president, director, cashier, teller, clerk, or agent of any" National banking "association who embezzles, abstracts, or willfully misapplies any of the moneys, funds, or credits of the association, or who without authority from the directors issues or puts in circulation any of the notes of the association, or who without such authority issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, or assigns any note, bond, draft, bill of exchange, mortgage, judgment, or decree, or who makes any false entry in any book, report, or statement of the association, with intent in either case to injure or defraud the association or any other company, body politic or corporate, or any individual person, or to deceive any officer of the association or any agent appointed to examine the affairs of the association; and every person who, with like intent, aids or abets any officer, clerk, or agent in any violation of this section, shall be deemed guilty of a misdemeanor, and shall be imprisoned." *Held*, that an indictment under such section for making a false entry must contain the following averments, viz.: 1. That the accused was the president or other officer of a National banking association, which was carrying on a banking business. 2. That being such president or other officer, he made in a book, report, or statement of the association, describing it, a false entry, describing it. 3. That such false entry was made with intent to injure or defraud the association, or to deceive an agent, describing him, appointed to examine the affairs of the association. 4. Averments of time and place. It is not an objection to the indictment that it does not contain an averment that the false entry was made "in an account of, and in the due course of business of the bank." Neither of these averments is required. Nor is it that the entries as set out are unintelligible without explanation. *Rex* v. *Gripe*, 1 Ld. Raym. 256; *Rex* v. *Aylett*, 1 T. R. 63; *Rex* v. *Taylor*, 1 Camp. 404; *Reg.* v. *Virrier*, 12 A. & Ell. 317; *Mix* v. *Woodward*, 12 Conn. 262; *Van Vechten* v. *Hopkins*, 5 Johns, 211. (2) An indictment under the section referred to charged that the defendant, being president of the association, paid to a certain person unknown the sum of $2,400 of the moneys of the association in the purchase of forty shares of its capital stock, which stock so purchased, was held by the defendant in trust for the use of the association, and the same was not purchased to prevent loss on any debt theretofore contracted with the association in good faith, and that so the defendant did willfully misapply the moneys of the association with intent to injure and defraud the association. *Held*, that the indictment was insufficient as not charging an offence and also for repugnancy. The willful misapplication of the moneys and funds of the banking association, which is made an offence by section 5209, means something different from the acts of official maladministration referred to in section 5239, and it must be a willful misapplication for the use or benefit of the party charged, or of some person or company other than the association, with intent to injure and defraud the association or some other body corporate or some natural person. (3) An indictment under said sections charged that the defendant, being president of the association, willfully misapplied its moneys and funds by buying therewith certain shares of its stocks, with intent to injure and defraud the association and certain persons to the grand jurors unknown. *Held*, insufficient, as not negativing an exception in the statute that a purchase of shares by a bank may be made to prevent loss of a debt previously contracted. The rule of pleading, as laid down, is that "when a statute contains provisos and exceptions in distinct clauses it is not necessary to state in the indictment that the defendant does not come within the exceptions, or to negative the provisos it contains. On the contrary, if the exceptions themselves are stated in the enacting clause, it will be necessary to negative them in order that the description of the crime may in all respects correspond with the statute." 1 Chitty Crim. Law, 283, b. 284. Thus where a statute declared that if one on the Sabbath day shall exercise any secular labor, business, or employment, except such only as works of necessity and charity, he shall be punished," etc., a negative of the exception was held indispensable. *State* v. *Barker*, 18 Vt. 195; see also *Commonwealth* v. *Maxwell*, 2 Pick. 139; 1 East P. C. 167; *Spieres* v. *Parker*, 1 T. R. 141; *Gill* v. *Scribens*, 7 T. R. 27; 1 Bishop Crim. Pro. § 636. If an officer of a National banking association, being insolvent, submits his own note, with an insolvent indorser as security, to the board of directors for discount, and they knowing the facts, order it to be discounted, the use by the officer of the proceeds of the discount for his own purpose is not a willful application of the funds of the bank rendering him liable to a criminal prosecution. *United States* v. *Britton*. U. S. Sup. Ct.

CORPORATION—LIABILITY OF SHAREHOLDER FOR DEBTS—SHARES ISSUED AND PUT IN MARKET AS FULL-PAID SHARES—ULTRA VIRES—PURCHASE OF MINERAL LANDS BY MINING COMPANY NOT. —Where shares of the capital stock are issued by a corporation to the original subscribers as full-paid shares, and are sold by them as such, a purchaser thereof in good faith, cannot be held liable to a creditor of the corporation in the value of his stock as for unpaid installments. The unpaid subscriptions of a corporation become insolvent, in the hands of a *bona fide* purchaser without notice, do not constitute a trust fund which may be pursued by the creditors of the corporation, and subjected to the payment of their claims. . . . Shares of stock are not, strictly speaking, negotiable instruments, but courts speak of them as *quasi negotiable*; and when they are issued as full-paid shares, and as such sold in open market, the purchaser is not bound to suspect fraud where everything seems fair and conformable to the requirements of the law. . . . A company incorporated for the purpose of mining and shipping coal, and empowered by the laws of the State wherein it was incorporated, to purchase and hold mineral lands to the extent of ten thousand acres, may lawfully purchase coal lands, and pay for the same in the stock of the company. . . . The law is well settled, that a company may receive in payment of its shares of stock any property which it may lawfully purchase; and so long as the transaction stands unimpeached for fraud, courts will treat as a payment that which the parties themselves have agreed shall be a payment, and this too in cases where the rights of creditors are involved. *Waterhouse* v. *Jamieson*, *L. R.*, 2 S. App. 29; *Ex parte Currie*, 32 L. J. Ch. 57; *Carling's case*, 1 Ch. Div. 115; *Nicholl's case*, 26 W., (H of L.) 821. In *Spargo's case*, L. R., 8 Ch. App. 412, James, L. J. said: "If there was on the one side a *bona fide* debt payable in money at once for the purchase of property, and on the other side a *bona fide* liability to pay money at once in shares, so that if bank notes had been handed from one side of the table to the other in payment of calls, they might legitimately have been handed back in payment for the property, there is no necessity that the formality should be gone through of the money being handed over and taken back; but that if the two demands are set off against each other the shares have been paid for in cash." *Brant* v. *Ehlen*. Md. Ct. of App.

AGENCY—EVIDENCE OF.—The authority of an agent cannot be established by proof of the declarations of the agent. *Clark* v. *Baker*, 2 Whart. 340; *Chambers* v. *David*, id. 44; *Jordan* v. *Stewart*, 11 Harris 244; *Grim* v. *Bonnell*, 28 P. F. Smith 152. *Owens* v. *Evans*, Penn. Sup. Ct.

CURRENT EVENTS AND COMMENTS.

AMERICAN REAPING MACHINES IN RUSSIA.

Writing from Berdiansk, Russia, British Vice-Consul Lowe says that "American reaping machines command the market, and far outstrip all of English make in suiting the requirements of the country. The number sold must be simply colossal, as in nearly every village and colony of South Russia, and also to a considerable extent in the Caucasus, this machine is to be found, and gives universal satisfaction." Commenting on this, the British *Trade Journal* says: "It is much to be regretted that English manufacturers do not devote more attention to this business. It must surely be possible for them to make an equally suitable article as the Americans, but up to the present all attempts have failed, and the Americans have this and many other rich districts completely to themselves."

THE FLORIDA SHIP CANAL.

A recent communication from Col. John A. Macdonald, C. E., of Eustis. Fla., sets forth the impracticability of this scheme on the following grounds: First—It would cost five times as much money as any estimate made, or about $250,000,000. Second—It would require more time to go through the canal than to keep the open sea. Third—The insurance would be higher by one-half of one per cent., the making of two ports adding to the risk. Fourth—It would be quarantined half of the time. Fifth—No shipmaster would be foolish enough to patronize the canal if it was open.

Mr. Macdonald goes on to say that a canal would not materially shorten the distance for any vessels except those plying from our Gulf ports coastwise. That dangers of the Florida reefs are fearfully overestimated on account of the vast number of vessels intentionally run on the reefs by dishonest captains or owners to get insurance, while the danger of lying in the bight of Florida, near the Gulf end of the proposed canal, is much greater than in the most treacherous piece of water on all our coasts.

Foreign vessels would have to enter and clear at each end of the canal, pay towage in, towage out, towage through, port dues, pilotage, hospital dues, tonnage, toll, run the chance of quarantine, and have all dutiable goods under supervision of a customs inspector all the way through, while the officers would be compelled to stand over the crew with handspikes to keep them from deserting. While it would be but 300 miles further to go around, it would take several days longer to go through the canal, including lying outside for weather to come in, and all delays incident to making two ports.

ENGLISH CAPITAL INVESTED IN SOUTHERN LANDS.

It is noticeable that most of the large land purchases now being made in this country are by English syndicates or capitalists. It was an English company which purchased 311,000 acres of land in the Panhandle of Texas, the other day; and an Englsh syndicate that bought 1,300,000 acres of bottom land in the Yazoo district of Mississippi, which they will drain and place in good condition for cultivation. The Florida purchase made of Disston is even larger. Disston obtained 4,000,000 acres of land from the State of Florida and resold half of it, 2,000,000 acres, to an English company, headed by Sir E. J. Reed, the famous civil engineer, which company proposes to drain this country, divide it into twenty-acre lots, clear two or three acres on each, erect a house and furnish the settler with a home immediately on his arrival. Besides these, there have been heavy purchases of lands by English companies in Kansas and Colorado, but the South still seems to be the favorite place of investment for their capital. Those Englishmen who have come here to see and investigate these purchases have all returned home well pleased with them. They give, as the reason why so much English capital is now turned toward America, the small outlet there is for it at home. Land in England is at a discount; the manufactories are overproducing, and there is no room for more. The only place where money may be invested with profit and safety is in America, and the best investments here are in the cheap lands to be purchased in the South. These investments are, of course, merely experimental as yet, and it remains to be seen whether they will prove profitable or not. If they should, the South ought to be able to command as much capital from England as it desires to improve and develop its waste places.

PROPOSED REDUCTION IN BRITISH POSTAL TELEGRAMS.

A Treasury minute relating to the proposed reduction of the minimum charge for telegrams to 6d. has just been published as a Parliamentary paper. The Postmaster-General finds that if orders were now given for the additional plant and other arrangements required, the reduction might be made on October 1, 1884. An expenditure of £500,000 in new main lines of telegraph and other works will be necessary. Were free addresses to be abolished, and a halfpenny charged for each word including the address, the minimum charge being 6d., the loss of income during the first year would, it is estimated, be £170,000. Were the receiver's address to be free and that of the sender to be charged for on the scale of 6d. for the first five words and 2d. additional for each subsequent five words, the loss of income would be £270,000. Were this latter scale to be adopted, with both addresses free from charge, the loss of income would be from £500,000 to £625,000. This latter plan would, it is considered, involve too heavy a charge upon the public purse. A decision on the first two methods is reserved, but meanwhile general authority has been given by the Treasury to the Postmaster-General for the necessary preliminary outlay. A sum of £200,000 is to be expended during the current year, and a supplementary estimate for this amount will be presented to the House of Commons.

OSTRICH FARMING.

The great importance which ostrich-farming has acquired in Southern Africa may be seen from an ostrich auction recently held at Middleburg, Cape-Land. The lowest price paid for one pair of these birds was £180, and several pairs fetched £285. A few years ago ostriches were obtained by hunting only, and at that time a good bird could be bought for a menagerie or a zoological garden at a moderate price. But since their domestication and the development of ostrich farming as an industry, their price has risen enormously. At present the Zoological Garden in London owns not one living ostrich. From the Cape of Good Hope 2,297 pounds of ostrich feathers were exported in 1860, at a value of £19,261; but in 1873 the exportation had risen to 31,581 pounds, at a value of £159,679, and recently a bunch of picked bloods were sold at Port Elizabeth for £67 15s. a pound, that is, about 15s. a feather.

ITALIAN TRADE PROGRESS.

The foreign trade of Italy for the past year cannot be described as of a very satisfactory character. Take away the imports of precious metals, the proceeds of the specie loan issued abroad, and both sides of the trade account show considerable decreases. On the export side of the account the decrease would be about £1,-500,000, and on the import side the falling off would amount to considerably more than that but for the fact that some £5,400,000 in gold and silver was imported. The trade of Italy has, in fact, been disturbed for two years back by this specie-payment loan, the imports of gold for the two years having been £5,340,000, and of silver, £2,900,000. About £720,000 of silver was also imported in 1880, and last year the exports of the precious metals naturally almost ceased through the effect which the foreign loan had in turning the exchanges in favor of Italy. The fact that the whole of this increment, *pro* and *con* has been artificial is rather ominous, for when the specie payments are resumed this Spring it is probable that their first effect will be to release gold for export. Italy however, is undeniably making progress; so much so that the chief regret caused by the currency legislation is that it may check instead of furthering this progress. Agriculturally, Italy seems to make more strides than as a manufacturing country. Her manufactures last year mostly show a falling off, but there was a notable increase in the export of cattle and poultry. If this continues, it may be accepted as a proof that the agricultural classes in Italy are beginning to struggle out of their terrible miseries. Prosperity is needful on many grounds were it only to enable the nation to bear the heavy increase made in its debt. That now costs £2,-640,000 annually more than it did seven years ago, and imposes, all told, a burden of more than £19,000,000 per annum. As a very large part of this debt is held abroad, it is to no small extent a constant menace to the commercial credit of the kingdom.

—*Pall Mall Gazette.*

SUBSTITUTE FOR FLAX AND HEMP.

The textile organs of England are discussing the merits of a fibrous material brought from Turkestan, and there called Kenduir. The plant in question grows to a height of from seven to fourteen feet; the stalk has the same structure as that of flax, but is five or six times thicker than the latter; the rind is, comparatively speaking, thin, but the alburnum layer is more developed than in flax; examined under the microscope the fibrous part presents all the qualities of a good spinning material, the thickness of the walls of each separate fiber points to its strength; and its length—some two and one-half inches or more—and elasticity are qualities which of course increase its value. It appears that this fiber, even when subjected merely to the crude preparation which it customarily undergoes at the place of production, can easily be manufactured into No. forty yarn, and that a single thread of this yarn will support a weight of some two and three-fourths pounds. The preparatory process, like that for flax and hemp, consists in steeping in water; it is easily bleached, and at the same time acquires a silky gloss. In its native state this promising plant grows in great abundance in the Semiretchye, or Seven River district of Turkestan, also in the Tli country, along the river Syr-Daria—in fact is found covering so vast a region that the supply is really without limit.

MANUFACTURE OF COCOANUT FIBRE.

Within the last twenty years a vast extension of the economic uses to which this valuable fibre is put has taken place. The term "coir," usually applied to this material is the Anglicised form of the South Indian "kayaru," cord or twine, and is not applied in India to the raw fibre, which is called in the Tamil language "savuri." The fibrous husk or rind of the cocoanut is easily stripped from the nut while yet green by striking it on the point of an iron spike, and is then steeped in salt or brackish water, where it lies for several months until the softer portions of the husk rot away, and the strong fiber alone remains. This is taken out, beaten with a stick to separate and clean the fibre, and twisted with a simple rope-making machine into the coir yarn; and this again is twisted with the required number of strands into rope, or woven into matting, while the stiffer fibres are made into brushes and other articles of domestic utility. The fibre is pressed for shipping into bales weighing 200 pounds each. The attempt has been made to prepare the fiber from the dried husk in England, but without success. Much of the coir fibre used in England is brought from Ceylon, but a large and increasing quantity is now exported from Bombay and the western coast of India. The supply is not inexhaustible; but as prices rise cultivation is encouraged, and as the growth of this palm is along the seacoast, where other crops cannot be grown, the trade is a profitable one. Factories for the weaving of coir matting have been opened by English and American firms at Allepy, Quilon, Colachel, Cochin, etc., and turn out a considerable quantity of goods. Spinning is not attempted here, being more cheaply done by hand at the place where the fibre is produced.

TECHNICAL EDUCATION IN BELGIUM.

One of the Commissioners on Technical Education of Great Britain gives some interesting particulars concerning the attention paid to technical education in the famous works of John Cockerill, of Seraing, Belgium. In the several departments of mining, smelting, forging, and machine making, about 10,000 men are employed, and the wages paid amount to about $ 2,000,000 per annum. About 100 draughtsmen are employed, of whom twenty-five are Germans and Swiss from the polytechnic schools of their respective countries. Several free-night schools are attended by boys and adults from the works, numbering nearly 2000. There is also an industrial or technical school, attended by about eighty fitters, boilermakers and young men from all the departments, while a mining school in connection with the works is attended by about 200 students. According to a statement made by a director of the steel department, all young men under eighteen years employed in that department are required to attend the night school, and absence is, in some cases, punished with expulsion from the works. A similar state of things exists at the great zinc works near Liege, the Viella Montague, employing some 7,500 men, and where intelligence in all the operations is insisted upon to such an extent that apprentices are required to attend the evening schools. It is not thought that the attendance at the night schools makes the young men better workmen, but it is considered to train them to habits of thought and reflection, to keep them from worse places and to tend in all respects to make them better men.

SUGAR CULTIVATION IN INDIA.

India has 21,000,000 acres under wheat, which commands top prices; but for her supply of the saccharine product she has to depend very largely upon Mauritius. True, she has nearly 2,000,000 acres of land returned as under sugar cultivation, but the yield is stated to be wofully short, owing to the old-fashioned methods in vogue in connection with the production. According to published returns the yield varies remarkably. In Bengal, for instance, it goes from two cwts. per acre up to twenty-eight cwts., indicating the different results that can be obtained by the planter under various conditions of cultivation. In many parts of the Empire the method of manufacturing sugar is most simple. The juice is extracted from the cane by crushing in antique stone or wooden mills, and is then boiled down until it becomes crude sugar. Refined sugar is an article seldom manufactured, although there is every reason why it should be. Even with the present simple and wasteful manner of manufacture, the profits of sugar growers in India are large, and great things would be done if improved machinery were used. Native sugar, it is stated, fetches from 4–8 to five rupees per cwt. in the Northern markets of India, and Mauritius refined rules proportionately higher, of course. Taken together, these facts would appear to indicate that there exists in India a good opening for enterprising capitalists in the sugar industry. It is probable that sugar production will yet become one of the foremost agricultural industries of India.

A NEW SOURCE OF ALBUMEN.

Albumen is a substance indispensable in many processes of manufacturing. It is among the most nutritive properties of beef and vegetables, but almost the only source from which it has been obtained as a merchantable commodity is the hen's egg, the "white" being pure albumen. In supplying the demands of commerce for this article the barnyards of France have been taxed to their utmost. As eggs are rarely found in other countries beyond the local requirements for food, very naturally the cost of albumen to the consumer is high, ranging from $1.25 to $2.40 per pound, and the trade is commonly supposed to yield enormous profits. It is asserted that pure albumen is about to be manufactured and put upon the market from a source hitherto unknown, and that the available supplies are literally as boundless as the ocean. The source referred to is the spawn of fish, so that our cod, menhaden and shad fisheries are to contribute additional wealth from their hitherto waste products. It is predicted that these interests must ultimately receive an immense impetus from increased profits, and that the United States Fisheries Commission will find an incentive for doubling its efforts in fish propagation. Extensive works are in course of erection on the Massachusetts coast. The process is simply to separate the spawn from the inclosing membrane, crush it in machinery, and the albumenous water resulting is boiled ni a vacuum at a temperature not exceeding 115 degrees F. Albumen is consumed on a large scale in cotton mills, print works, by manufacturers of fine stationery, and in many of the arts.

LAND TENURE IN INDIA.

At the meeting of the Indian section of the Society of Arts in London, Sir James Caird said, that of the various examples of tenure in India, the most ancient appeared to him the soundest in its conception of the true proportion of rent to produce. Manu, the great lawgiver of the Hindoos, many centuries ago laid down the claim of the State to certain proportions of the produce, according to the quality of the soil and the labor it needed—a sixth, eighth, or tenth part of the grain. This principle, here and at present, under the influence of competition, works itself out in our system. A fourth, fifth, six or seventh of the produce, according to quality of soil, position in regard to markets, and cost of cultivation, converted into money, represents the varying rents of land in Great Britain. Bnt the English, when they took possession of India, in some sense mistook the collectors of the land revenue for the true landowners, and the Cornwallis settlement of Bengal fixed upon them a moderate and fixed Government demand, without taking due note of the rights of the real landholders, from whom, through the zemindars, the Government land revenue was collected. The Bengal Rent Bill, now under consideration in India, is meant to give legal recognition, so far as now possible, to the rights of the ryots, by extending to them some part of that fixity of rent the whole benefit of which the zemindars have for nearly a century appropriated to themselves. Mr. Pedder's paper was thus well-timed, as it will give to those in this country who take an interest in India an explanation of the need of legislative interference to protect the great body of cultivating owners of Bengal, who are in the proportion of eighty to each zemindar, from the unfair exaction permitted to the latter by an imperfect law. The whole benefit of an arrangement which was meant to be general among the many millions of cultivating owners was thus arrested by a comparatively small number of persons, who had no real right to monopolize it. He had been told by an eminent native official in India that the two things for which the English Government chiefly got credit from the natives were the railway and telegraph. As a member of the famine Commission he had learnt the vast advantage of railway communication as a remedy for the inevitable recurrence of famine. But the extension of railways in India was extremely slow. In thirty years, with six times the population, they had constructed no more mileage than the United States were adding to theirs in one year. In the single State of Illinois, with only one-hundredth of the population, they had as many miles of railway as India, and much of that was made by English money obtained on debentures of five, six, or seven per cent., according to the state of the money market. He ventured to recommend to the Government four years ago that they should select the lines most required for the trade of the country, and its protection during famine, offering to competent companies a guarantee of three per cent. on a definite expenditure, with all profit beyond the guarantee secured to the parties undertaking their construction. The Government should retain the power of purchasing those railways after a specified time, on equitable terms, as was now provided on the other guaranteed lines. The need was great, and the localities for railway extension numerous and well known, while the present state of the money market was extremely favorable for such an operation.

THE MINES OF PERU.

The principal mines worked in Bolivia to-day are those of Potosi, which, since the time of the Spainards, have produced some $3,-000,000,000 in silver, and are worked to-day, although in a very primitive manner, without machinery or smelting appliances, to a good profit. The Potosi mines are all located upon one mountain, which is almost cylindrical in shape. The seams and veins of ore cross each other and run through the mountain in almost every direction, and are found in every variety of shape and form. They are different in width as they vary in richness. Originally, too, veracious history tells us, the outcroppings consisted of pure silver, which was quarried and shipped to Spain. That there was some foundation of truth in this is proved by the quantities of square pieces of natural quarried silver taken from the veins, still preserved in the cathedral of Sucre. In appearance the Potosi looks like a huge beehive, so seamed and covered over is it with a perfect honeycomb of tunnels and shafts. So much is this the case that it is almost, if not absolutely, impossible to travel around it on horseback. Even to-day quite a large number of the inhabitants of the city of Potosi have their own little gopher holes. Into these they, so to speak, whenever they are in want of money, burrow and take out a sack or two or three or four of decomposed ore, which they beat up with rocks and work in the nearest rivulet for silver, as we do here for gold. Some of the mines are worked by companies. Of these there are four or five. The work is done mainly by tunnelling and drifting. As a rule, even these mines are only worked for a few months in the year. As a whole, for at least one-third of the year they lie idle.

The ore is worked in much the same manner as it is with us—by stamp mills driven by water power—but much more frequently in arastras. After crushing the ore is washed, desulphurized, and after that process thrown into large copper kettles, each of which holds about one ton. Water and quicksilver are then mixed with the mass, which is beaten with sticks by a number of men who stand around the big copper kettle, which is hung suspended over a fire. The beating is continued for about twelve hours, until the silver is amalgamated, when the charge is turned out and the kettles again filled, and the same process repeated. However primitive this system may appear to those who have seen the perfection to which mining is carried on in this country, it appears to possess the one great essential, that of thoroughly separating the pure silver from the baser metal. In fact, the average per cent. saved by this simple process of separation is about ninety per cent.

The peons (laborers) are not only searched, but stripped every night before leaving the works, so that it is impossible for them to steal the ore in lumps. The most common way of committing these thefts is to grind the ore into powder while they are in the mine, and throw the powder over their clothing and under-clothing. Some of them wear knitted stockings and drawers, and the amount of ore that will stick to these is hardly to be believed. After resuming their clothes at the works, they, on arriving at home, just throw the clothes laden with the dust into a bucket of water, when the dust, being loose, sinks to the bottom and forms a sediment. This sediment is, to a very large percentage composed of silver. Another favorite method with some of the more cunning is to take a piece of the gangue rock, hollow it out, and fill it with dust that has seventy-five to eighty per cent. of silver in it, and plug the rock up and wheel it out with the rest of the gangue rock, and put it then just where they can get it as soon as they leave the works. A favorite method is to hollow out a pick handle and fill that with powdered ore and carry it off in that manner.

PROPOSED COTTON BANK.—The *Nashville American* of August 4th prints a letter from Col. Sterling R. Cockrill, Vice-President of the Cotton Planters' Association, which contains an important scheme for a cotton-bank. He recommends a petition to Congress for a charter, with the privilege of using the cotton lands as security and the further privilege of issuing silver certificates of deposit. This scheme is to embrace ten cotton States, including Tennessee, by a combination of cotton mills and cotton plantations and the Cotton Planters' Bank. For illustration, Col. Cockrill takes his own county of Jefferson, in Arkansas, with an annual crop of 30,000 bales. These 30,000 bales are to be converted into yarn at a mill to be built by a combination of the planters of that county, yielding in the yarn $75 a bale, and realizing in Manchester $2,250,000 in silver dollars. This silver is deposited in a Cotton Planters' Bank of Jefferson County, and silver certificates issued for it. The planters have thus avoided all middle men and other expenses, and realize $60 instead of $35 or $40 in the lint. The annual deposit of $2,250,000 enables the bank to discount planters' paper at six per cent. on twelve-month notes secured by real estate. When the cotton is put into cloth by cotton mills, to be erected by the company or combination, it yields $150 a bale, which gives a capital of $5,000,000 on deposit. In this way may the cotton belt be independent of foreign capital. The first essential will be the charter for a bank which it is not proposed shall interfere with the National banking system. For the illustration only a single county has been named. The extent to which the scheme and corresponding increase of capital may be secured is readily comprehended. If feasible and practicable, and we cannot see why, the South would soon be making cotton-cloth throughout the cotton belt cheaper than it can be made at Lowell and Manchester. The result would be an enormous capital raised from the most certain gold and silver-producing staple grown in America. With this capital dug out of the earth the South could do more than build spindles and looms. In a short while she would be able to establish direct steam communication with Liverpool on Southern lines of steamers, inaugurating a tide of wealth in immigration which has made the East powerful, and the bleak, cold region of the Northwest rich and populous.

BANKING AND FINANCIAL ITEMS.

WITHDRAWING BANK CIRCULATION.—Sandwiched by a low rate of bonded interest on the one side and a tax of one per cent. on the other, the circulation of the National banks has become a very unprofitable contingent, and led, in many cases, to withdrawals to the limit of bond deposit required by the Federal Government. The Philadelphia *Telegraph* says that the Philadelphia National Bank, which formerly had a circulation of $225,000 has reduced the amount to $45,000, and four other banks in the city are in the same position—the Southwark, the Penn, the Western, and the Commerce. In speaking of these withdrawals of circulation, President Comegys, of the Philadelphia Bank, said that there was little or no profit in circulation any more. The profits were practically wiped out by the low rate of interest on Government bonds and the prevailing tax of one per cent. on every dollar issued. The three and a-half per cents. were payable yet, but they had been called. This left the banks the threes, fours, and four and a-halfs to bank upon. Banks that happened to have the four and four and a-half per cents. were, of course, better of than his was, for they realize something out of circulation. Mr. Comegys referred to the fact of so many New York banks being without any circulation at all as an instance that the feeling in respect to this once important branch of the banking business was general. Every bank was required, whether it has a circulation or not, to deposit in Washington $50,000 in Government bonds before it can transact any business, and as the allowance of circulation was ninety per cent. of the whole amount of bonds deposited, the Philadelphia Bank continued its $45,000 circulation. The bank had, previous to this week, $250,000 of Government bonds, but it has since retired $200,000. At one time it had a circulation of $1,000,000.

THE UNITED STATES TRUST COMPANY OF NEW YORK makes in its official report, just published, a handsome showing. Its leading items are as follows: Bonds and mortgages, $2,735,000; Stock investments, $5,663,570; loaned on collaterals, $34,150,361; loaned on personal securities, including bills, $2,805,470; capital stock paid in cash, $2,000,000; surplus fund, $3,254,384; undivided profits, $1,604,815; deposits on trust, $39,078,218; other liabilities, $661,362. The amount of deposits made by order of Court is $3,609,309.34; number of deposits on which interest is allowed, 2446; total amount of such deposits, $38,849,531; rate of interest on same, two, two and a-half, three, four and five per cent.

SILVER CERTIFICATES.—Owing to a demand for currency from the South and West, Treasurer Wyman has issued the following notice: Upon the receipt by the Treasurer of an original certificate issued by the Assistant Treasurer, United States, at New York, that there has been deposited with him gold coin in the sum of $500 or any multiple thereof, payment of a like amount in silver certificates will be directed to be made by any Assistant Treasurer of the United States that the depositor may designate, or the certificates will be forwarded by express by such Assistant Treasurer to any point designated by the depositor at the expense of the consignee. Sllver certificates will be furnished in exchange for gold coin by any Assistant Treasurer of the United States.

A NEW CHECK BOOK.—An ingenious form of check book has recently been patented by Charles E. Sprague, Secretary of the Union Dime Savings Institution of New York. In the ordinary check book its ungainly width and flapping covers are a nuisance wherever it is placed. The new check book is of ordinary cap form for a "four-deep" page. The checks themselves are on every alternate leaf, the inter-leaves containing on one side spaces for a full account between the bank and the depositor, while the other page may be used for a running balance of the account, or other purposes. The canceled checks can be finally pasted upon it in such a way as to preserve them securely and to show the indorsements. Prominent bankers have commended Mr. Sprague's invention.

A SWINDLER CONVICTED.—In our July number was given some account of the transactions of one Isaac H. Lockwood, of Danbury, Conn., who appears to be a brilliant rogue. His trial was finished on August 29, in the United States Court at New Haven. The prisoner was found guilty, and sentenced to imprisonment for one year, at hard labor, and to pay a fine of $50. The charge was that of using the United States mails for the purpose of defrauding those who wrote to him by claiming that he would lend money, left by a deceased banker, to the amount of $780,000, to defaulters and those who had stolen money. New testimony of the young man's confidence transactions was presented by the prosecution. In addition to his "practical philanthropy" scheme, by which he sought to obtain the confidence of embezzling bank clerks and then blackmailed them, it was shown that he had concocted a further trap for the unwary. In March last he inserted an advertisement in the Springfield *Republican*, offering a responsible position, a cashiership in a banking house, to a competent and trustworthy young man. A handsome salary and rapid promotion were to be the young man's portion. Many people applied for the place. In reply each received a letter calling for the deposit of $1000 in cash as security.

INDIANA.—The First National Bank of Indianapolis and the Indiana Banking Company, of the same city, suspended on August 10th, in consequence of a run upon them by depositors begun the day before. The Directors of the First National Bank, at a meeting held in the morning, resolved to double their capital stock by making it $800,000, provided a syndicate headed by Messrs. Depauw and English would take the management and controlling amount of stock. It was believed the consent of the stockholders not present would be obtained, and the bank relieved of its embarrassment. There was no run upon the other banks. The First National Bank resumed payments to depositors in the afternoon.

The re-organization of the First National Bank was completed on August 16, and its affairs taken in charge by the new parties on the seventeenth. W. H. English, of Indianapolis, was elected President, and J. W. McCutcheon, the present Cashier, is continued in that position. The syndicate, with the former wealthy stockholders of the bank who still remain, give it great financial strength. The capital stock will be still further increased to $1,000,000.

William Wallace has been appointed Receiver of the Indiana Banking Company, whose officers issued a card to the public, stating the cause of its failure to have been its purchase of stock in the First National, in February, 1878, at 165, whereby a loss of $300,000 was entailed. A meeting of depositors appointed a committee of five to select an associate receiver to look after the interests of depositors.

A BROKEN BANK.—The Second National Bank, of Warren, O., closed its doors on August 17, the Cashier, Kirkland M. Fitch, confessing that he had lost about $80,000 in stock speculation in New York. Bank Inspector R. Ellis, jr., of Cincinnati, after making an inspection, stated that the bank can pay all depositors in full inside of thirty days, and the stockholders will receive from thirty to forty per cent. The capital stock of the Second National is $100,000, and Cashier Fitch's bond is $20,000. The other banks in Warren are in no way affected by this failure.

AN INTERESTING BANK CASE.—In the District Court at Wyandotte, Kan., the trial of John Harris & Co., bankers, of Olathe, Kan., who failed recently with $80,000 liabilities and merely nominal assets, was concluded on August 24. John Harris was indicted under a recent statute making it felony for a banker to receive deposits knowing his bank to be in a failing condition. A change of venue was taken to Wyandotte, and the defendant was found guilty upon the first of five presentments. The extreme penalty is five years' imprisonment.

TRADE DOLLARS.—The Philadelphia *Ledger* says that the actual bullion value of a new trade dollar is about 86.6 cents, but those in circulation being partially abraded, are of somewhat less value. To test this the *Ledger* sent a lot of them to the mint and sold them for bullion. There were 200 sent, and, after being weighed and melted, they were ascertained to weigh 173.9 ounces, and were valued at $172.16. This price was paid for them as the bullion value, being at the rate of 86.08 cents apiece, or a discount of 13.92 cents. It is probable, adds that journal, that the market price of the trade dollar will, therefore, soon settle at about 86@87 cents.

NICKELS.—In a recent interview, the Director of the Mint expressed the opinion that not a very large amount of new five-cent pieces will be called for. Of 126,000,000 five-cent pieces coined, he said, more than 100,000,000 were minted prior to 1873. In 1877 the coinage was suspended, there being at the time about 12,000,000 pieces in the Treasury. This supply became exhausted a little more than one year ago, and then coinage was resumed. Last year about 11,000,000 five-cent pieces were coined. Probably 10,000,000 more will be required before the supply again exceeds the demand.

PITTSBURGH RIOT DEBT.—The Pittsburgh Commissioners have settled all claims, except some $20,000 still in litigation, which resulted from the railroad riot of 1877. The following table shows the original claims and the amounts at which they have been compromised:

	Original claim.		*Amount paid.*
Railroad property	$2,214,289	..	$1,693,495
Building and personal property	382,414	..	279,460
Miscellaneous	127,061	..	92,288
Freights—1923 shipments	609,749	..	455,406
Freights, special—449 shipments	275,731	..	259,887
Total	$3,609,246	..	$2,780,538

It appears that by compromising Pittsburgh saved $828,707. The claims were compromised mostly upon the basis of seventy-five per cent, except upon special freight shipments, upon which fully ninety per cent. was paid.

TEXAS.—The Traders' National Bank of San Antonio, which has a paid-up capital of $100,000, announces its readiness to receive accounts of banks and bankers on favorable terms, and offers its services to correspondents. Messrs. J. M. Brownson, President, and J. S. Thornton, Cashier, are well known as bankers of experience and ability. Their New York correspondents are Donnell, Lawson & Simpson and the United States National Bank.

FIFTY YEARS IN THE BANKING BUSINESS.—Fifty years ago to-day, (August 15,) Gustavus F. Davis, now President of the City National Bank of this city, entered the Phœnix Bank as "notice clerk," at which time Charles Sigourney was President; George Beach, Cashier; Elisha Colt, Teller; Daniel Crowell, book-keeper; and John C. Furber, discount clerk. The Directors were Charles Sigourney, Henry Shepard, Haynes L. Porter, Norman Smith, Jr., David C. Colins, Ward Woodbridge, Cyprian Nichols, Edward P. Cooke, Elisha Peck, Daniel Burgess, and Eli Terry, not one of whom is now living. After remaining six years in the Phœnix Bank Mr. Davis went to Litchfield to fill a place in the branch there, operated then by that bauk. In 1854 he returned to become Cashier of the City Bank, of which he has now been President since 1857. His term of continuous active service is probably longer than that of any other banker in the State, and his experience covers a great change in the methods and traditions of the business. In speaking of this yesterday Mr. Davis said that at that time there were only four banks in the city—the Phœnix, Hartford, and Connecticut River, and a branch of the old United States Bank. The Farmers and Mechanics' and the Exchange were organized within about a year. The capital in each of the four was about the same as now, but the Phœnix reserved $250,000 for its Litchfield branch. Under the old law the State charitable institutions could subscribe at par to stock in the banks to the amount of one-tenth of the capital, and about $200,000 was so held in the Hartford and the same amount in the Phœnix. This stock could not be sold by the holders, but the investment could be withdrawn on six months' notice. The hours of business were from nine to twelve and two to four; the banks closed for two hours in the middle of the day. Usually some one or more of the officers were in the bank in the evening, and the youngest clerk was obliged to sleep there. This was Mr. Davis's experience at the outset, and the first night he dreamed of a robbery, with all its details, up to his journey along the streets after it was over to notify the bank officers. The safe was not completely locked till evening, when the Cashier attended to it and took the keys home. The bank was then in charge of the clerk, and the main dependence for fastening the doors was on the inside bars, which he put up after locking. The banking capital, which was $2,250,000, exclusive of the amount kept in the branch of the United States Bank, has increased to $8,275,000 and the number of banks from four to sixteen.

Hartford, (Conn.) Courant.

Treasure Trove.—Early last June, Anna Chute, in the service of the George W. Wheelwright Paper Company, at their Leominster mill, found in a bale of old writing papers two United States Treasury notes, one for a thousand and the other for five hundred dollars, both of the earliest issue. As the papers in the bale indicated that they came out of the National Bank of Commerce, in this city, a letter was written to the officers to see if they had met with any loss. The reply came that for a great many years they had met with but one loss, and this occurred in the fall of 1873, when $1500 disappeared from one of the teller's trays, and had never been traced, although diligent search had been made for it. If the money found proved to be the sum lost they would be very glad, as it would relieve innocent parties from suspicions which had rested on them all these years. It seems that the bank had become burdened with an accumulation of files of old papers, aud had directed their janitor to sell the oldest and those they were least likely to require. On Decoration Day he had a dealer in such merchandise send his men to the bank and remove them to his packing-house, where they were bailed, tagged with the proper address, numbered and shipped to their destination. As this was the only waste paper the dealer packed that day, and the bale was carefully marked and numbered, it rendered the tracing of the notes easy and certain. The money has now been surrendered to the bank, which has rewarded the girl with the liberal sum of three hundred dollars.

British Gold.—The estimated amount of gold held by the whole of the banks in the United Kingdom is £25,000,000. After making every reduction for re-deposits, &c., the liability of these banks to the public for deposits and uncovered notes is about £575,000,000, so that the hard cash reserve is only equal to four and a-half per cent. The Bank of England, however, holds £11,000,000 of this store of gold against its liabilities of, say, £30,000,000. Deducting these items, the ordinary commercial banks only hold £14,000,000 of coin, against deposits, &c., for £545,000,000, equivalent to a trifle over two and a-half per cent. It is estimated that the English banks hold £8,100,000 gold reserve against £430,000,000 deposits, or about two per cent.; the Scotch banks, £3,100,000 gold, against £80,000,000 deposits, and the Irish banks £2,800,000 gold against £35,000,000 deposits; but £2,800,000 must be deducted from the Scotch, and £1,200,000 from the Irish reserves, as cover for circulation in excess of authorized issues, which would leave them reserves of 0.4 and 4.1 per cent. respectively.

WOODEN COINS.—The San Francisco *Bulletin* has given the following account of the manufacture of wooden coins, in the early days of that city: "You see," said the man on the wharf, "I am a carpenter, and when I landed in San Francisco I opened a shop. I did mostly fine jobs, such as fitting up saloons, cabinet work, and making gambling truck—the last queer things, I tell you, full of tricks to cheat the greenies.

"One day I got an order for a lot of wooden adobes. 'Adobes' were gold pieces of the value of $50 each, and the man who gave the order—the played-out secretary, now hauling up a tom-cod, yonder—wanted 1000. I smelled a rat but kept mum, as secrecy was the keystone of half my trade. I set my lathe to work in a room carefully locked, and in due time had the contract filled. 'Now, I want you to gild these slugs,' said the secretary, 'and send them down to Adams & Co.'s office about the time the mail steamer gets in. Keep dark, and send your bill.' I did. Old Moise let me have one of his gilders, and he did the work in good style. But for the weight you would never have taken those 'slugs' for anything but the simon-pure article. In the drawers they made a fine display, looking what they were intended to represent—$20,000 in gold. I boxed them up, sent them to Adams & Co.'s under cover of night, and read in the papers next morning of the arrival of $50,000 in 'adobes,' consigned to the banking house of—well, you know the place in Montgomery Street, near Clay. As for the name, that's nothing—it's as dead as the bank, its president and its board of directors. I smiled, but said nothing. The addition of those 1000 'slugs' helped the concern amazingly. It was only three months old, but it stood on its legs at once. I took some pride in the affair myself, as I was the creator of its financial support."

THE POST-OFFICE SAVINGS BANK IN ENGLAND.—The Post-Office Savings Bank continues to be in every respect one of the most satisfactory branches of the department. A quarter of a million additional depositors opened accounts in the bank during the year 1882. The total number of depositors at the end of the year was thus nearly 3,000,000, the amount of their deposits being over £39,000,000—an increase of nearly three millions during the year; the largest annual increase yet recorded. It brings the matter near home to be told that of every ten persons in England and Wales one is a depositor in the Post-Office Savings Bank, the average amount of deposit being £13 14s. 10d. In Scotland and Ireland the numbers are one in thirty-five and one in forty-eight; but it has often been remarked that the figures for Scotland must not be taken as indicating a less saving disposition on the part of the inhabitants, but only a superior development of private banking facilities. When the number of trustee savings banks and of friendly and benefit societies also existing is taken into account, there seems to be some solid indication that at last the earnings of the people are being saved, instead of flowing into the pockets of the brewers and publicans.

CONFEDERATE BONDS.—For a long time past Baltimore stock brokers have advertised for Confederate States bonds. The movement in these bonds started some three years age, and since that time the purchases have been very large, one firm alone handling about $30,000,000 of them. Baltimore has been the headquarters for their purchase, and Europe the destination of the bonds, the orders coming from a large London firm. When the excitement first began, the bonds which were considered worthless, brought $1 per $1000. The price subsequently advanced, and has gone as high as $15 per $1000, though now they are from $6 to $8 per $1000 for six, seven and eight-per-cent. bonds. The bonds are somewhat scarce now, though some days 100,000 will change hands, and other days not 100. The dealings are altogether in coupon bonds, with 1865 (or prior) coupons on. One Baltimore dealer, who makes the Confederate bonds a speciality, has offers from the South of bonds in lots ranging from $100,000 to $500,000. Richmond brokers and others in the South are purchasing them and sending them to the London house, the head of which is said to be a person by the name of Moses. The North Carolina war bonds are also being bought for $4 on the $1000.

PARIS MINT.—With the exception of a small number of 100-franc pieces no gold whatever was coined at the Paris Mint during the whole of last year, and that there has been no coinage of French gold pieces, for general circulation since 1879. The coinage of French silver has, moreover, been limited to the issue of half-franc pieces, forming part of the subsidiary coinage authorized by the Monetary Convention and commenced in 1881.

KALAKAUA'S COINS.—The dies for Hawaiian Government coins will be prepared at the United States Mint, in Philadelphia, on designs submitted by Col. A. L. Snowden, the Superintendent. The coins will all be silver, and will consist of a dollar, half dollar, quarter and eighth, and with the exception of the last named, which is one-twentieth larger than a ten-cent piece, they will be the same size as the American coins of corresponding denomination. The dollar is designed with the head of the king on one side, surrounded by the words "Kalakaua, First King of Hawaii," and underneath the date, 1883. On the reverse side is a full coat-of-arms, consisting of a shield in the center, with a crown above. On the upper left, and lower right hand corners are red, blue, and white bars, and on either side of the shield is the figure of a standard-bearer, dressed in robes and helmet, while suspended from the lower circle hangs a Maltese cross, the whole surmounted by tasteful drapings. Around the outer edge runs the motto, "Ma mau ke la o ka aina I ka pono," and underneath the value of the coin, "One dol." The half dollar is the same on the obverse side, as are all the others, while on the reverse is the shield with the crown above and the motto as on the dollar. On the left are the figures "½," and on the right the abbreviation "dol.," and under the shield is the word "Hapalua," signifying half dollar. The same design is used for the quarter, with, of course, the alteration in the value terms. The eighth of a dollar has a laurel wreath, with the crown on the upper edge between its points. The motto is above this, and across the center is the value in the native language, "Haparoalu," and underneath the English, "Eighth dol." It will be about two months before the dies are completed, and then they will be forwarded to the San Francisco Mint, where the coins will be struck.

ANCIENT MEXICAN MINES.—It appears from some statement on Mexico, in 1882, that some of the gold and silver mines there have been worked uninterruptedly since the Spanish conquest. During the time that Mexico was a Spanish colony—that is, from 1537 to 1821—the mines produced silver to the value of $2,086,268,703, and gold to the value of $68,768,411. Since the Mexican Independence was established, in 1821, down to the year 1880, the mines produced silver to the value of $900,658,309 and gold to the value of $48,413,783. This yields a grand total for the production of silver and gold in Mexico between 1537 and 1880 of $3,105,110,217. Another computation, based on the report of the Mexican Mint, gives a somewhat higher total than this. A comparison has been made between this yield and the gold and silver production of California, Nevada, Colorado, Utah, Dakotah, Montana, Idaho, Oregon, Washington, New Mexico, and Arizona from 1848 to January 1, 1882, which is reported to have amounted to $2,296,596,186, most of it produced from territory formerly belonging to Mexico.

—*Chicago Tribune.*

LONDON.—The annual income, or what the English call "ratable value," of real property in London, as officially ascertained and assessed, was as follows:

Years.	*Pounds sterling.*	*Years.*	*Pounds sterling.*
1870	18,700,000	1880	24,500,000
1873	20,500,000	1883	27,800,000

English authorities generally say that the actual income of London real estate is twenty-five per cent. higher than the assessed income.

During the depression of business, after 1873, there was a great increase of building in London, in consequence of the lowered price of materials and labor and the difficulty of finding other safe investments of capital. This is reflected in the great expansion of the aggregate rentals of the city during the last decade.

CURIOUS OLD BANK NOTES.—The Post-Office Department has in its possession a large number of old bank notes and other species of paper money, the contents of dead letters, whose original ownership it has been impossible, after years of inquiry, to ascertain. It having been decided to convert these old bills into currency funds if possible, packages of these have been sent to different postmasters. Thus rare opportunities are now offered the relic-hunters or antiquarians. The packages sent to the Washington post-office are all scrip bills or bank notes originating in Washington City. Among these are several issued by the Bullion Bank during the war, of the denomination of $1, $2 and $3. These are specimens of the bills that used to be paid out largely to sutlers and others, who easily disposed of them. A five-dollar bill of the Ocean Bank, dated 1852, bears the signature of W. Allen, President. There are three Chesapeake & Ohio Canal Company scrip notes, one for $5, and two for twenty-five cents each, issued in 1840. There is a one-dollar bill issued by the Potomac Savings Bank in July, 1851, the signatures being illegible. One of the curiosities in the collection is a National Hotel scrip note for six and a-quarter cents. It is made payable to John Gadsby and signed by W. Gadsby. It bears many evidences of antiquity, and has been rendered almost illegible by moths. There is also a twelve-and-a-half cent. note, issued in 1838 by Marc Dubant. "He was so afraid," said Cashier Tollock, "when he was signing the note, that some one would forge his signature, that he used to lie on the floor, put his arm around a chair and write it in that way." Another interesting relic which shows how cheap money was in old times, is a ten-cent note issued in June, 1837, by the Washington Savings Fund Society, bearing interest at the rate of one per cent.

TO HELP PAY THE NATIONAL DEBT.—J. B. Gardner, a wealthy citizen of Boston recently deceased, provided by will that a large sum of money, bonds and other securities, aggregating in value $931,600, should be turned over to the United States Treasury, to be used in helping to pay the National debt. The bequest has been received at the Treasury Department, and by direction of the Register was to-day placed to the credit of "patriotic donations."

INDIA.—During the twenty years ending March 31, 1881, the excess of imports over exports of silver, in the trade of India with all countries, amounted to $730,385,000, of which $680,750,000 was coined into rupees. India still wants more silver, and during the two years ending March 31, 1883, its excess of imports over exports of that metal was $53,575,000. The London *Economist* thinks that during the twenty years ending with 1881, the India silver coin circulation increased $500,000,000. Many other authorities say that the actual coin circulation is now less than that, and that the larger part of the rupees which are coined are worked up into ornaments.

OBITUARY.

CHARLES WHEELER, Vice-President of the Central National Bank of Philadelphia, died suddenly of apoplexy in New York City, on August 16th. Mr. Wheeler was born in Philadelphia, August 22, 1827. After leaving the University of Pennsylvania he entered business life, and soon became a partner in the firm of Morris, Tasker & Co. He retired from business in 1865. Some years later the firm re-organized, and Mr. Wheeler again entered it, and continued actively engaged in the conduct of its affairs until his death. He was also an owner in the Anestoga Mills, at Lancaster, and largely interested in iron and other manufacturing interests. The press of his native city have borne the most gratifying testimony to his worth as a citizen, and his business associates unite in deploring the loss of one whose purity of life, sound judgment, and uniform courtesy had endeared him to all who knew him.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from August No., page 154.)

	Bank and Place.	*Elected.*	*In place of*
CAL....	Bank of Southern California, San Diego.	J. Gruendike, *Pr*........	....
		B. A. Thomas, *V. P*.....	....
		C. E. Thomas, *Cas*......	....
"	.. First National Bank, Stockton.	H. H. Hewlett, *Pr*......	F. Stewart.
		P. B. Fraser, *Cas*........	H. H. Hewlett.
ILL.....	Workingmen's Banking Co., East St. Louis.	R. J. Whitney. *Pr*......	J. Yoch.
"	.. Peru National Bank, Peru.....	W. G. Reeve, *V. P*......	....
"	.. Sycamore National Bank......	Everell F. Dutton, *Pr*...	J. S. Waterman.
IND	Aurora National Bank, Aurora.	Will. F. Stevens, *V. P*..	....
		J. C. Wymond, *A. C*....	....
"	.. Second National Bank, New Albany.	M. A. Weir, *V. P*........	....
		E. B. Lapping, *Cas*.....	M. A. Weir.
"	.. Citizens' National Bank, Peru..	C. H. Brownell, *Pr*.....	D. C. Darrow.
"	.. Citizens' Bank, Union City....	C. H. Cadwallader, *Cas*.	E. M. Tansey.
IOWA...	Merchants' National Bank, Des Moines.	Thomas Mitchell, *Pr*....	H. J. Ransom.
		C. H. Ward, *V. P*.......	....
		H. J. Ransom, *Cas*......	R. L. Chase.
"	.. First National Bank, Elkader..	William Larrabee, *Pr*...	H. B. Carter.
"	.. Fort Dodge National Bank, Fort Dodge.	S. T. Meservey, *Cas*.....	E. D. G. Morgan.
		G. B. Wheeler, *A. C*....	....
"	.. Le Mars National Bank	R. Moreton, *V. P*.......	....
"	.. Ottumwa National Bank......	Arthur H. Bayston, *Actg. Cas.*	C. P. Brown.
KANSAS.	Reno County State Bank, Hutchinson.	S. W. Campbell, *Pr*.....	I. T. Hosea.
		James Cundiff, *Cas*......	S. W. Campbell.
"	.. First National Bank, Leavenworth.	J. M. Graybill, *V. P*.....	....
		Geo. Vanderwerker, *Cas*.	J. M. Graybill.
		Charles Neely, *A. C*.....	G. Vanderwerker.
MASS..	Suffolk National Bank, Boston.	David R. Whitney, *Pr*...	A. L. Edmands.
"	.. Conway National B'k, Conway.	Carlos Batchelder, *Pr*...	E. D. Hamilton.*
MICH...	First National B'k, Ann Arbor.	S. W. Clarkson, *Cas*	J. W. Knight.
"	.. First National Bank, Leslie..	M. E. Rumsey, *Pr*......	A. Walker.
		Arnold Walker, *V. P*....	M. E. Rumsey.
"	.. People's Bank, Manchester.....	W. L. Watkins, *Cas*.....	S. W. Clarkson.
"	.. First National Bank, Marquette.	M. L. Martin, Jr., *Cas*...	H. W. Jessop.
MINN...	Fergus Falls National Bank, Fergus Falls.	Henry G. Page, *Pr*......	E. D. Dyar.
		J. D. Boyd, *Cas*.........	E. A. Jewett.
"	.. First National B'k, " "	Charles D. Wright, *Pr*..	H. G. Page.
		John P. Williams, *V. P*.	C. D. Wright.
		E. A. Jewett, *Cas*.......	....
NEB....	First National Bank, Crete....	Samuel Waugh, *Cas*.....	J. P. Clarey.
N. Y....	First National Bank, Batavia..	L.C. McIntyre, *Acting Pr*.	T. Pardee.*
"	.. Cataract Bank, Niagara Falls.	Francis R. Delano. *Pr*...	S. Pettebone.
		Stoughton Pettebone, *V.P.*	....
		Alvah Cluck, *2d V. P*....	....
		Henry Durk, *Cas*........	F. R. Delano.
"	.. First National Bank, Oneonta..	Van B. Pruyn, *A. C*.....	....
"	.. Fallkill National Bank, Poughkeepsie.	Henry D. Myers, *V. P*...	G. H. Tompkins.*
OHIO...	Winters National Bank, Dayton.	J. H. Winters, *Pr*.......	V. Winters.
PENN...	First National Bank, Huntingdon.	William Dorris, *Pr*......	T. Fisher.
		D. P. Given, *V. P*.......	....
"	.. First National Bank Reading..	George Brooke, *Pr*......	W. H. Clymer.*
"	.. Citizens' National Bank, Warren	A. G. Hertzel, *Cas*......	R. Dennison.
"	.. Lumberman's National Bank, Williamsport.	R. J. C. Walker, *Pr*.....	J. G. Reading.
		E. R. Payne, *V. P*......	....

* Deceased.

	Bank and Place.	Elected.	In place of
R. I.	Wickford National Bank	Thaddeus W. Hunt, *Cas.*	N. N. Spink.
Tenn	Third National Bank, Nashville.	Frank Porterfield, *A. C.*	....
Va.	National Exchange Bank, Lynchburgh.	Geo. M. Jones, *Pr*	J. Franklin.
		I. H. Adams, *V. P.*	G. M. Jones.
Man.	Bank Nova Scotia, Winnipeg	A. Steven, *Agent*	E. H. Taylor.
N. B.	" " Newcastle	James Yeoman, *Agent*	F. R. Morrison.
"	" " Richibucto	W. Thomson, *Agent*	D. Waters.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from August No., page 151.)

State.	Place and Capital.	Bank or Banker.	Cashier and N. Y. Correspondent.
Conn.	Naugatuck	Naugatuck Nat'l Bank	....
	$100,000	George A. Lewis, *Pr.*	A. H. Dayton, *Cas.*
Dakota	Castlewood	Hamlin County Bank	Nat'l Bank of Amer., *Chicago.*
		J. P. Cheever, *Pr.*	H. H. Curtis, *Cas.*
Del.	Middletown	People's National Bank	Nat'l Bank Republic, *Phila.*
	$80,000	James V. Crawford, *Pr.*	George D. Kelley, *Cas.*
Ind.	Decatur	Decatur National Bank	National Park Bank.
	$50,000	T. T. Dorwin, *Pr.*	Gus. A. Kolbe, *Cas.*
Iowa.	Greene	Soesbe, Shepardson & Co.	Corbin Banking Co.
"	Paullina	J. M. Baumann	Preston, Kean & Co., *Chicago.*
"	Salem	John Bicksler	First Nat'l Bank, *Chicago.*
Kansas.	Leavenworth	Leavenworth Nat'l Bank	....
	$100,000	Paul E. Havens, *Pr.*	C. Cunningham, *Cas.*
Mich.	Charlotte	Merchants' National Bank.	....
	$50,000	P. S. Spaulding, *Pr.*	G. M. Ely, *Cas.*
"	Iron Mountain	C. L. Anderson	First National Bank, *Chicago.*
Mo.	Cainesville	Bank of Cainesville	First National Bank, *Chicago.*
Neb.	Bazile Mills	Geo. A. Brooks & Co.	First National Bank, *Chicago.*
"	Ponca	Dorsey Brothers	Kountze Brothers.
"	Stuart	Stuart State Bank	Gilman, Son & Co.
N. Y.	Hamburgh	Bank of Hamburgh	Lincoln National Bank.
	$25,000	George M. Pierce, *Pr.*	H. S. Spencer, *Cas.*
Ohio.	Caledonia	Deposit Bank (C. H. Rowse)	Lincoln National Bank.
Oregon	East Portland	First National Bank	....
	$50,000	A. H. Breyman, *Pr.*	B. H. Bowman, *Cas.*
"	Lebanon	J. L. Cowan	....
Penn.	Punxsutawney	First National Bank	....
	$50,000	Reuben C. Winslow, *Pr.*	....
Tenn.	Nashville	American National Bank.	....
	$600,000	E. W. Cole, *Pr.*	A. W. Harris, *Cas.*
"	Tullahoma	Bank of Tullahoma (To commence October 1.)	
	$50,000	L. D. Hickerson, *Pr.*	C. H. Maynard, *Cas.*
Texas.	Atlanta	Cass County Bank (Smith & Foscue)	....
"	Henrietta	Henrietta National Bank.	....
	$50,000	Elisha F. Ikard, *Pr.*	James W. T. Gray, *Cas.*
"	McGregor	A. J. Sewell & Co.	E. S. Jemison & Co.
"	Taylor	First National Bank	Third National Bank.
	$50,000	John R. Hoxie, *Pr.*	C. H. Welch, *Cas.*
Wash'n	Olympia	First National Bank	....
	$50,000	John P. Hoyt, *Pr.*	Albert A. Phillips, *Cas.*
"	Vancouver	First National Bank	....
	$50,000	Louis Sohns, *Pr.*	E. L. Canby, *Cas.*
W. Va.	Moorefield	South Brch. Valley Nat'l Bank.	....
	$55,000	A. Sommerville, *Pr.*	J. Wm. Gilkeson, *Cas.*
Wis.	Phillips	Price County B'k (Turner & Lunt)	Kountze Brothers

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from August No., page 152.)

NEW YORK CITY		George William Ballou & Co.; failed.
" " "		Schott & Knight; suspended.
" " "		E. C. Stedman & Co.; failed.
" " "		Winslow, Lanier & Co.; admit H. C. Fahnestock and J. F. D. Lanier. John W. Ellis and D. B. Safford retire.
ALA.	Gainesville	C. D. Woodruff; succeeded by Lewis Mayer.
COL.	Kokomo	George R. Fisher & Co.; suspended.
"	Silver Cliff	Stebbins, Post & Co.; now Morton E. Post & Co.
DAKOTA	Aberdeen	Hagerty & Pierce; now Hagerty & Marple.
IDAHO	Lewiston	John Brearley; succeeded by Lewiston National Bank. Same management. $50,000.
"	Naples, (Shoshone)	M. L. Hoyt & Co.; succeeded by Ross Cartee.
ILL.	Chicago	Corn Exchange Bank; now Corn Exchange National Bank. Same officers and capital.
IND.	Indianapolis	First National Bank; suspended. Re-organized Aug. 17, W. H. English, *Pr.* Same cashier.
"	"	Indiana Banking Co.; William Wallace, Receiver.
"	Lawrenceburg	City National Bank; voluntary liquidation Aug. 13.
"	Richmond	Farmers' Bank (Stanley, Esteb & Co.); suspended and closing. Depositors to be paid in full, after Sept. 3.
IOWA	Ames	Union Bank; now Union National Bank. Same officers. $50,000.
"	Perry	George W. Blakeslee; succeeded by First National Bank. Same management. $50,000.
"	Silver City	J. Hanson & Co.; succeeded by Silver City Bank. (Incorporated.)
KAN.	El Dorado	Butler County Bank; now National Bank of El Dorado. Same officers. $50,000.
"	Independence	William E. Otis & Co.; succeeded by First National Bank. Same management. $50,000.
"	Marion	Bank of Marion (Crane & Brewerton); now First National Bank. Same management. $50,000.
MASS.	Boston	George William Ballou & Co.; suspended.
MICH.	Grass Lake	Pratt & Burchard; succeeded by Farmers' Bank (incorp.)
"	Monroe	Lafountaine & Loranger; assigned.
MINN.	Monticello	Bank of Monticello (C. M. Dittman); suspended.
MO.	St. Louis	William C. Little & Co.; now H. E. Weber & Co.
MONT.	Billings	Stebbins, Post & Mund; now Stebbins, Mund & Co.
NEB.	Oakdale	Matheson & Evans; now K. Matheson. Mr. E. deceased.
N. M.	Deming	Bank of Deming; sold out.
OHIO	Ada	W. L. Reece (Ada Exchange Bank); assigned.
"	Millersburg	Exchange Bank; Lewis Mayers deceased.
"	Warren	Second National Bank; suspended.
OREGON	Portland	Portland Branch of Bank of British North America; closing.
PENN.	Beaver	Beaver Savings Bank (Thomas McCreary & Co.); assigned.
TEXAS	Brenham	F. A. Engelke; succeeded by First National Bank. Same management. $50,000.
"	Greenville	Hunt County Bank; now Hunt County National Bank. Asa Holt, *Pr.* Alex Cameron, *Cas.* $75,000.
VT.	St. Albans	Vermont National Bank; failed. George W. Hendee appointed Receiver.
"	"	St. Albans Trust Co.; suspended.

WIS.... La Crosse..... Holley & Borresen; succeeded by the State Bank (incorporated). Same management.

WYOM.. Cheyenne...... Stebbins, Post & Co.; now Morton E. Post & Co.

ONT.... Seaforth....... M. P. Hayes; assigned.

QUEBEC Montreal...... W. H. Weir & Co.; dissolved.

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(*Continued from August No., page 155.*)

No.	Name and Place.	President and Cashier.	Capital.
3015	First National Bank, Brenham, TEXAS.	F. A. Engelke, J. N. Brown.	$50,000
3016	Hunt County National Bank, Greenville, TEXAS.	Asa Holt, Alexander Cameron.	75,000
3017	Union National Bank, Ames, IOWA.	Wallace M. Greeley, E. R. Chamberlain.	50,000
3018	First National Bank, Marion, KANSAS.	Richard M. Crane, W. H. Dudley.	50,000
3019	People's National Bank, Middleton, DEL.	James V. Crawford, ———	80,000
3020	Naugatuck National Bank, Naugatuck, CONN.	George A. Lewis, ———	100,000
3021	First National Bank, Independence, KANSAS.	W. S. Brown, William E. Otis.	50,000
3022	Henrietta National Bank, Henrietta, TEXAS.	Elisha F. Ikard, James W. T. Gray.	50,000
3023	Lewiston National Bank, Lewiston, IDAHO.	John Brearley, Nelson W. Brearley.	50,000
3024	First National Bank, Olympia, WASH'N.	John P. Hoyt, Albert A. Phillips.	50,000
3025	First National Bank, East Portland, OREGON.	A. H. Breyman, B. H. Bowman.	50,000
3026	First National Bank, Perry, IOWA.	George W. Blakeslee, Howard A. Rouse.	50,000
3027	First National Bank, Taylor, TEXAS.	John R. Hoxie, C. H. Welch.	50,000
3028	Decatur National Bank, Decatur, IND.	T. T. Dorwin, Gus. A. Kolbe.	50,000
3029	South Branch Valley Nat'l B'k, Moorefield, W. VA.	A. Sommerville, J. Wm. Gilkeson.	55,000
3030	First National Bank, Punxsutawney, PENN.	Reuben C. Winslow, ———	50,000
3031	First National Bank, Vancouver, WASH'N.	Louis Sohns, E. L. Canby.	50,000
3032	American National Bank, Nashville, TENN.	E. W. Cole, A. W. Harris.	600,000
3033	Leavenworth National Bank, Leavenworth, KANSAS.	Paul E. Havens, C. Cunningham.	100,000
3034	Merchants' National Bank, Charlotte, MICH.	P. S. Spaulding, G. M. Ely.	50,000
3035	National Bank of El Dorado, KANSAS.	John Foutch, F. P. Gillespie.	50,000
3036	Corn Exchange Nat'l Bank, Chicago, ILL.	Sidney A. Kent, Orson Smith.	100,000

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of August has been less satisfactory in business circles than was July. Not because midsummer dullness has been more excessive during the past than in the previous month, but because depression and liquidation have been more general. The cloud that hung over the July financial and commercial sky was the telegraph strike. That ended early in August, after four weeks of almost total loss of earnings to both sides in the contest, by the unconditional surrender of the telegraph operators of the Western Union to the stock operators of Wall Street. The net losses of the former were one month's wages; of the latter, untold millions, in the shrinkage of stocks which began so soon after the strike ended, as the first flurry in the market was over, caused by the shorts covering. Whether the public was benefited by the way the strike ended, in the victory of the telegraph monopoly, or was injured in the defeat of an industrious class of citizens, fighting an orderly, peaceful battle for their rights, is a question for social scientists and our citizens to discuss and decide. Our business is with the financial and commercial aspect of the question. Financially, it has lost the stock jobbers millions more in shrinkage of values, or rather of quotations, than the payment of the demands of the telegraph operators could, which amounted to less than $4,000,000 per annum. The shrinkage in stocks has been that much a minute, many a day, for the month past. Commercially, it has lost commission houses all over the country, not only their usual July, but also their August business, as the public got out of the notion of trading when telegraphic facilities were withdrawn. And they are now indifferent about resuming their old habits of trading, especially since the financial aspect of affairs has so changed that both speculators and investors have concluded to stand aloof and let the men who have borne the burden of the fight bear also the burden of the load with which the contest they provoked has saddled them, until depression shall have completed the liquidation which the strike hastened. The Gould stocks were, of course, the first to feel the storm, and the way they bowed before it showed that their godfather was unable longer to stand sponsor for them. Western Union and Missouri Pacific were the only ones Gould attempted to hold, and even these broke badly in spite of his support. Next came the bursting of the Northern Pacific waterspout, and a deluge second only to the former was experienced. Then followed such fancies as Denver and Rio Grande, Louisville and Nashville. Then the trunk lines and coal stocks, until there was not an investment or speculative stock on the list that had not been swept down in the semi-panic of the middle of the month. Several stock commission and railroad construction houses went down. Meantime the troubles in the Boston leather trade, which had begun in July, extended throughout New England. Following this came trouble with the Indianapolis banks, which had been lugging provisions from the time of McGeoch's failure until they could do so no longer. This caused renewed liquidation in hog products and in the leather trade, which reacted again upon

Wall Street, and another tumble came, led by the Villard and the coal stocks, the latter on the apprehended inability of the Reading to fulfill its lease obligations to the Jersey Central and the reported glut in the coal market. This liquidation is still in progress, and by no means ended, apparently.

If this diagnosis of the case is doubted, the proof of its correctness can be found in Poor's last manual of our railroads, in which he shows that the actual cash expended upon all the railways in the United States in the past three years was only half the increase in their capital and indebtedness during the same period. The easy money market may delay the inevitable, as the Treasury has already begun the redemption of the last thirty million called bonds, at the rate of $5,000,000 per week. Liquidation in produce is, however, well completed, as a rule, until we get upon another crop, when prices in some cases may go lower, and even before, should general depression deepen.

Good crops which are now generally assured, except corn and cotton, which good weather for another month will secure, will probably avert a panic, if further heavy failures can be tided over. But to look for a permanent reaction in this year, 1883, is fallacious. As a well-known and successful business man of New York said on Wall Street the other day, "It is no bull year, and any one who looks for bull markets is likely to be badly left." We do not mean that everything is going still lower, though the tendency is undoubtedly in that direction, nor that nothing will go higher, but we do mean that, upon general principles, they cannot go much higher, except from special causes. During the past three or four years of wild speculation, for which we are now atoning, values have been almost purely fictitious or speculative. We have not gone upon legitimate values since 1878, when speculation began to fix them. Before that time everything was much lower than now. True, most things went too low in the liquidation following the panic of 1873, when they touched bottom in 1877. But it shows what liquidation may bring us to again before recovery can be looked for. Not that the present liquidation is likely to bring us so low again, because we are not so badly inflated, being on a specie basis now. But should we escape a panic, for that reason, together with two good crops in succession, which we did not have in 1872–73, we cannot therefore escape liquidation, which has scarcely been completed in any one branch of industry. The best we can hope is that we shall find the basis of legitimate values sooner than we did in 1877, and that the balance of the liquidation may be gradual. There is, however, another element which must be considered, and that is the cost of production which is yearly growing less in every department of industry, and which is yearly reducing the basis of values. This is the inevitable result of the introduction of labor-saving machinery, which has been more general since 1878 than in any equal period of the country's history. The old basis of values, therefore, will have to be readjusted to the saving in cost of production of the past five years, before this present liquidation will be completed. We may find that this will carry us as low as the values of 1877 before we reach bottom. This will depend largely upon another year's crops, for it requires three abundant crops in succession the world over to bring minimum prices. This implies that it may require another year to liquidate should we get another good crop year. Four or five years wild speculation is not usually liquidated in one or two years. Like that fever, this chill must run its course.

The first practical result of this condition of affairs is seen in the public selling out, not only their railroad stocks which have been a favorite security of late years, because so readily convertible into cash, but also their railroad bonds, which are affected by the depreciation in stocks to such a point that junior mortgages are now regarded with distrust. For another receivership era in railroads is apprehended, to be followed by the wiping out of all but prior liens under reorganization and "freezing-out" schemes, such as almost half the railroads of the country went through in the last liquidation. Iudeed it is now apparent that many of the managers and late owners of our railroads have sold out the bulk of their stock in their own roads within the past two years, while increasing their bonded debts to pay dividends not earned in order to enable them thus to unload. They now hold their bonds instead, and when they get ready all they will have to do will be to default on the interest, foreclose, re-organize, and get their waterlogged roads back on a bankruptcy basis with the water all squeezed out, while they have kept undisturbed control of the property from beginning to end.

This is the situation to-day of the country, and it is of no avail for the public to shut its eyes to the true condition of affairs. The far-seeing men of Wall Street already perceive this, and, as we said, they are selling out both stocks and junior bonds. But this is not all; they have not yet decided, as a rule, what to put their money into. Hence, it lies idle, and rates for money have been extremely low, with a few temporary and manipulated exceptions, outside of Philadelphia, in consequence. This has been noticed in the fact that such men have been looking into the value of produce, with a view to investing their idle money in that. But they are met here by the same problem of how much present values are inflated by speculation, and do not invest, lest liquidation in these staples shall carry them still lower.

Thus it will be seen that the stagnation noted in all branches of trade, and shown in the exchanges of our banks, the country over, except in the speculative centers, where they have been swelled by this very liquidation, is likely to be chronic for some time yet, as trade has fallen into a state of dry rot for the time being. The movement of crops will stimulate business somewhat, but as we have shown before, this movement will not be large this Fall, but distributed through the entire year. This will be healthy, if not pleasant, and the country is in good shape to work off the disease of over-speculation, as her constitution is strong enough to survive.

The money market, as indicated in our last, still continues easy, and has been so through all the trouble in Wall Street, and with the Eastern and Western banks, with one exception. That was temporary, and in sympathy with the tightness in Philadelphia caused by the break in Northern Pacific stock, and in Reading and Jersey Central, all of which were largely held there and whose holders had to liquidate. The movement of currency West has begun, but not in large volume. Exports of cotton, provisions and grain have been more liberal on the late decline in values, and this has supplied and depressed the market for foreign exchange with plenty of commercial bills, to pay for our railroad securities which are still coming home and to supply importers. The large auction sales in the cotton-goods trade at 15 to 20 per cent. decline has opened the public eye to the condition of the dry-goods trade, in which the cotton branch had been considered the most healthy. Woolen goods are in worse shape than cotton, and, in fact, all manufactured goods are paying the penalty of over-production or under-consumption, or both.

Curtailment of production has been resorted to with some improvement in the iron and coal markets, but this can only be maintained by continued curtailment, which means still harder times. This even has not yet helped the woolen-goods markets, and we learn that in some manufacturing centers in New England the majority of the mills are idle. General prosperity cannot be looked for while labor is unemployed and capital returning no income. General trade, however, has passed through the dullest month of the year—August, and with the return of people to business in September, and the assurance of good crops, we look for a better business in most legitimate branches of trade the coming month. But it will be at generally unsatisfactory and unremunerative—even losing—prices in most cases, as was seen in the auction sales of cotton goods, which, it is now rumored, will be duplicated early in September, and possibly be followed by auction sales of woolen goods also.

There is little change in the situation of the produce markets from that explained in our last, and they have attracted less attention as a rule than usual, neither bull nor bear lines being well defined, and both without leaders. All are awaiting the official returns from the world's harvests, and a further liquidation in values, before buying or selling to any extent. The wet weather in England and France during their wheat harvests stimulated export demand for our wheat for a couple of weeks; but with the return of pleasant weather in Europe and warmer weather in the West, both activity and strength subsided. Although the world's harvests do not promise as well as a month ago, yet good weather and a late warm Autumn will retrieve most if not all of the damage done in August, except to cotton. By the drought in most of the Southern States, the estimates of that crop have been further reduced from 6,500,000 to 6,000,000 bales. This is, however, offset by an excess of 1,000,000 bales of old crop carried over as compared with a year ago. There has been much uneasiness over the cold weather lest it should cut short the corn crop, which needs about fifteen to twenty days in the northern part of the corn belt to mature the largest crop ever raised. Chances of this are decidedly in its favor as there has been no damage by frost yet, though we have had a frost scare. All other crops are bountiful and completely secured, except apples. Dairy products have moved more freely, but production is still large and supplies are too large for much better prices. Coffee is doing better on account of new-crop Rio being short. Petroleum is declining on the opening of new fields.

The reports of the New York Clearing-house banks compare as follows:

1883.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Aug. 4...	$326,822,000	$63,188,400	$26,981 200	$323,692,900	$15,640,900	$9,246,375
" 11...	326,601,100	63,650,100	26,990,700	325,228,500	15,450,800	9,333,675
" 18...	329,449,700	61,236,700	26,549,500	323,626,200	15,545,000	6,879,650
" 25...	327,595,600	59,829,300	25,312,000	317,277,900	15,618,600	5,821,825

The Boston bank statement is as follows:

1883.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation*
July 28	$147,295,300	$5,362,000	$4,626,700	$89,662,600	$28,748,300
Aug. 4	147,169,300	5,362,200	4,796,700	89,046,400	28,772,600
" 11	146,029,200	5,367,000	4,706,800	88,045,500	28,679,400
" 18	145,637,100	5,279,900	4,382,500	86,084,900	28,815,700
" 25	144,268,400	5,210,300	4,360,400	86,055,600	28,078,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1883.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Aug. 4	$79,269,021	$18,486,456	$70,657,278	$9,307,956
" 11	79,321,773	18,341,089	69,847,132	9,320,031
" 18	79,142,446	17,394,311	68,826,866	9,288,787
" 25	78,542,162	16,842,903	67,660,100	9,265,673

We append the closing quotations of leading stocks for the month:

QUOTATIONS:	*Aug.* 6.	*Aug.* 13.	*Aug.* 20.	*Aug.* 27.
U. S. 4½s, 1891, Coup.	113⅛	113⅛	113¼	113⅜
U. S. 4s, 1907, Coup.	119¼	119⅛	119¼	119½
West. Union Tel. Co.	78⅜	76½	76	76
N. Y. C. & Hudson R.	115½	114¼	115½	114¾
Lake Shore	107¼	105¼	105⅝	101⅛
Chicago & Rock Island	121½	118½	120	121
New Jersey Central	86½	83	83¼	79⅝
Del., Lack. & West.	124¼	120¾	122½	119⅝
Delaware & Hudson	108½	106½	108⅛	105
Reading	55¾	51¼	53	48⅝
North Western	127⅝	121	122½	120⅛
Pacific Mail	36	32	30	32
Erie	33¾	28¾	29¼	28¾
Discounts	4½ @ 6	4½ @ 6	5½ @ 6½	5½ @ 6½
Call Loans	1½ @ 2½	2½ @ 3	2 @ 2½	2 @ 2½
Bills on London	4.84@4.88	4.84@4.87½	4.83@4.85½	4.83@4.86
Treasury balances, coin	$116,978,251	$118,186,949	$121,036,611	121,361,934
Do. do cur.	$7,280,545	$6,636,410	$7,363,061	7,006,068

DEATHS.

FISHER.—On August 2, aged eighty-two years, THOMAS FISHER, President of the First National Bank, of Huntingdon, Penn.

HAMILTON.—On July 18, aged seventy-one years, E. D. HAMILTON, President of the Conway National Bank, Mass.

HENRY.—On July 2, aged sixty years, WILLIAM T. HENRY, of Mineral Point, Wis.

KENDALL.—On July 10, aged seventy-eight years, HENRY L. KENDALL, President of the National Exchange Bank, of Providence, R. I.

TOMPKINS.—On July 13, aged seventy-six years, GEORGE H. TOMPKINS, Vice-President of the Fallkill National Bank, of Poughkeepsie, N. Y.

TORMEY.—On July 23, aged fifty-three years, LEONARD J. TORMEY, of Baltimore, Md.

WHEELER.—On August 16, aged fifty-five years, CHARLES WHEELER, Vice-President of the Central National Bank of Philadelphia.

WYMOND.—On July 16, aged sixty-four years, FRANCIS WYMOND, President of the Aurora National Bank, Ind.

THE

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THE BUSINESS DEPRESSION.

It must be clear to everyone that we are under the shadow of a business depression, nor is there any rational ground for expecting that it will immediately pass away. For a long time many have believed that the sunshine of prosperity would return, diffusing gladness everywhere; but quite generally belief has changed to doubt, or still worse, to despondency. If the causes which were in operation to produce this state of things had been carefully analyzed, it would have been seen long ago that times were likely to be much worse before they would become better. Men did not stop to think; they desired prosperity and so they looked for it; had they stopped for a moment to consider the commercial and financial condition of the country they would have surely seen many signs of the coming depression. For several months we have shown, in our "Notes on the Money Market" especially, the facts and tendencies that were mute prophesies of future reverses in business.

Let us glance briefly at some of the leading business events since our recovery from the business depression of 1873. The revival was opened with renewed activity in railroad construction. This led to a greater activity in all other pursuits. The business world is like the human body—if one member suffers the others suffer, and if an important branch of business be restored to sound condition all the other branches will be improved. Consequently, when railroad construction began on an extended scale, first the iron and steel manufacturers felt the reviving influence, then the cotton and woolen manufacturers, and one branch of industry after another until the revival was complete.

Railroad development, however was not confined within a rational limit. It soon passed that, and this led to the excessive stimulation of business. The demand for iron and steel in all forms was enormous, and importations were heavy. Our manufacturers worked their facilities for production to the utmost capacity, but they could not keep anywhere near the demand. Then they began to multiply their facilities for making iron and steel and almost all kinds of machinery. Profits were good, and the temptation to enlarge was great. Of course we all say how much better it would have been had this railroad building been less rapid, and prolonged over a longer period. Then the demand for commodities of all kinds would not have been so great, profits would have been less, importations would have been restricted, and manufactories would not have been erected so rapidly. The immediate prosperity of the country would not have been so brilliant, but the people would have been a thousandfold better off had they moved more soberly. But the industrial movement of modern society seems to have radically changed. No longer is there a steady, uniform progress. We must live on the tops of the mountains gilded with constant sunlight, or suddenly sink down into the valleys where the sun is scarce seen at all. This state of things is favorable for the speculator, the adventurer in society, but it is not favorable to healthy business. Enormous profits are the sure precursors of much ruin; "booms" are too often only a kind of alcoholic stimulant, leaving the persons who first experience its delightful effects in a worse condition than before.

It is a question well worth consideration, must this be the future course of industrial movement? Must people, if they do business at all, be put into this over-excited state and then suffer from a subsequent depression? As we have remarked, this is the condition of things over which the speculator rejoices; if he can get the heads of persons turned he can make them believe anything; he can unload worthless stocks and bonds; as with a well-etherized patient, he can do with his victim whatever he pleases. But a sound business does not need over-stimulation; and one of the most serious questions for the business world to consider is, how can a more uniform level of prosperity be maintained? In other words, how can the sense of the people be preserved, and thus escape too great expansion to be inevitably followed by depression? It may be that no possible cure exists, but if there is none, then business men will have learned something when they learn that the people are likely to move in the future, not steadily onward, but fitfully, swiftly at one period and standing still, perhaps, at another.

We are now recovering from our debauch — from our foolish, wild adventuring—from our excessive railroad building. There are those who maintain that this depression is due to a protective tariff, whereby our manufacturers were led to extend their business more rapidly than they would had a different National policy prevailed. But those who think thus do not understand the situation. The extension of our manufactures was caused by the suddenly increased demand, but the tariff had nothing to do with this. New railroads in every direction were projected, and these undertakings gave rise to a new demand for iron and steel. If we had been living under a low tariff, these enterprises would have been projected just the same. If the tariff had any effect at all, it was to diminish the number in consequence of the higher prices which commodities commanded. But the same thing happened in other countries. A new demand sprang up in them, and new factories were established in order to supply the increasing wants of the world. Our business and industrial experience is not in the least peculiar. The same state of things exists elsewhere, occasioned by the operation of similar causes.

One thing is clear, if business in the future is likely to come in spurts, all should be very slow to extend manufacturing enterprises. Several good results would flow from the adoption of such a course. First, when the boom or spurt is over there would be fewer silent factories and idle persons. Secondly, if the number of factories were not increased, the enhanced prices caused by the new demand would tend to check the fever, and thus prolong the period of activity. In any event, our past experience should teach us the lesson to enlarge slowly, and not to spend all the profits during a prosperous period in building greater, and then suffer during the period of depression from want of employment and capital.

It is also quite clear that the depression is not likely to be so severe, and last so long as the one that began in 1873. The country has not sunk so much money in bad investments as it had just previous to that event; it is far richer, and must invest its accumulations in some way; they certainly will not remain long unemployed. The lack of confidence in the management of some of our railroad companies, which is one of the causes that is unfavorably affecting business, can be quickly restored by a change of management. The danger of railroad wars has passed away, the managers of these institutions having learned that profits cannot be increased by doing these things. The crops are good, and the exports will probably exceed the imports, hence there seems to be no reason for concluding that the country is likely to pass through a long period of depression.

It is true that so long as even a few of the great railroad properties are badly managed, that is, managed chiefly for the benefit of a few, and incidentally for the benefit of the public, the entire railroad system will be unfavorably affected, because the people will not discriminate. They ought to do so, but will not. A great many railroad stocks are selling to-day below their real value, while others are still bought and sold which have no value at all. Nothing would conduce more to the general prosperity than to turn over the railroad corporations which are managed chiefly for personal ends to other persons who would take an altogether different view of things. How much longer innocent stockholders will allow themselves to be fleeced by a few grasping directors we do not know; it is probable that in these cases the sufferers will either sell out or make an effort to put the companies into other hands. The recovery of business will depend somewhat on the course they take, for the effects of a better management of our railroads would extend very far. Business, as a whole, is not getting worse; in some branches improvement is seen; the period of heavy failures seems to be over, and if there are no signs of any marked prosperity, there is rational ground for believing that with prudent conduct persons will be able to live without impairing their capital, and indeed improve their lot rather than increase their hardships.

BONDS HELD BY NATIONAL BANKS.

The following table shows the different kinds of United States bonds held by the National banks as a basis of circulation September 8, 1883, being the latest date accessible as we write, and on the first of November last:

	Held *Sep. 8, 1883.*		*Held* *Nov. 1, 1882.*
6s (Pacific R. R.)	$3,463,000	..	$3,526,000
4½s	41,224,200	..	33,754,650
4s	105,259,500	..	104,917,500
3½s	3,461,200	..	40,606,950
3s	201,671,250	..	179,685,570

Under the successive calls for the three-and-a-halfs which have been made, or have matured since last October, and which have now compelled the banks to surrender for payment nearly all their bonds of that class, they have shown substantially no disposition to substitute fours, but have either given up circulation or have replaced three-and-a-halfs to some extent with four-and-a-halfs, but principally with threes. And this has happened, notwithstanding the fact that during some weeks of last Spring the fours were purchasable for three per cent. less money than will buy them now, and three per cent. less than had been previously paid for them.

The comparatively low prices of the fours in May last did not induce the National banks to purchase them, but they still preferred to purchase threes as a basis of circulation. Some of the views which influenced them were doubtless those given in extracts given in the money article of the New York *Herald* of May 27, from a telegraphic correspondence between persons described by it as "a prominent Boston banker" on one side, and "the senior member of a leading banking house here and one of the oldest and most far-sighted men in Wall Street" on the other side. To the question from Boston, what was the cause of the then weakness and decline of the fours, the New York banker replied:

Some holders are selling to re-invest in railroad bonds, and we look for much lower prices before this year is closed, because the reduction of the debt has practically ceased; because other things are going to be much cheaper; because the large advance was caused by constant demand from the holders of called bonds; because within three years the Government will again have to borrow or else use up its reserve; because the next Congress will play scratch with the revenues; because when taxes are once removed neither party will take the risk of replacing them.

The New York banker was undoubtedly right in his reasoning as to the effect upon the price of bonds, of an abandonment of the policy of reducing the public debt, and there were also a good many things which looked as if that policy would be abandoned. Following close, and with scarcely a pause upon the passage of the law passed by Congress in March last, largely diminishing taxation, came the demand, manifestly concerted, from various quarters, that the next Congress should consider it among its first duties to repeal $100,000,000 more of the taxes. The interests determined to "play scratch with the revenues" were and are strong and outspoken, and everybody knows that "when taxes are once removed" how difficult it is to persuade political parties to "take the risk of replacing them." A remarkable illustration of that is the case of the repeal ten years ago of the tea and coffee taxes. Notwithstanding the substantially unanimous concurrence of public opinion that the taking off of these taxes was of little or no advantage to the consumer of the articles, it has so far been impossible to persuade Congress to even consider the proposition to reimpose them.

The New York banker was also right about another thing, that if Congress can be persuaded to leave no margin for contingencies, and to follow the European fashion of a merely balanced budget, when the condition of the country is prosperous and the revenues are full, a deficiency will surely come when the constantly-recurring periods of depression come, and "the Government will again have to borrow, or else use up its reserve." Our customs revenue in all our past history has been treacherously unreliable in amount, depending, as it does, upon the fluctuations of foreign trade. The productiveness of internal taxes is more steady, but of that class of taxes few now remain.

The credit of this Government was perfect when the existing fours were negotiated at par, less a small commission allowed to the bankers employed in the operation. That they have since risen so much above par is not due, in any degree, to increased confidence in either the resources or good faith of the country. The main cause has been the diminution in the aggregate amount of the outstanding bonds. A contributory cause may have been the fall in the general rate of interest in this country, but a part of that fall was itself a consequence of reducing the mass of Government obligations.

At the end of 1879, when the then Administration was urging the policy of extending on thirty years all the public debt which was not already made irredeemable until 1907, the Secretary of the Treasury presented abundant evidence of the opinion of the bankers of this city that the proposed new bonds could not be negotiated at any rate of interest less than four per cent. Many similar opinions of New York bankers were published in this Magazine about the same time. We believed them to be sound opinions, if the whole debt at its then amount was to be funded in long bonds, and on that ground we opposed the scheme of so funding them. As it seemed to us, the true policy for the time being was to do nothing but to continue paying steadily on the debt, and that *pari passu* with its reduction there would be a fall in the rate of interest, at which such portion of it as it was desirable to extend might be extended. The policy which we advocated prevailed with Congress, and the result was a fall in the rate, first to three and a-half per cent., and then to three per cent.

Looking to the case as it now presents itself, if we should presume to give advice to the National banks, it would be that they should govern themselves in respect to the matter of buying the fours, by the judgment they may form as to what the Government will do in regard to that part of the public debt which is now subject to call. If the $ 305,000,000 of threes are paid off between now and 1891, the fours will rise in the market considerably above their present price. In the case supposed, the debt would be reduced to one thousand millions, and the demand for that special security is so large that it could not probably be bought so as to pay the purchaser more than an annual interest of two and a-half per cent. If, in addition, the $ 250,000,000 of four-and-a-halfs falling redeemable in 1891 are paid, the remaining debt could not probably be bought so as to pay the purchaser more than two per cent. But if the managers of National banks believe that "the reduction of the debt has practically ceased," and that the Congress soon to assemble "will play scratch with the revenues," the fours at present prices are not specially inviting.

AMERICAN INDEBTEDNESS ABROAD.

A statement from Washington was published in July, to the effect that the Treasury sent $ 183,275 for interest to foreign bondholders direct, during the quarter ending on the thirtieth of last June, and that this indicated the foreign holding of about $ 180,000,000 of bonds. It would, in fact, indicate a foreign holding of only about $ 18,000,000. We conclude that the sum sent by the Treasury during the last quarter was actually $ 1,832,750, and that a cypher was dropped in the newspaper printing of the statement. The Washington statement went on to say that if foreign bondholders receive forty per cent. of their dividends through American agents, which was regarded by Treasury officials as a liberal estimate, the total foreign holding of our Government bonds might be computed at $ 300,000,000. That is probably somewhat in excess of the actual amount.

The total amount of our securities of all kinds, State, municipal, railroad, &c., and of dividend-paying shares in railroads, &c., held abroad, cannot be determined with accuracy. What the opinion is about that on the other side of the Atlantic will appear from the following, from the London *Economist* of the fourteenth of July last:

> The mass of American securities held in Europe is now no doubt considerably less than it was some years since, and the sum annually due on account of interest is likewise less in proportion, but it has been estimated still as being from £ 9,000,000 to £ 10,000,000 a year.

Within the two years past there has been a very great falling off in the European holding of American railroad shares. The *Pall Mall Gazette* said a few weeks ago that the best-informed dealer in London estimated that within that space of time five-sixths of such shares held in England had been sent back and sold in this country. This may be an exaggeration, but all reliable accounts have been of that general tenor. Capel Court, where London dealings in such shares are mainly carried on, has been described as substantially deserted. But the indisposition to hold American railroad shares, on account of the great fluctuations in their prices, and to distrust as to their real value, has by no means extended to first-mortgage railroad bonds, and it is not certain that the foreign holding of them has diminished at all within two years. It has been a common practice of our railroad financiers to adapt them to the tastes of foreign holders by making them payable, principal and interest, in either sterling money or in gold, so as to have two markets for their securities. Some of them have been governed also by the delusive idea that it was for the advantage of this country to borrow foreign capital for its various undertakings. And it is remarkable that such ideas should have prevailed earliest and longest in Massachusetts, which most abounds in home capital. The Government of that commonwealth has always had a taste for creating sterling bonds, rather than dollar bonds, which certainly tends to disprove the charge that it is unduly controlled by the interests of its own citizens who have money to loan.

But however it may have been brought about, and whether it has been wise or unwise, the fact remains that a great mass of American securities have been created, not payable in dollars or in coin, but in gold or sterling money, which has made them convenient for European holders, and very many of them are now actually held on the other side of the Atlantic. Our present annual payments upon them, in the shape of interest and dividends, are not probably overstated by the *Economist* as ranging from $45,000,000 to $50,000,000. To the extent, whatever it may be, of those payments, we are as truly the tributaries of Europe as India is the tributary of England, but with the differences in our favor that the tribute we pay is less onerous relatively to our resources, and that our liability to it will speedily disappear if we pursue a wise policy, and will probably disappear in the course of time, from the relative changes of wealth between the two sides of the Atlantic, even if our future policy shall not be in all respects as wise as it might be.

One measure tending directly and obviously to reduce our indebtedness abroad is steadily to liquidate and finally extinguish altogether the large mass of Government bonds now outstanding. That will, of course, rid us of so much of our foreign debt as consists of such of these bonds as are in European hands, but its most important effect will be to widen and strengthen the home market for American railroad bonds, so as to draw this way that portion of them which is now owned on the other side of the Atlantic. As the one thousand million dollars, or thereabouts, of United States interest-bearing debt due to American holders is paid to them, they will put the money they receive into the next best interest-yielding securities which they can find, and in the case supposed, the first-mortgage bonds of the prosperous railroads, of which there are many, would be among the best. There is always, in the scale of estimation of securities, some one which occupies the first place. If that one disappears, the next one in the scale comes into the front rank. The existence of United States bonds reduces the relative grading of all other securities in our markets, State, municipal and railroad.

DOMESTIC TRADE AND FINANCE.

According to a newspaper interviewer the President of the Fourth National Bank in this city expressed the opinion that "to some extent a contraction of the currency is responsible for the business depression." As to one cause of the contraction he is reported to have said:

The contraction is due to the hoarding of gold and silver in chimney corners. People, especially farmers, are afraid of the greenback and National-bank currency, and hide away gold and silver. I estimate such holdings at $ 100,000,000, and the rapid growth of the country demands more currency than it has.

We do not know that it was intended to be implied that the hoarding of gold and silver coins produces any greater effect in the way of contracting the currency than the hoarding of greenbacks or National-bank notes. But it is clear that there is no such greater effect under our present money system. On the old system of State-bank note issues, a loss of specie by either exporting or hoarding was followed by a diminution of bank notes far in excess of the specie which disappeared. But the quantity of National bank notes bears no relation to the specie in or out of the banks but is fixed by other circumstances. They are not even redeemable in specie, unless the banks choose to redeem them in that way, it being their right to pay them in greenbacks if they please to do so. There is very little elasticity in the aggregate volume of National-bank notes under existing circumstances, and it is almost as stationary a quantity as the volume of the greenbacks has been since the Act of Congress of May, 1878, which absolutely fixed it at a specified amount. The effect of whatever hoarding there may be in particular localities, or among particular classes, is therefore not affected by the kind of money which is hoarded.

That silver is not hoarded to any appreciable extent is shown by the two facts that there are only about forty millions of the metallic silver dollars outside of the Treasury vaults, and that the accumulation in the same vaults of the subsidiary silver coins is so large as to negative the idea that the amount outside of them can sensibly exceed what is needed for daily hand to hand use. That there is a hoarding of gold, and to a greater extent than $100,000,000, seems to be almost certain. It must be so if the estimates made by the Director of the Mint of the total quantity of gold money in the country even approximate correctness.

The net decrease of the National debt during the first two months of the current fiscal year, being also the first two months of the operations of the reductions made last winter in the tariff and internal taxes, was fourteen and a-half million dollars, or at the rate of $87,000,000 per annum. But so short an experience is a very unreliable test of what the revenue is hereafter to be. If there is any new legislation, it will not be before next Spring, and by that time we shall know much better than we now do how much surplus there will be.

FOREIGN MONETARY ASPECTS.

The London *Trade Journal* (July, 1883), reviewing the course of prices in Great Britain during the first half of the present year, says that while there has been a slight fall in the average prices of food and raw materials, the main fall has been in the prices of manufactures, and that this is the cause of "the complaints about the absence of profits, which meet one on every side" from the manufacturers.

The Toronto *Monetary Times* publishes a very long, and what is described as "a very dreary and discouraging, list of failures," in Winnipeg and other places in Manitoba. The Montreal *Journal of Commerce* says "there has been serious inflation in the Province of Manitoba."

Russian official statements make their average annual export of wheat for the ten years ending with 1880, 59,693,110 bushels.

The Mennonite settlement in Manitoba has 65,000 acres under wheat, the estimated crop being 1,300,000 bushels. The total wheat yield of the province this year is estimated at from eight to ten million bushels, of which two or three millions can be spared for export.

The principal changes in the condition of the banks of the Dominion of Canada within ten years have been as follow:

	July, 1873.		*July*, 1883.
Paid-up capital	$55,869,262	..	$61,485,829
Circulation	25,213,800	..	32,093,938
Private deposits payable on demand	31,548,161	..	45,950,682
Private deposits payable after notice	25,524,392	..	53,290,643
Specie	6,911,881	..	6,374,494
Dominion notes	8,145,647	..	11,037,673
Total liabilities exclusive of capital	103,583,635	..	147,000,173

The most marked change is the increase of deposits payable after notice, which have more than doubled. Interest is allowed upon all deposits of this kind, as it may perhaps be upon some of the deposits payable on demand. The Canadian banks follow the example of the British banks, and become great borrowing institutions, and derive profit from borrowing at one rate and lending at a higher rate.

The views taken by the most conservative bankers in this country is, that banks which issue circulation, or hold deposits subject to call, should not multiply their liabilities by receiving deposits, either on call or payable after notice, and allowing interest on them, but that this latter class of business should be left to Savings banks and trust companies.

What purports to be an official Mexican statement of the foreign commerce of Mexico for the fiscal year 1881–2, just published, makes the export of the precious metals (nearly the whole being silver) $17,063,767, whereas during the fiscal year 1877–8, it was $22,584,599. This statement for the fiscal year 1881–2 does not seem to correspond with the figures of the export of the precious metals during the first three quarters of the fiscal year 1882–3, which are given in the *Mexican Financier* as $24,032,787. The silver production of Mexico is undoubtedly somewhat increasing, and promises to increase still more, but it is not certain that that circumstance would of itself cause an increased export, inasmuch as the developing trade and industries of that country would, in the absence of a bank-note circulation, require constantly enlarging amounts of silver for monetary use. It is precisely at this point that the future is obscure. Efforts are being made in Mexico to introduce bank notes on the basis of Mexican Government bonds, after the example of this country. If these efforts succeed, less silver money will be wanted, and more silver can be sent to foreign countries.

During the year 1882 London collected about £600,000 from ten and a-half million tons of coal consumed in the city, which is at the rate of about thirty cents per ton. The city's right to impose this tax expires in 1885, but a proposition is made to extend it and make the resulting revenue one of the bases for the issue of bonds for the construction of extensive new docks on the Thames, opposite Gravesend. In London, where so many people are on the look-out for investments, any proposition to create a new batch of city bonds seems to have an almost irresistible popularity.

During April and May, the first two months since the reduction of freights on wheat carried over the India railways, the Indian exports of wheat were 4,166,000 cwts., as compared with 2,705,000 during the same period in 1882, and 2,024,000 during the same period in 1881. The English believe that India, with improved railway facilities, can supply them all the wheat they want.

The Hawaiian Government has arranged for the coinage at our Mint of $1,000,000 of silver dollars, half-dollars, &c., of the same weight and fineness as our coins of the same denominations.

The total British exports of iron during July, 1883, declined 10.4 per cent. in the number of tons, and 18.3 per cent. in money valuation, as compared with July, 1882, thus showing a considerable decrease of prices during the year.

The *Manchester Guardian* of August 25, says, that the Italian banks redeem their paper in silver exclusively, but that the Government redeems its circulating notes two-thirds in gold and one-third in silver. It was in that proportion between the two metals that the Italian loan for resumption purposes was made. We do not find in our European exchanges any information as to the extent of the calls which are made for the redemption of the notes of either the Government or banks of Italy. The actual currency of the country consists, without doubt, mainly of paper, inasmuch as the Government issue notes of as small denominations as five and ten *lire*, or about $1 and $2.

According to a statement made by the French Department of Public Works, the total length of the railroads constructed in Europe during 1822, was 5628 kilometers, or about 3518 miles, which is but little more than one-fourth the number of miles constructed in this country.

OPTIONS IN PRODUCE.

The system of dealing in "options" and "futures" in the great staples of the country, upon which we commented somewhat at large in our last number, not only prevails extensively as a matter of fact, but it has some, and perhaps many, defenders and advocates. We have now before us a copy of one of the leading commercial organs of the city (*Commercial Bulletin* of July 28), in which it is declared to be "almost incredible" that in Richmond (Va.), "the Grain and Cotton Exchange, as also the tobacco organization, deal only in actual sales and delivery." The *Bulletin* expresses the belief, however, that "the merchants of Richmond will soon avail themselves of the quicker and less unelastic trade systems," "which the business man of to-day cannot afford, even if he were inclined, to ignore." It is hardly supposable that the *Bulletin* would speak in this way if the system of option dealing was not recognized among large classes of reputable merchants, here and elsewhere, as a perfectly legitimate mode of taking a mercantile risk in the expectation of a mercantile profit. It is certainly a legitimate subject for taxation, and it happens, fortunately, that a stamp tax can be collected on it, which is the best kind of a tax, so far as the method of collection is concerned, because it is self-collecting and requires no corps of officials to look after it. One of the editors of the New York *Journal of Commerce* stated not a long time ago (November 16, 1882), that in 1861 he advised Secretary

Chase to recommend "a stamp tax on every form of business throughout the country." And he still insisted that taxation cannot be collected in any less expensive or less inconvenient manner than by stamps. On that point he said: "The stamp tax would have cost nothing but the printing. We proposed that, like postage stamps, they should be handsomely engraved, distributed by mail, and sold by the postmasters for a small commission. Like the check stamp, the tax would have enforced itself, and needed no marshals or inspectors to see that it was paid."

Unlike the check stamp, which was an involuntary and unavoidable tax upon everybody keeping a bank account, and was therefore a burden not to be escaped on the necessary exchanges of the country, a stamp duty on option contracts in produce would be paid only by those who chose to pay it, because it would be paid in transactions which are not exchanges at all, but only mere wagers on the future prices of merchandise. It is true that the National Treasury is not at this moment in special need of increased revenues, but it is always convenient and advisable to impose a productive tax which involves no expense, imposes no hardship upon anybody, and at the same time has the recommendation of tending to check practices whose morality and utility are somewhat doubtful. The revenue derived will at least enable the Government to remit other taxes which may bear more or less onerously upon meritorious industries.

There is no similarity in either nature or effects between options in merchandise, which are wagers on its future price, and speculating in merchandise in the form of actually buying it and taking the delivery of it. Speculation of this latter kind may, like everything else, be carried to an injurious and dangerous excess, but it steadies markets, and in certain cases there would be no market or an inadequate market, if speculators did not exist. If there were no other purchasers of commodities except those who bought for their own consumption, or to be resold in the regular course of jobbing or retail trade, it would happen at certain times that those classes of purchasers had fully supplied themselves, and that further sales at any prices would be impossible. It is in such cases that speculative buyers, although they have no other object than their own individual gain, perform the useful function of making a market where otherwise there would have been none. But in option dealing there is no buying at all, and all that comes from them is the payment of differences. If they have any effect upon prices, which may be doubtful, it is probably not a steadying effect, but the reverse. It is difficult to see that any advantage to the public does, or can, result from them. If it would be harsh to characterize them as gambling practices which ought to be sternly repressed, they are certainly unproductive practices, and among the most fitting objects of taxation.

INTERNATIONAL VALUE OF MONEY.

It is commonly said that coins, outside of the country in which they are minted and in which they have a legal-tender capacity, command only the bullion value of the metal which they contain, and that they are, in fact, treated merely as so much bullion. In most cases they do not command any more and are not entitled to command any more than their bullion value, but this is not always so. There are peculiar cases in which they are worth more at home than their bullion value, and in such cases they may be worth more abroad for the purpose of being sent back to the country of their origin. Thus, twenty English silver shillings are worth as much in England as an English gold sovereign, although inferior in bullion value by about one-fifth. They are therefore worth as much everywhere to anybody who happens to be going to England, and to any banker or other person who is making a coin remittance to England, less the difference in cost (if any) between the cost of sending silver and the cost of sending gold. In such places as New York, between which and England there is constant communication, silver English shillings are bought up by money-changers, not, of course, at their maximum possible value of one-twentieth of a gold sovereign, but at a rate of discount below that which will leave them a profit, the amount of which is determined by the competition among the buyers, and by other circumstances. A late New York market quotation for twenty English shillings, now before us, gives $4.70 as the price at which the money-changers buy, and $4.80 as the price at which they sell twenty silver shillings, whereas their bullion value is only about $3.89. In fact, the bullion value of the English silver shilling has no connection whatever with its value in the New York market, which would be just as great if it was made of bronze, and probably a little more if it was made of paper, in which last supposed case the cost of its transmission to England might be less.

In the case of the subsidiary under-weighted silver coin of this country, we have had, within three or four years, a rather disagreeable illustration of the extent to which such coins will be sent home, if they happen to have at home a value much in excess of their bullion value abroad. Ten American dimes, which contain about one-sixteenth less silver than one American silver dollar, are worth as much in this country as an American gold dollar. They are redeemable at the United States Treasury in lawful money, which is at present, at any rate, at a parity with gold money. But American dimes and other subsidiary silver coins are worth abroad only their bullion value, for any purpose except that of remitting them home to this country, and the consequence has been their inflow from Mexico, Central America, South America, and the West Indies in quantities which the channels for the circulation of subsidiary fractional money will not absorb, and we have now an accumulation of about $27,000,000 of them in the United States Treasury. The accumulation does not yet show much tendency to fall off, which proves that the inflow still continues. The further minting of subsidiary coin was suspended when the inflow began. The circulation, as shown by experience, will absorb such coin at about the rate of $1 *per capita*, so that whenever the inflow ceases, as it ultimately must from the exhaustion of the stocks abroad, the Treasury accumulation will disappear, as a consequence of the increase of our population, at the rate of from $1,500,000 to $2,000,000 per annum.

The same principle which applies to subsidiary silver applies to such full-tender silver money as is kept above its bullion value by limitation of quantity. The New York money-changers pay ninety-two cents for a French five-franc piece and sell it for ninety-four, whereas its bullion value is only about seventy-eight.

In saying that silver money, having an artificially raised value at home, is non-exportable, nothing more can be intended than that its exportation will, in general, be prevented by the fact that it must involve some degree of loss. Its value abroad will neither necessarily nor ordinarily fall as low as its bullion value, but will fall below its value at home, because it costs something to collect it and send it home, and, besides that, the money-changers who collect it are entitled to profits and are able to obtain them.

The non-exportability of paper money is also to be understood with some limitations. It is worth anywhere what it is salable for at home, less the costs of various kinds of sending it home. A Russian paper ruble is always valuable in London, because it is exchangeable in Russia for gold at some rate, and because articles of prime necessity, such as wheat, timber, tallow and flax, can be bought with it in Russian trading ports. A Bank of England note is as current as gold in the cities and on the great lines of travel and commercial movement on the Continent of Europe. Another generation may see the American greenback equally current, not only in Europe, but everywhere in North and South America, on the coasts of Africa and Asia, and in all the islands of the Pacific and Indian Oceans. The wealth, resources, and credit of the United States immeasurably surpass those of any bank, and, indeed, those of all the banks of the world if they could be combined into one.

THE LONDON STOCK EXCHANGE.

The President of the Western Union Telegraph (Dr. Green), on his return from England in the latter part of August, made some statements in respect to the practices at the London Stock Exchange, which were reported by the newspaper interviewers. He said, among other things, that dealings on margins were not known in that Exchange, all transactions being actual sales for cash, and that no foreign stock could be listed unless it was shown to the proper committee that some "considerable" quantity of it was held in England by *bona-fide* investors. One reason why the Western Union could not be listed was that there was none held in England by investors, although there were what Dr. Green called "speculative holders," whose stock was "in the names of their New York brokers," or in other words, as we suppose, whose holdings were on margins. It has been understood for some time that a part of the dealings in Wall Street are for the account of British speculators, and, to a much less extent, for the account of Dutch speculators.

Dr. Green declares that English investors have completely lost their confidence in American stocks, as distinguished from bonds, the *coup de grace* having been given to the faith they once had by the break in the New York Central Railroad stock, which had been to them the very embodiment and *beau ideal* of all that was safe, solid, conservative and gilt-edged. When that went down, and Mr. Vanderbilt left it (as they say) in the lurch, there was no American railroad stock left which they dare to touch. That they are still ready, however, to take what they consider good American first-mortgage railroad bonds, is shown by their recent transaction in the issues of the Baltimore and Ohio, Pennsylvania, Northern Pacific, etc.

Dr. Green lays great stress upon the "conservatism" of English investors, and says they buy nothing except under the advice of "solicitors, whose living depends upon their making absolutely safe investments for their clients." But in England, as everywhere else, there are all sorts of people, and if there are some investors—and even a good many investors—who intrench themselves behind "solicitors," there are others who buy on the advice of bankers and brokers, some of whom are not very wise, and others of whom are not very honest. Gambling schemes and wild investments flourish and abound more in London than in any spot on the face of the globe, because there is more floating capital within reach there than anywhere else. The lists of companies financed there, as published from time to time in the London newspapers, are proof positive that the gudgeons of that locality are numerous, and have very sharp appetites for the bait. The Stock Exchange may be very guarded in its rules and habits, but there are other places in London in which business is done besides that Exchange.

The real difficulty encountered by persons going to London to dispose of speculative stocks and properties, is not any lack of persons in that city who combine a disposition to take ventures with the means to embark in them, but that distrust of foreigners which exists everywhere, but is more decided in England than anywhere else. It generally requires an Englishman to persuade other Englishmen into a scheme of any kind, and an Englishman who is adapted to the purpose does not ordinarily consent to play the part of a persuader of his countrymen, without making sure that the lion's share of the profits of success in persuading them shall come to himself.

So far as is known outside of London the largest losses of investors there in recent years have been made in the public debts of some of the Central American and South American States. They were, for the most part, substantially total losses, and it has been shown by Parliamentary investigations that nearly all the money parted with by investors went into the pockets of London go-betweens and promoters.

LAND OWNERSHIP.

From time to time we have noted in the BANKER'S MAGAZINE the purchase of large tracts of land in our country by individuals or corporations. Within a few years purchases of this nature have occurred quite frequently, so that to-day the title to an enormous area of land is vested in a few persons. In many cases these purchases have been made with the view of holding them for a few years and selling at an advance. Our country, enormous as it is, has a limit, and it is seen that when all the land shall be under the control of private ownership its value is likely to be greatly enhanced. The chance for gain, therefore, by investing in land now held at low prices is very favorable. Indeed, there can be hardly any risk attending the investment. Land will neither burn up nor deteriorate, new railroads are in process of construction in every direction which will render it more valuable. A great deal of the capital thus invested comes from abroad, and the movement shows how strong is the faith of the foreign capitalist in the growth of our country.

One phase of this movement is the purchase of vast tracts for cultivation by one or two persons or a company. This method of cultivating the land has been described by Mr. Moody, in a recent work entitled *Land and Labor*. The subject is treated under the head of machinery in agriculture, the bonanza farms and their growth and development, as well as that of tenant farms. The economy wrought by machinery is wonderful, but Mr. Moody is opposed to it because it displaces labor and reduces men to beggary. The subject is deserving of careful consideration, but we propose to confine our attention more particularly to the great farms. He says that they have many advantages over the smaller farmers, one of which relates to transportation. He says that the large farmers on the line of the railroad obtained special rates for their transportation, and that those rates were fifty per cent. below those charged to the small farmers, and that their farming implements also were obtained at thirty-three and one-third per cent. discount from published prices, which the small farmers were compelled to pay.

Mr. Moody visited these great farms and he remarks that the two great facts which clearly appeared from what he saw were, that those who had gone into wheat growing on a large scale, making use of the most improved machinery and cheap labor, were making colossal fortunes at seventy cents per bushel for wheat, limited only by the number of acres cultivated and the skill with which the work was done, and that it might also be grown at large profit for less than twenty-five cents per bushel. On the other hand, the small farmers, depending mainly on their own labor, with limited capital and less machinery, were not making a comfortable subsistence, but were running behind and must go under, and that a further reduction in the market price for food products would hasten their end.

These are gloomy conclusions surely, but some may be relieved to know that bonanza farming is not so profitable as Mr. Moody represents it to be, and that they cannot so successfully compete with the smaller farms. It is found that certain great hazards attend this huge style of farming which is conducted mainly on the Northern Pacific Railroad. One of these hazards is the uncertainty of the season, and another is the difficulty to procure help, except at very high prices. Those who profess to know declare therefore that those great farms are failures, are never likely to pay, and that they will undoubtedly be divided and sold to others. It is to be hoped that the experiment will not succeed, for the perpetuity of the country depends largely on the cultivation of the land, not by an enormous body of irresponsible persons having no interest in it, but by persons owning the land they cultivate, who are therefore directly interested in improving it. The true policy for the country unquestionably is to encourage the division of the land into small holdings, and to discourage in every possible manner the purchase of enormous tracts by individuals to be cultivated by them on the tenant system or through hired labor. Mr. Moody has done a good service in showing the dangers of permitting large quantities of land to pass under the control of a single individual. Perhaps he has magnified the dangers and the evils that have already resulted, but the subject certainly is worthy the attention of all who are interested in the welfare of society.

LABOR AND CAPITAL.

Down to about half a century ago, political economists, and at any rate British economists, generally accepted the theory of Malthus that there was an irresistible tendency to a multiplication of the number of laborers in excess of the increase of the means of subsistence, and to a continuous fall in wages to the lowest point at which the physical capacity of men and women to labor can be supported. A modification of the Malthusian theory then proposed, and most conspicuously and ably by Dr. Chalmers, admitted the fact of the tendency to an undue and finally fatal multiplication of laborers, but maintained that this tendency, although strong, is not irresistible, and that it can be held permanently in check by such moral and educating influences as will uphold the self-respect of laborers, keep up the standard of comfort upon which they will insist, and restrain improvident marriages among them.

Stated summarily, it was the reasoning of Malthus that the land of any country is a fixed quantity, while its laborers are constantly under a law of natural increase in a geometrical ratio, so that at last the owners of the land must be in a position to insist upon such rents as to reduce the share of the laborer in the aggregate production to the minimum of the barest and most meagre subsistence. Of this, illustrations on the largest scale are found in Eastern Asia, which contains the majority of the human race, in which agriculture is the chief pursuit, and where the population is so dense as to be always near to the starvation point.

But in dealing with the form of civilization which we find in this country and in Western Europe, with developed industries and vast masses of wealth engaged in other employments than that of agriculture, there is a new element in the problem. It is no longer a question of the division of the annual production between land and labor, but of its division between land, labor and capital, which last is not a fixed quantity. It is not always an increasing quantity, but it always has the power of increasing, and with tolerably good government and aside from extraordinary calamities, it does, in fact, steadily increase. There is no *à priori* course of reasoning by which it can be demonstrated that it will not, under favoring circumstances, increase beyond the rate of the natural multiplication of laborers. If there is any reliance upon statistics, capital has in many cases expanded much more rapidly than population. The census reports in this country have shown its duplication in each one of several decades. In Great Britain the increase of wealth within thirty years past is commonly estimated to have been at least twice as great as the numerical increase of the people.

Without now insisting upon the doctrine that capital and not land is the fund out of which wages are paid, it cannot be shown that the gain of laborers, as respects wages, by an expansion of capital greater than that of their own numbers, may not exceed what they lose by the fact that the area of land is a fixed quantity. There is, therefore, no sound basis for the theory that there is any necessary tendency, irresistible or resistible, to a fall in wages and to a deterioration in the condition of laborers, as the population of countries becomes more dense. As a matter of fact there is often, concurrently with an enlargement of population, a real and substantial improvement in wages, not merely as stated in money, but in their command over the necessities and comforts of life.

I know very well that the question of fact, whether there has been a fall or rise in real wages, like the question of fact whether there has been a fall or rise in the value of money as measured in commodities, is open to possibilities of constant dispute. Statistics may be brought forward to sustain both sides of each of these questions. But in respect to wages, there is one case in which the question is very much narrowed, and that is, the case in which laborers are fed and lodged by their employers. If their money wages have remained the same within fifty years past, the condition of laborers of that class must have improved, inasmuch as the advance in the arts and machinery has during that time cheapened the cost and price of clothing of the same grade, as well as of many articles of comfort and even luxury. If their money wages have increased, while there has been a fall in the prices of everything which they are under the necessity of purchasing, the improvement in their condition must be still more marked. The laborers of that class are not a large fraction of the whole mass of laborers, but still they are very numerous, and we may be sure that there cannot have been a steady advance over a long period of time in the condition of a large class of laborers, without an advance in some degree corresponding to it in the condition of laborers of all classes, inasmuch as the tendency to an equalization of wages, although not so strong a force as it is sometimes represented to be, is nevertheless constantly operating, and with a sensible degree of efficiency.

As respects the Southern part of this country, no historical fact is more conspicuous and certain, or more arrested the attention of mankind, inasmuch as it was followed by political consequences of transcendent importance, than the fact of a rise in the value of slave labor between the commencement of this century and the outbreak of the Civil War, to a considerable degree continuous, and in the aggregate enormous, as shown by both the tests of the selling prices of slaves and of the rates of their annual hire, their support being provided by their hirers, and their hire being wages, not paid to the workers but to their owners.

As respects the Northern part of this country, I affirm it as a fact of my own observation over the whole period of the last fifty years, that the money wages of females in domestic service have trebled within that time, while they are better fed and housed than ever before, and that during the same time there has been, although not so great, still a large and unmistakable rise in the money wages of male laborers in domestic service, on farms, in lumber camps, on board fishing and sailing vessels, and in all the situations and avocations in which they are fed and lodged by their employers.

As respects all the countries in Europe, such as Great Britain, France, Germany, Switzerland, &c., in which the increase of wealth has been most marked during the past half century, the condition of labor, although far from good, is nevertheless better than it has been, or perhaps it would be more correct to say that it is not so bad as it has been. I affirm that, not as a matter of observation, nor with any dogmatical assumption of a right to impose my own views upon others, but only as the clear conclusion of my own mind, after a somewhat careful and extensive reading of the accessible authorities on the subject. I believe that the case is fairly presented by Charles Archinard, a very late authority, in a book published this year, entitled *Statistique du Canton de Geneve*, in which he states that farm labor in that Swiss canton, with board and lodging, was thirteen cents per day in 1852, and has now risen to between thirty and thirty-two cents per day; and that, more or less nearly corresponding advances have been made during the same time in all the Swiss cantons and in the adjacent countries.

The poetry and the prose of Goldsmith, who, in the language of the epitaph of Dr. Johnson, touched nothing which he did not adorn, *nihil tetigit quod non ornavit*, are familiar in the households of the English-speaking nations, and, of all his poetry, no lines are oftener quoted than these—

> "Ill fares the land, to hastening ills a prey,
> Where wealth accumulates and men decay."

It may or may not have been the purpose of Goldsmith to teach that men must decay where wealth accumulates, and as a consequence of its accumulation. But it is not doubtful that those lines carry that implication to most of those who read them. Nor is it doubtful that the accumulation of wealth in the hands of the few, if it does not create poverty among the many, may seem to create it by making it more visible by contrasts.

But, whatever view may have been intended to be presented by Goldsmith, and whatever may be the errors into which a careless observer may be led by deceptive appearances, it must be true that the accumulation of wealth, in the sense of capital as distinguished from land, is a saving force which, with a certain degree of rapidity in the accumulation, may rescue laborers from the disadvantage imposed upon them by the circumstance that their numbers tend to multiply while the area of land must remain a stationary quantity. There may be, and doubtless are, good reasons for desiring that the accumulation of capital should be diffused rather than concentrated in great masses in the hands of individuals or corporations, but it is not certain that such concentration, however objectionable upon other grounds, diminishes the favorable effect of an increase of wealth upon wages. And even if the manner in which the ownership of capital is distributed is a matter of some degree of consequence to laborers, they will be benefited by the increase of capital, with any distribution of its ownership which can be conceived to be possible.

Advancing civilization and expanding wealth do not make everybody rich, but they make many rich, and secure to a vastly greater number a reasonable competence, while they make nobody poor. In the savage condition, or in the state of nature, however pleasingly they may be depicted in the pages of imaginative writers and of the poets, it is nevertheless true that all the circumstances which define and constitute poverty, insufficient food, raiment and shelter, and not infrequently such a lack of one or all of them as to be fatal to life, are the universal lot of mankind.

One of the obvious and direct methods by which governments can benefit the condition of laborers is to promote the creation and enlargement of wealth by wholesome laws, and by not themselves consuming capital in useless and unproductive expenditures, or in a wasteful and extravagant management in necessary expenditure.

But a mere increase in the aggregate annual production and in the aggregate wealth of a country is not the only thing which is important to laborers. They are vitally interested in the proportional share of the annual production which falls to them as wages. It is certain that governments can affect the amount of that share by their methods of taxation, and it is not certain that they can directly affect it in any other way. If wages are down to the minimum limit of a bare subsistence, the entire public taxation must be thrown upon land, or capital, or both. But in a country like this, in which the margin of wages above the limit of subsistence is large, it is quite possible to throw the whole burden of taxation upon labor, and there is unfortunately too much evidence that there is a strong tendency in National legislation in that direction. The most striking fact looking that way was the repeal, ten years ago, of the taxes upon incomes and upon the succession to estates, which substantially relieved land and capital from any contribution whatever towards the extinguishment of the great debt of the Civil War, the relief being necessarily at the expense of labor. Both those taxes are imposed in most European countries, and, so far as I have information, the tax upon the succession to estates is imposed in all of them. It was imposed by the Greeks and Romans. Adam Smith spoke of it as being in his day a tax universal in Europe. William of Orange introduced it from Holland into England nearly two hundred years ago, and no British Parliament, although that body is peculiarly the representative of the wealth of the United Kingdom, has felt strong enough to venture upon the experiment of repealing it. Under the present Gladstone Ministry it has even been made more productive. An American Congress felt strong enough to repeal it, and, as a consequence, the vast estates of Commodore Vanderbilt, W. B. Astor, Stewart, Goelet, Moses Taylor, and of numerous other owners of millions who have died within the last decade, have been relieved of any contribution to a country to whose protecting and favoring laws their fortunes were largely due. In each of the countries, Great Britain and France, neither of them being as rich as our own, the succession tax yields about $25,000,000 annually, the tax rising as the nearness of relationship between the recipients and the decedent diminishes, and being highest when estates, or portions of estates, go to strangers.

Upon the policy of a compulsory limitation of the hours of wage labor, and upon another policy which is of the same class and kin, that of prohibiting the employment in shops, factories and mines of young children, I will confine myself to the three following observations:

First. That if they are effectively enforced it must be by the National authority, since the competition between producers in the different sections of the country will render it exceedingly difficult and probably impossible to procure the necessary unity and concurrence of State legislation.

Second. That it is no objection to these policies that they may place us at a disadvantage in competing with foreign producers. In a country of the extent and varied resources of the United States, our submission to any such competition is certainly a purely optional act, and, as it seems to me, it is an act from which all sound reasons combine to dissuade us.

Third. That these policies are in the line of the wisdom of prescribing one day of rest in seven, which we find in the code of Moses, who was undoubtedly, in the familiar language of the *Westminster Catechism*, the greatest law-giver, and who is believed by all devout Christians and by all devout Jews to have been directly inspired by the Divine Creator.

There is nothing in our system of land ownership which seems to require any change, either in the interest of laborers, or in the interest of anybody else. The scheme of destroying the individual proprietorship of land may be dismissed as an impracticable folly. It can never be carried out, and it would work nothing but mischief if it could be carried out.

Nor am I able to see what laborers have to gain by the spoliation of one class of landholders for the benefit of other classes of landholders, by the method of imposing a penal rate of taxation upon real estate not in actual and productive use, which must necessarily be the condition of a vast amount of real estate in a new, wide, and only partially occupied country. Unoccupied land must be held, either by the Government, in which case it pays no taxes, or by individuals who purchased it, and had a right to purchase it, in the expectation (often disappointed) that the rise in its value would equal or exceed the interest on the purchase price, and in the further expectation that an immemorial rule of equality in taxation would not be changed to their ruin, for reasons having no connection with the revenue purpose of taxation. The presumption is always against the expediency of changing any long-established system of apportioning direct taxes among different classes of property, and no change, even if it is an improvement, can be made without working a good deal of injustice. The burden of a direct tax upon property, even if the principle of the imposition of it is unsound, distributes itself, after a lapse of time, more or less fairly upon all interests. An old tax has been well likened to an old shoe wbich has fitted itself by use to the foot much better than a new shoe can be fitted to it by any shoemaker, however skillful. The true philosophy in respect to both shoes and taxes is not to substitute new ones, so long as it is possible to keep the old ones in use by any reasonable amount of amendment and repair. There has been in California some tax legislation of the kind to which I have objected and it was more or less justified by the peculiar circumstances of the extensive absorption of its presently available lands by the old Spanish and Mexican grants, but there are no circumstances elsewhere in this country which can give any proper occasion for it.

It is not true that there is any special tendency in the United States at the present time, on the part of capital, individual or corporate, domestic or foreign, to absorb and hold large bodies of land. Capital does not take that direction to anything like the extent that it did in the latter part of the last century, and in the first part of this. As soon as the country had recovered itself somewhat from the exhaustion of the Revolutionary War, and public confidence was strengthened by the adoption of the present Constitution of the United States, there was an almost universal disposition on the part of rich men to invest in large tracts of land. I am myself old enough to know it by oral relations, but the evidences of the fact are abundant in the records and histories of the country. The misfortunes which consigned Robert Morris, the financier of the Revolution, to a poor debtor's prison in his old age, are well known to have originated in land speculations. How extensive they were may be inferred from the fact that about 1796 he put six million acres into a company, the North American land company, and made use of the shares to settle some of his debts, and especially with his European creditors. The land operations of another Philadelphian, William Bingham, the richest man in America of that day, were even more extensive. I know most about his operations in Maine, which is my native State. He made two purchases there, one of about forty townships, by buying up nearly all the tickets in a land lottery instituted by Massachusetts for the benefit of its Revolutionary officers, and one of one million acres. There has always been a tradition that near the time of his death he was on the point of making a proposition for the whole mass of public lands in the northern part of the State, in round numbers 10,000 square miles. Wherever there was wealth there were buyers of vast masses of land. The Brown family, of Providence (R. I.), which founded and endowed the University of that name, bought great tracts in the State of New York. I know that the wealthy families in Boston, the Bowdoins, Winthrops, Searses, and others, did the same thing in Maine. My father, who received his legal education in that city, then town, between 1803 and 1806, has also told me that the Boston speculations were very large in the Gennesee (N. Y.) country, in Georgia, and in the Yazoo country, in what is now Mississippi. The last named speculations were ruinous, and involved so many bankruptcies, that a wit of the town commemorated them in some poetry, a travesty of the old song about Captain Kidd, of which the burden was:

"I bought Yazoo lands,
And I failed, and I failed."

The latest exhibition of a disposition in this country to buy large bodies of agricultural lands was in 1835-6, when the Government sales in a single year reached $20,000,000, a great sum in that day, which caused the issue by President Jackson of the famous "specie circular," with the view of checking the speculation by prohibiting the receipt at the land offices of any other kind of money than coin. That was nearly fifty years ago. There is no present indication that our rich men are likely for an indefinite time to speculate in agricultural lands, and it is not a danger against which we have any present need to guard.

Passing to the somewhat different question, whether farming upon a great scale is so much more profitable than farming upon a small scale, that there is a danger which ought to be guarded against by legislation, that large farms will swallow up small ones, we have certainly had no experience in this country which justifies such an apprehension. The late Dr. Glen, whose farming operations exceeded those of any other man in California, is not now believed to have profited by them. In England, the opinion that large farming is the most profitable was formerly nearly universal, but has much weakened within recent years. The belief is now common there that nothing prevents the breaking up of large estates except the enormous expense of conveying lands, which practically prohibits the conveyance in fee of small parcels. On the Continent of Europe the prevailing view is most decided in favor of the superior profitability of small farms, and the tendency of lands is in the direction of being broken up into small holdings. When the movement of lands is governed by commercial considerations, as it almost everywhere is, and certainly is in this country, it must tend to fall into the hands of those who can make the most out of them, and who therefore can and will bid the highest prices for them. It can only be at some very remote time, and after all existing conditions have been transformed, that small farms in this country will be absorbed into large ones to any important extent. Before that remote time comes, if it ever comes, there may be cases of the kind, but they will be merely sporadic and exceptional.

The complaint is a just one, that our public authorities, National, State and municipal, do not reserve as much as they ought to receive from franchises granted to individuals and corporations, such as rights to construct railroads and telegraph lines. It is certain that more could be easily reserved, if those who administer public affairs were influenced by any real and sincere desire to protect the interests of the public. There is no reason, for example, why the right to establish and operate lines of horse or steam cars on or above the streets of cities, the conditions being first prescribed, should not be sold to the highest bidder. In enterprises of that kind, not requiring an extraordinary amount of capital, a competitive bidding would result in obtaining a price which would conform pretty nearly to the true value. It is not so easy to deal with long lines of railroad, requiring great capitals for their construction. The French system is to reserve, in railroad grants to companies, an absolute reversion to the Government at the end of one hundred years, and the same plan has been adopted in respect to railroad grants in British India. We familiarly know that a lease without rent of realty of any kind for nine hundred and ninety-nine years, will command as high a price as a conveyance in perpetuity. Exactly as much as that cannot be said of a lease for one hundred years, but the difference between the two terms of time is not very sensible in human estimation, and it has been found as a matter of fact in both France and India, that a prescribed reversion to the country at the end of a century, has not materially checked, and has perhaps not at all checked, the eagerness of companies to obtain railroad charters.

This question of reserving to the public a fair compensation for public franchises, does not specially concern the interests of laborers distinctively as such. It concerns the whole body of the taxpayers, and affects labor only in proportion to the share of taxation which is thrown upon it.

But, as affecting taxpayers, and laborers as part of the taxpayers, the grievance of the corrupt or improvident disposal of public franchises is in magnitude far short of the grievance of perpetuating public debts. This introduces a new sharer in the division of the annual production of a nation, and reduces by so much the shares into which it would otherwise be divided. A public debt is neither land, labor nor capital. It is nothing but a pension roll, and the economic effects of such a roll are the same, whether the inscriptions upon it were originally justifiable or unjustifiable. What the pensioners or their predecessors paid for the privilege of being inscribed upon it, has been long ago expended, and no longer exists in any form. What they now receive comes out of the current annual production of land, capital and labor, in whatever proportions they contribute to the public burdens. There is nothing else from which it can come. The creation of public debts is sometimes unavoidable, but it is for the interest of everybody, except the holders of them, that they should be steadily reduced, and finally extinguished at the earliest possible moment.

GEO. M. WESTON.

TIN IMPORTATIONS.—The importations of tinned plate in 1882 amounted to 240,000 tons, costing American consumers about $30,000,000, being by far the largest article of export in the United States. If made in this country it would consume 850,000 tons of iron ore—or more than the whole product of New Jersey—1,500,000 tons of coal, 300,000 tons of pig iron, 300,000 tons of limestone, and directly support over 300,000 Americans, providing large home markets for the products of farmers and of artisans in all pursuits, while over $20,000,000 sent abroad by importers would be kept among our own people.

JEAN-BAPTISTE COLBERT.

[CONCLUDED FROM THE SEPTEMBER NUMBER.]

Colbert's system of fostering commerce and industry is very famous, and is likely ever to be praised by the protectionist and blamed by the free trader. He fixed a tariff in 1664 rather favorable to free trade, but in 1667 a new tariff was promulgated with such exorbitant duties as to be little short of the total exclusion of foreign wares. Different provinces of France had different rates of duty; taxes were often levied on goods passing from one province to another, and commerce was hampered by a multitude of restrictions descending from feudal times; Colbert tried to reduce all these to a uniform tariff, would gladly have abolished all domestic duties, but some of the provinces refused to assent to his regulations. The protective tariff excited retaliation on the part of England and Holland, and this war of tariffs was continued until Louis XIV was ready to pour his armies upon defenceless Holland. It was Colbert's constant idea to make France suffice unto herself, and no more than his contemporaries did he comprehend that it would be best for her to be surrounded by rich nations, producing much and consuming much. The tariff of 1667 had to be sacrificed when peace was made with Holland, and Colbert always regretted it.

During the latter half of the seventeenth century the industry of France received an extraordinary, though artificial development. French diplomats abroad induced skilled workmen to remove to France; special privileges were granted to new industries, and thus the manufacture of fine cloths, lace, and mirrors was introduced. A lady once showed Colbert some Venetian lace, then little known in France; he persuaded her to visit Venice again and entice away some of the workwomen, furnishing all the money to make the plan a success. Industry needed the minutest regulations, Colbert believed; he put into corporations all the trades still free, limited the number of apprentices, set up a model, issued instructions for dyeing, even fixed the dimensions of cloth. Manufactured goods not coming up to the standard were hung on a post with the maker's name attached, then confiscated or destroyed; on a third offence the manufacturer might be put in a sort of pillory with a sample of his inferior product.

Under Colbert's administration France laid the real foundations of her colonial system. He made over the Company of the West Indies, created the Company of the East Indies to rival Holland, and called into being five other commercial companies. None of these enterprises succeeded, and colonization prospered best in Canada, where it was not merely an adjunct to a mercantile speculation.

The philosopher, Condorcet, said, "Colbert began his ministry with a bankruptcy, and ended it with false money," an exaggeration not without a grain of truth. The bankruptcy was the reduction of the rentes; the false money was small coins of lighter weight than usual, put forth amid the embarrassments of the Dutch war, on which the Government made a profit. The farmers of the coinage struck more money than had been decreed, and were taxed by royal justice, Colbert's nephew being implicated. Later, Colbert allowed foreign coin to be exchanged for equal weight of good money without charge, thus adopting the principle of coinage at the expense of the State. Voltaire observes that Colbert occasionally changed the value of money a very little, and would have done better not to change it at all, but it was an old disease. One of Colbert's greatest titles to glory is his creation of the French navy. He found an insignificant fleet of twenty vessels and six galleys, which, by 1677, he had raised to 270 vessels and thirty galleys. He increased the naval appropriation from 300,000 livres to an annual average amount of ten millions. The official direction of the navy was given to him December 31, 1665. A favorite scheme of his to keep the navy supplied with seamen was the system of classes: a list was made of all the mariners of France; they were divided into three, four, or five classes, each man belonging to the State one year out of three, four, or five, and having to be on board ship six consecutive months of his year of service. This system hardly worked as well as was expected, and in time of war there was a general press of seamen, as of old.

The galleys were the steamboats of those days. They had long been rowed by convicts; when they were increased in number, more convicts were needed also, and Colbert wrote to the officers of justice to condemn as many prisoners to the galleys as possible, and to change the death penalty into that of the galleys. Turkish slaves were bought for the same work, and the Iroquois captives from America were put on the galleys for a time. The galley slaves were chained together by six, wore but one garment, were devoured by vermin, and often had to toil away at the oar for ten or twelve hours together, a biscuit dipped in wine being occasionally put to their mouths without their stopping. A miserable injustice was committed, in that they were often kept long after the expiration of their sentence, and sometimes were released only on buying a substitute; thus, of 103 convicts, twenty had served from fifteen to twenty years each beyond their time. Colbert was too hard pressed to keep up the number of the galley rowers to be able to mitigate their horrible fate to any extent.

Often has Colbert been reproached with neglecting agricultural interests, but perhaps agriculture would have fared better if he had let it still more alone. Moved by the memory of past famines, and a desire to feed the army cheaply, Colbert put an export duty on grain, and prohibited its exportation altogether whenever the crops turned out poorly. In fourteen years the exportation of grain was forbidden during fifty-six months; permission to export was never for longer than three or six months, and the farmers were ever uncertain what was to become of their products. The misery of the agricultural classes once led Colbert to say, "I should like to be able to make this country happy, and remote from the court, without support, without credit, the grass might grow in my court-yards."

There were great abuses in the administration of the forests, which Colbert thoroughly reformed by his forest code of 1669. The canal of Languedoc was the Suez Canal of Louis XIV's reign; its successful construction was due entirely to Colbert's intelligent support of its projector, Riquet, during twenty years. Colbert devoted time and money to the improvement of roads all over the country, and of the pavement of Paris; to opening the rivers of France more extensively to navigation, and to a somewhat vain attempt to discover profitable mines. A part of the fortifications fell also to his charge, but the great engineer, Vaubau, was not favorably disposed towards him. Many of the architectural wonders of the age of Louis XIV are the result of Colbert's efforts. The charge of superintendent of buildings being conferred on him January 1, 1664. It was no fault of his that the Louvre was not finished in his day, and he opposed the construction of Versailles, remonstrating strongly on the score of the unprecedented expense. Colbert established the tapestry factory of the Gobelins, erected the astronomical observatory, reformed the *Jardin des Plantes*, and beautified Paris with many new quays, promenades, and quarters. He was made a member of the French Academy, pronouncing a discourse in praise of the king on his reception. He established the Academy of Sciences, and five other academies, reorganized and quadrupled the Royal Library, making his brother librarian, and removing it to houses next his own. He bestowed many pensions on French and foreign literary men, the chief object being to gain over the contemporary historians to swell the praises of the king. In the reform of justice, Colbert began the modern French codification of laws. In ecclesiastical matters he succeeded in suppressing seventeen religious holidays, making so many more working days, and would have reduced the excessive number of monks, had the opposition not been so violent. He did not favor persecuting the Huguenots, until the tide turned that way so irresistibly that he had to give way.

At the zenith of his influence a contemporary says of Colbert: "The days he gave audience the houses of the other ministers were like solitudes." But among these other ministers was the famous Louvois, the Secretary of War, and son of Colbert's old patron, Le Tellier. Colbert's work was to bring in the money, that of Louvois to squander it; and between the two a bitter rivalry existed for twenty years. Towards the end of his life, Colbert had the mortification of seeing the king incline more to the counsels of his rival, and enter upon those disastrous wars that ended only in misery and defeat.

In the course of his career, Colbert amassed a fortune of over ten million livres, all of which he honorably accounted for to the king before his death. He favored investments in real estate, and was the owner of many estates and houses. The management of his estate was one of his chief distractions, and he took pleasure in rebuilding the crumbling feudal walls of his castle of Seiguelay and surrounding it with a beautiful park. His most constant amusement, however, was the gathering of rare books and manuscripts for his private library, which he spared no pains to enrich, and which became one of the most valuable collections ever possessed by a private individual. To his family Colbert was a model of affection; he made one brother a bishop, another minister of foreign affairs; one of his sons succeeded him as secretary of the navy, and another was superintendent of buildings until found grossly incompetent from his youth; his daughters were brilliantly married, Outside of his family Colbert had few, if any, intimate friends. His bearing was rather chilling, but improved on longer acquaintance. Mme. de Sévigné called him the "north wind," and as she was taking a petition to him, her friends consoled her in advance for the ice she expected to encounter. One witty woman exclaimed, when irritated by his persistent silence: "Monseigneur, show me by some sign, at least, that you understand me." In appearance, Colbert was of medium height, rather lean than fat; his countenance was naturally frowning; his hollow eyes, shaded by dark and heavy eyebrows, gave him a stern look. He was an indefatigable worker, often appeared at his office at half-past five o'clock in the morning, and rubbed his hands with pleasant satisfaction on sitting down to toil for sixteen long hours.

This sedentary drudgery was not calculated to strengthen Colbert's physical constitution. At times he had suffered from gout, and in 1680 a severe attack of fever was only broken by the then new remedy of quinine. In 1683 Louvois informed the king of some expensive contracts in connection with the works of Versailles, and when Colbert submitted the accounts for the railing of the grand. court, Louis XIV found them too dear, and said, among other disagreeable things, "There is some cheating about it."

Colbert replied, "I flatter myself, at least, that that word is not meant to apply to me." "No," responded the king, "but more attention should have been paid." And he observed further, "If you want to know what economy is, go into Flanders; you will see how little the fortifications of the conquered places have cost." This comparison of his work with his favorite rivals was a thunderbolt to poor Colbert, and probably did much to bring on his fatal illness, which occurred soon after. Instead of visiting his sick minister, as he had done before, Louis XIV sent a note, requesting him to take care of himself. Colbert would not see the royal messenger at first, saying: "I do not wish to hear the king spoken of; now, at least, he may leave me in peace!" And he would not talk, nor open the letter, when the messenger was finally admitted. Colbert's last words about the king are said to have been: "If I had done for God what I have done for that man, I should be saved twice over, and I do not know what is to become of me." On the sixth of September, 1683, Colbert died at the age of sixty-four, and his body was buried by night, under armed escort.

Later disciples of political economy and science may pick many flaws in Colbert's work, but they cannot deny that he labored to the best of his ability and according to his lights. The excessive protection and regulation that he subjected everything to, were sure to be injurious in the long run, but may have done good for a time. It was a grand achievement of honorable ambition to have reformed the finances so effectually, to have reduced the most oppressive taxes while increasing the revenue, to have made languishing commerce and industry flourish as never before, to have founded a widely-extended colonial establishment, to have created a great navy from almost nothing, and in a thousand ways and things, not even alluded to here, to have added to the prosperity and glory of his country. France never had a greater minister than Colbert, and royalty, embodied in Louis XIV, missed its chance by straying from his counsels into the useless wars and oppression that culminated in the French Revolution.

O. A. BIERSTADT

FOREIGN RAILROAD IRON.—A press telegram from Galveston, Texas, states that about 20,000 tons of railroad iron will within the next ninety days be received at that port from Europe. Some is already afloat. Ten thousand tons are narrow-gauge rails for the Kansas and Gail Short Line. There is scarcely a doubt that domestic rails could be delivered at Galveston at a price as low as that at which foreign rail can be delivered there. And furthermore, that upwards of $300,000 in duties would go into the pockets of American manufacturers and their employes, instead of the Treasury of the United States.

OVER-BUILDING IN ENGLAND.

Comparing 1881 with 1871, the census of England and Wales shows an increase of population from 22,712,266 to 25,974,439, or about 14.4 per cent., and an increase in the number of inhabited houses from 4,259,117 to 4,831,519, or about 13.4 per cent., but the new houses are said to be, on the average, larger than the old, so that the house accommodation in use has not diminished *per capita.*

Between the dates of the two censuses, the number of the uninhabited houses had increased from 261,345 to 386,679, and at the date of the last census amounted to eight per cent. of the whole number of houses. These empty houses are visible to the eye, as well as reported in the census tables. The London *Economist* says:

"In London, rows of empty houses are seen in all directions, and that it is pretty much the same elsewhere the figures of the last census sufficiently show."

When the census of 1881 was taken, the number of houses in the course of construction was 46,414, or 8,611 more than when the census of 1871 was taken. The *Economist* says:

"There is every reason to believe that since 1881 the oversupply has considerably increased, and yet, although production has thus outrun demand, there has been little inclination to lower rents, so as to attract tenants. . . . But the peculiarity of the present crisis is, that the building still continues in the face of the numerous empty houses everywhere to be seen."

The *Economist* explains the last fact, by saying that there is one class which always makes money out of this superfluous building, the freeholders who lease the land on high ground-rents and cash building mortgages within safe limits, and that there is another class which sometimes makes money out of it, and never loses any, and that is the speculative builders who obtain materials on credit, and take whatever profit there may be in their ventures, and liquidate losses by bankruptcy.

The *Economist* says that an "intense depreciation of house property" attended and followed the financial crisis of 1866, which it ascribes to a previous over-production, but that this was recovered from in five or six years. But there was at that time an "intense depreciation" in many other things besides houses, of which there may, or may not, have been a previous over-production, It is the convenient habit of many economical writers to ascribe a fall of prices in anything to over-production, whereas the cause would often be more correctly described as under-consumption. In five or six years after 1866, not merely houses, but everything rose in price in England, and indeed throughout all Europe, from the flood of gold and silver thrown out of the circulation in France, and replaced in that country by enormous issues of inconvertible paper, as the result of the Franco-Prussian war. It is difficult to see in what quarter anything can happen which can stimulate prices as greatly and suddenly as that did.

One general cause of sustained value in the rents and selling prices of houses, is the continuous increase of population. Plainly, the English cannot count upon such an increase in the future. If they have not yet reached the possible maximum of their numbers, they must be very near it.

IRISH POPULATION.

The excess of births over deaths in Ireland and the Irish emigration to foreign countries during the past five years were as follows:

	Excess of births over deaths.	*Emigration.*		*Excess of births over deaths.*	*Emigration.*
1878	34,488	29,492	1881	35,755	76,200
1879	30,239	41,296	1882	33,978	84,132
1880	25,180	93,641			

The emigration, which is nearly the whole of it to North America, and principally to the United States, fell to small figures after the financial crises of 1873, which reduced wages and employment during the six subsequent years in both Canada and this country. The emigration revived with the industrial improvement which commenced on this side of the Atlantic in the Summer and Fall of 1879, and has since been kept up by the assistance afforded to Irish immigrants by the British Government, by the Irish county guardians of the poor, and by the contributions of benevolent associations and individuals. During the three years ending with 1882 the emigration was greater by 159,060 than the natural increase. If this continues during another ten years it would effect a reduction of 530,200 in the Irish population. If this entire reduction was made in the districts in which the population is said to be excessive, the difficulty would be removed, if it is true that the excess in those districts is not more than 500,000, which is affirmed by those who know a good deal about Ireland. The emigration, of course, cannot be confined to these districts, as a certain amount of voluntary and unassisted emigration will go on from all parts of Ireland. But it is possible and probable that the migration in excess of the natural increase will be confined to the parts in which the population is described as "congested," and which are principally in the West and South of Ireland.

The persons who actually have the lead in Irish politics demand that the British Government, instead of assisting the surplus population of the "congested" districts to leave Ireland, shall assist them to migrate to other parts of Ireland, and there temporarily provide them with employment in reclaiming reclaimable lands, and in other public works. But the Government, and apparently with the support of a substantially unanimous public opinion in England, is manifestly determined to confine its efforts to relieve the over-population of Ireland in the single channel of assisting emigration, and, so far as we can discern, this method of relief is the one most desired by the classes which are assisted. The political leaders of Ireland have reasons of their own, which may be good and sufficient reasons from their point of view, for deprecating a reduction of the population of Ireland, and as a consequence, of its relative importance as a part of the United Kingdom. But all the testimony from Ireland for many years past has been uniform that most of the people look to America as the land of promise, and that the only limit upon their voluntary emigration hitherto has been the lack of means to emigrate. There is no fair ground for saying that the Government is now forcing the Irish population from their homes. It is only assisting those to go away who wish to do so. There is no occasion for using compulsion. There are more Irish asking to be helped to emigrate than the British Imperial Treasury, however well stocked as it may be, is able to assist.

A large and influential meeting at the Mansion House in London, August 10, urged upon the Government the plan of settling 200,000 Irish in Canada, providing them with farms to be paid for in easy instalments, &c. The plan is received with favor. The execution of it will undoubtedly be commenced next Spring, and unless some unexpected obstacles arise in its practical workings, it will be carried out. The applications of the Irish to be aided in emigrating are large and increasing. The individual Irishman is governed by his own interest, and if he can reach a new country, where he thinks he will be better off than he is now, he will not remain in Ireland for any such object as keeping up its numbers and political power.

Since the above was written Mr. Gladstone has, for political reasons, consented to the application of one half of an appropriation of £100,000,000 out of the Irish Church Surplus Fund, to migratory persons from one part of Ireland to another. But he still insists upon the exclusive appropriation to emigration of all grants from the Imperial Treasury.

INDEBTEDNESS OF THE FELLAHEEN.

Among the various causes which are working together to produce an economic crisis in Egypt, says the correspondent of the London *Times*, the indebtedness of the Fellaheen is one of the most prominent and the most pressing. In the recent troubles it played a prominent part by creating in the rural population that hatred of the foreigner which the leaders of the insurrection adroitly used for their ambitious aims, and in any future political agitation it will doubtless, if not removed in the meantime, again serve the same purpose. For the ordinary fellah, all over Lower Egypt, the foreign element and foreign influence are represented by the Greek, Syrian, or Levantine usurer, who settles in the village as a small grocer, lends a little money to the needy at three or four per cent. per month, accepts payment of the interest in grain or cotton, develops gradually into a collector of agricultural produce for the foreign exporters in Alexandria, and finally assumes in the village the position of a little financial autocrat. If he happens to have some grains of rudimentary honesty in his composition he contents himself with exacting thirty or forty per cent. interest on the money which he lends to the villagers, and with obtaining a fair profit on the grain and cotton which he buys for exportation; but if he is, as frequently happens, a man in whom lust of gain overrides all conscientious scruples, he may employ, besides the legitimate means of making money, such dishonest expedients as using false weights and measures, inventing fictitious claims, fraudulently changing the figures in contracts, and other ingenious tricks of pettifogging rascality. Whether honest or dishonest he is always more or less detested and feared by those with whom he has dealings, and any announcement of deliverance from his power is sure to be hailed as good tidings of great joy.

A very much less pernicious but scarcely less important class of money-lenders are the agents of the commercial houses in Alexandria, who advance money on the grain and cotton crops and refund themselves during the season of exportation. Lastly there are the great credit institutions, such as the Crédit Foncier and the Land Mortgage Company, who lend money at a reasonable rate of interest on the security of regular mortgages. With the aid of these various categories of money-lenders the peasants of the Delta have contracted a large debt, which is variously estimated at from six to twelve millions sterling, and when last year the emissaries of the insurrectionary party declared that Aribi would deliver them from all these obligations to the foreigner, the name of the great National leader soon became very popular. Though the widespread illusions about the National leader's power and prowess were very quickly dispelled, many of the peasants still believe, or profess to believe, that during his dictatorship he wiped out all their debts, and the well-meant action of the re-established Khedivial Government has in some measure confirmed this error. Circulars have been issued to the local authorities, instructing them to take into consideration the difficulties created by the recent disturbances, and not to press for the immediate satisfaction of the claims against insolvent peasants. The consequence of this has been that, as a rule, the peasants refuse to pay their debts, even when they have the requisite means at their disposal, and, on the other hand, the money-lenders, great and small, decline to make any further advances on personal security or mortgage. The numerous impecunious cultivators, therefore, who trusted to obtaining these advances as usual are experiencing great difficulty in obtaining seed, and it is to be feared that from this circumstance a portion of the land will be left uncultivated. In any case, some step must be taken to facilitate a liquidation; for the peasantry, if left face to face with their creditors and exposed to the regular action of the tribunals, will be expropriated in wholesale fashion, and the economic disturbance which wholesale expropriation would produce might have very serious results.

But what remedy can be used to prevent the threatened evil consequences? The answer to that question must depend on our diagnosis of the nature and causes of the disease, and in the matter of diagnosis the doctors widely disagree. One category of them attributes the evil to the natural, incorrigible improvidence of the fellaheen, fostered in recent years by fortuitous circumstances. The explanation given by these authorities may be briefly summarized thus: The fellah is by nature and education improvident, and has always habitually lived from hand to mouth. If he did not formerly run into debt it was simply because he had no means of obtaining credit. Under the old economic system of the country the rural population were not only ignorant of credit in the modern sense of the term, but they had little or no personal acquaintance with metallic currency. They paid their taxes to the Government in kind, and used the surplus of their agricultural products for their sustenance. The few articles, such as copper cooking utensils, which each family could not make for itself, were obtained generally by barter. It was only about half a century ago that this primitive system began to change, and for a considerable time the change was confined to Lower Egypt. In that portion of the country the Government adopted the system of collecting the taxes in money, foreign traders penetrated into the villages, and the peasantry gradually learned the European system of trade in its rudimentary forms. There was as yet, however, little or no money-lending and usury. That new feature appeared in the reign of the ex-Khedive Ismail, when the sudden development of cotton cultivation, caused by the American War, necessitated a great increase of the agricultural working capital. As the price of cotton rapidly rose there was a lively competition among the purchasers, and, in order to secure a large share of the crops, the merchants willingly advanced money to the cultivators on condition that, at harvest time, the cotton would be sold to them at the current market price. Many a peasant thus found himself in possession of more gold than he had ever before seen even in his dreams, and he spent a portion of it in taking to himself an additional wife or some such luxury. It became customary, in short, to borrow money freely, and the debts were all easily paid off by the sale of the cotton crop. But when the American War was at an end, and the price of cotton suddenly fell, it became much more difficult to square accounts at the end of the year; and the fellah, instead of returning to his old parsimonious mode of life, ran himself deeper and deeper into debt with a recklessness which only supreme improvidence can explain. Since that time things have been going from bad to worse, but the peasant, taking no heed for the morrow, accepts any conditions which the usurers think fit to impose, provided he can get a little ready money for his immediate wants.

Such is, in a few words, the theory of those who explain the present lamentable state of indebtedness by the fellah's natural improvidence. Others lav the fault on the Government. Ismail Pasha, say these, ruined the fellaheen of Lower and Middle Egypt by inordinate taxation, by expropriation, and by an unprecedented amount of forced labor on the public works and on his private estates. Not only did he increase taxation in a regular way, but, whenever he happened to be in extreme financial straits—and he happened to be so very frequently—he mercilessly extorted money in irregular ways, with the sanction of the Kurbash, until the peasants in despair contracted debts which they knew they never could repay. Once fairly in the hands of the usurers they could not, of coure, extricate themselves, and hence, according to this second theory, their present lamentable condition.

GOLD AND SILVER PRODUCTION IN THE UNITED STATES.

A forthcoming Government publication contains the following statistics with respect to gold and silver production in the United States. They have been prepared by Albert Williams, Jr., and though estimates have been made many times before, the present estimate will repay an attentive study.

It may seem strange to say that one of the most perplexing statistical questions is to state the total gold and silver production of the United States from the beginning of mining operations to the present. The difficulty lies not so much in the dearth of material as in the embarrassing abundance of statistics, actual and estimated, made by different persons at different times; covering overlapping periods and occasionally showing gaps; including and omitting the product of the Southern States; sometimes including the partial output of the west coast of North America beyond the limits of the United States; estimated on the basis of the calendar year or of the fiscal year; revised, changed and corrected, until the whole subject seems lost in confusion. And yet there is sufficient reliable evidence upon which to reconstruct an estimate believed to have a probable error not exceeding five per cent.

First, we have Prof. J. D, Whitney's study of the gold output of the Southern States from 1804 to 1850, inclusive, showing the following results:

PROFESSOR WHITNEY'S ESTIMATE OF THE GOLD PRODUCTION OF THE SOUTHERN STATES FROM 1804 TO 1850, INCLUSIVE, BY PERIODS OF CALENDAR YEARS.

1804-23	$47,000	1841-50	$7,715,300
1824-30	715,000		
1831-40	6,695,000	Total	$15,172,300

PROFESSOR WHITNEY'S ESTIMATE OF THE PRODUCTION, BY STATES, DURING THE SAME TIME.

Georgia	$6,048,900	Tennessee and Alabama	$263,800
North Carolina	6,842,900	Virginia	1,198,600
South Carolina	818,100		
		Total	$15,172,300

This carries the history of production up to, and two and a-half years later than, the discovery of gold in California. In the subsequent summary, a deduction has been made from Professor Whitney's total, in order to adjust these statistics to that most important date. From the $7,715,300 estimated for the decade 1841 to 1850, one quarter has been subtracted; thus reducing the estimate for the total production of the Southern States up to the turning-point in the out-put of the United States to $13,243,475. After the year 1850, the small production from this region has been usually disregarded altogether, until quite recently, when it again appears as an item in mining statistics. It is highly probable that during this intermediate period the total production of the country has been over-estimated to an extent at least equal to the amount produced in the South.

Prof. W. P. Blake has carried the figures through the second natural time division (that is, the period during which California and Oregon may be considered to have been practically the sole producers) and up to the close of 1863, or somewhat beyond the proper limits of this epoch. The Comstock lode was discovered in 1859, began production in 1860, and by 1863 had made its influence largely felt. In 1863, prospectors were scouring Nevada, Idaho, and Washington Territory; and a considerable production began to come from other sources than California, Oregon, and the Comstock lode. Professor Blake's estimate of the actual gold exports from San Francisco, which has formed the basis for the figures now accepted, is as follows:

DECLARED EXPORTS OF GOLD FROM SAN FRANCISCO FROM 1848 TO 1863, INCLUSIVE, WITH ESTIMATES OF THE ACTUAL MOVEMENT, BY PROF. W. P. BLAKE.

Year.	*Declared gold export.*	*Estimated actual gold export.*	*Year.*	*Declared gold export.*	*Estimated actual gold export.*
1848		$10,000,000	1857	$48,976,692	$55,000,000
1849	$66,000,000	40,000,000	1858	47,548,026	50,000,000
1850		50,000,000	1859	47,640,462	50,000,000
1851 to May 1	11,497,000	55,000,000	1860	42,325,916	42,325,916
1851	34,960,895		1861	40,676,758	39,176,758
1852	45,779,000	60,000,000	1862	42,561,761	36,061,761
1853	54,965,000	65,000,000	1863	46,071,920	33,071,920
1854	52,045,633	60,000,000			
1855	45,161,731	55,000,000	Total.	$676,908,228	$755,636,355
1856	50,697,434	55,000,000			

These figures do not show any silver production; in fact, silver mining in the United States may be said to have only begun in 1860. The value of the silver contents of gold, however, has been added in the compilations which are now generally accepted; and though the computation has been made in a very rough way, the value of the silver was so small as compared with that of the gold, that a revision seems hardly necessary.

Various authorities have been quoted for the period up to the time when a United States mining commissioner was appointed. and when Mr. Valentine began the publication of his estimates based upon the express returns. Mr. J. Ross Browne, in his reports as commissioner (1866 and 1867), gave the then accepted figures, which, however, were undoubtedly over-estimated, and they have since been materially reduced. Dr. R. W. Raymond, mining commissioner from 1868 to 1875 inclusive, made a very careful study of the subject, and his results, as published in his series of admirable reports, are generally accepted, though in a few cases over-estimates, which there was then no means of checking, could not be eliminated. The following table gives Dr. Raymond's estimates:

DR. R. W. RAYMOND'S ESTIMATE OF THE GOLD AND SILVER PRODUCT FROM 1868 TO 1875 INCLUSIVE (CALENDAR YEARS).

States and Territories.	1868.	1869.	1870.	1871.
California	$ 22,000,000	$ 22,500,000	$ 25,000,000	$ 20,000,000
Nevada	14,000,000	14,000,000	16,000,000	22,500,000
Montana	15,000,000	9,000,000	9,100,000	8,050,000
Idaho	7,000,000	7,000,000	6,000,000	5,000,000
Oregon and Washington	4,000,000	3,000,000	3,000,000	2,500,000
Arizona	500,000	1,000,000	800,000	800,000
New Mexico	250,000	500,000	500,000	500,000
Colorado and Wyoming	3,250,000	4,000,000	3,775,000	4,763,000
Utah	——	——	1,300,000	2,300,000
From other parts	1,000,000	500,000	525,000	250,000
Total	$ 67,000,000	$ 61,500,000	66,000,000	$ 66,663,000

States and Territories.	1872.	1873.	1874.	1875.
California	$ 19,049,098	$ 18,025,722	$ 20,300,531	$ 17,753,151
Nevada	25,548,801	35,254,507	35,452,233	40,478,369
Montana	6,068,339	5,187,047	3,844,702	3,573,600
Idaho	2,695,870	2,500,000	1,880,004	1,750,000
Oregon and Washington	2,000,000	1,585,784	763,605	1,246,978
Arizona	625,000	500,000	487,000	750,000
New Mexico	500,000	500,000	500,000	325,000
Colorado and Wyoming	4,761,465	4,070,263	5,188,510	5,302,810
Utah	2,445,284	3,778,200	3,911,601	3,137,688
From other parts	250,000	250,000	100,000	500,000
Total	$ 63,943,857	$ 71,651,523	$ 72,428,206	$ 74,817,596

Dr. Adolf Söetbeer (in Petermann's *Mittheilungen*, Ergänzungsheft No. 57) published conclusions reached by him as to the bullion product of the United States up to the close of 1875, based upon a study and comparison of the literature of the subject. In the following table, Dr. Söetbeer's results are shown, kilograms being converted into troy ounces and German marks into United States money. The production is given by periods of years:

DR. SÖETBEER'S ESTIMATE OF THE PRODUCTION OF PRECIOUS METALS IN THE UNITED STATES TO THE CLOSE OF 1875.

Periods.	*Number of years.*	*Gold product.*			*Silver Product.*		
		Total.	*Yearly average*	*Value.*	*Total.*	*Yearly average.*	*Value.*
		Ounces.	*Ounces.*		*Ounces.*	*Ounces.*	
1804–20.	17	1,929	113	$ 39,876	——	——	——
1821–30.	10	35,368	3,537	731,121	——	——	——
1831–40.	10	273,295	27,329	5,649,509	——	——	——
1841–50.	10	5,658,825	565,882	116,978,291	——	——	——
1851–55.	5	14,275,673	2,855,135	295,104,343	1,334,325	266,865	$ 1,725,149
1856–60.	5	12,394,757	2,478,951	256,222,359	996,725	199,345	1,288,666
1861–65.	5	10,722,862	2,144,566	221,660,603	27,972,602	5,594,520	36,165,777
1866–70.	5	12,217,918	2,443,564	252,566,773	48,389,387	9,677,877	62,562,638
1871–75.	5	9,565,344	1,913,069	197,733,203	90,798,425	18,159,685	117,393,284
Total..	72	65,145,941	12,432,167	1,346,678,078	169,491,464	33,898,292	219,135,514

The figures which, partly by repeated official publication, are now most generally credited, are shown in the following table, which includes the estimates for the fiscal years from 1848 to 1880 inclusive. This table is made the basis of the second and most important item in the recapitulation, with the exception of the year 1880, for which the ceusus figures are substituted:

ESTIMATE OF THE PRODUCTION OF GOLD AND SILVER FROM 1848 TO 1880 INCLUSIVE, BY FISCAL YEARS, AS GENERALLY ACCEPTED IN OFFICIAL REPORTS.

Years.	*Gold.*	*Silver.*	*Total gold and silver.*
1848	$ 10,000,000	——	$ 10,000,000
1849	40,000,000	$ 50,000	40,050,000
1850	50,000,000	50,000	50,050,000
1851	55,000,000	50,000	55,050,000
1852	60,000,000	50,000	60,050,000
1853	65,000,000	50,000	65,050,000
1854	60,000,000	50,000	60,050,000
1855	55,000,000	50,000	55,050,000
1856	55,000,000	50,000	55,050,000
1857	55,000,000	50,000	55,050,000
1858	50,000,000	50,000	50,050,000
1859	50,000,000	100,000	50,100,000
1860	46,000,000	150,000	46,150,000
1861	43,000,000	2,000,000	45,000,000
1862	39,200,000	4,500,000	43,700,000
1863	40,000,000	8,500,000	48,500,000
1864	46,000,000	11,000,000	57,000,000
1865	53,225,000	11,250,000	64,475,000
1866	53,500,000	10,000,000	63,500,000
1867	51,725,000	13,500,000	65,225,000
1868	48,000,000	12,000,000	60,000,000
1869	49,500,000	12,000,000	61,500,000
1870	50,000,000	16,000,000	66,000,000
1871	43,000,000	23,000,000	66,000,000
1872	36,000,000	28,750,000	64,750,000
1873	36,000,000	35,750,000	71,750,000
1874	33,490,902	37,324,594	70,815,496
1875	33,467,856	31,727,560	65,195,416
1876	39,929,166	38,783,016	78,712,182
1877	46,897,390	39,793,573	86,690,963
1878	51,206,360	45,281,385	96,487,745
1879	38,899,858	40,812,132	79,711,990
1880	36,000,000	37,700,000	73,700,000
Total..	$1,520,041,532	$460,422,260	$1,980,463,792

Statistics of the production are now, as they formerly were and always should have been, prepared for calendar years. For the six months from July 1, 1880, to December 31, 1880, half of the product of the fiscal year ended June 30, 1881, as reported by the Director of the Mint, has been assumed. For the calendar years 1881 and 1882, the mint figures are again quoted. For the first six months of 1883, the estimate is made by assuming, on the authority of Mr. Preston, the rate of production in 1882 to have been maintained during the first half of 1883. It is not probable that the complete statistics for 1883 will show this estimate to be very seriously in error.

Summing up the material thus briefly sketched, the following results are reached:

Production of Gold and Silver in the United States to June 30, 1883.

Periods.	*Gold.*	*Silver.*	*Total.*
Output of the Southern States up to the discovery of gold in California in 1848 (based on estimates of Prof. J. D. Whitney)............	$13,243,475	—	$13,243,475
Product from 1848 to 1879 inclusive, by fiscal years (as published by the Directors of the Mint)........	1,484,041,532	$422,722,260	1,906,763,792
Fiscal year ended June 30th, 1880 (census figures, covering a period one month earlier assumed)......	33,379,663	41,110,957	74,490,620
July 1st, 1880, to December 31st, 1880 (estimated on the basis of half the product of the fiscal year 1881, as reported by Hon. Horatio C. Burchard, Director of the Mint)..	18,250,000	21,050,000	39,300,000
Calendar years 1881 and 1882 (as reported by Hon. Horatio C. Burchard, Director of the Mint)...... .	67,200,000	89,800,000	157,000,000
Total product of the United States to close of 1882..................	$1,616,114,670	$574,683,217	$2,190,797,887
Estimated product in the first six months of 1883..................	16,250,000	23,400,000	39,650,000
Total product of the United States to June 30th, 1883...............	$1,632,364,670	$598,083,218	$2,230,447,887

Up to June 30th, 1883, the aggregate production of gold in the United States may be stated at $1,632,364,670, and of silver $598,083,217, making a grand total of $2,230,447,887. Reduced to the equivalent weights, the total gold output has been 78,965,572 troy ounces, or 2707.4 avoirdupois net tons. The total for silver represents 462,590,469 troy ounces, or 15,860 tons. It will perhaps convey little meaning to say that the grand total is in excess of the National debt; but a better conception of the vastness of the amount may be had by considering that all the gold produced in the country to the present time, if brought together, would suffice to load 271 ordinary freight-cars; the silver, supposed in the same way to be collected together as fine bullion, would require 1586 cars for its transportation. The gold would tax the carrying capacity of a large ocean steamship; while the silver would suffice to form cargeos for a small fleet.

Present Status of the Industry.—From the foregoing figures, the general deduction may be drawn that the annual precious metal output of the United States during recent years may be stated at between $70,000,000 and $80,000,000, coining value, and that the fluctuations in the proportional amounts of gold and silver are greater than those of the total product. It is also safe to assume that this rate of production will be maintained for some time to come, and that the probability of a slight increase is greater than that of a decline. Experience has shown that, as old districts become exhausted, or fall off in their rate of production, new localities are developed which fully take their place and that the general result is therefore nearly uniform as compared year by year. By the time the country has been thoroughly explored for gold and silver deposits, a time which may be considered as indefinitely remote, the facilities for mining and working the ores will undoubtedly be such as to enable systematic and permanent development to be maintained in places and with ores which at present could not be profitable. The production of the precious metals appears to be the sole industry which is at all independent of changes in the relation between supply and demand, unless, indeed, the influence exerted by fluctuations in the market value of silver may be held to affect the production of that metal. With all other natural products, the amount produced is necessarily limited by the amount consumed, whether in this or in foreign countries; notable examples of which effect may be seen in the case of quicksilver, which, at a certain demand and consequent market value, may be mined profitably, while, if the price declines only a few cents per pound, a number of mines are at once thrown out of operation, and the production falls off until an equilibrium is reached at which resumption of work is profitable. In the case of the great iron industry, in which, as is so often seen, over-production brings its own remedy, and as is found to be true in other almost innumerable instances which might be cited, it would require very violent changes in the purchasing power of the precious metals to materially affect the rate of their production. It might even be said that the latter is apt to increase in cumulative ratio; for unusual success in any locality at once attracts attention and stimulates prospecting for new deposits and their exploitation, the ultimate result being a sympathetic increase throughout the mining region. But while natural causes are thus seen to influence the rate of production only slightly, artificial restraints, such as the crusade against hydraulic mining in California or the adoption of unwise laws, certainly make their influence felt, although for the country at large the effect is relatively small. In like manner, the reaction from undue speculation has a slight depressing result, which shows itself in apparently returning cycles. Sudden changes in the normal supply of either of the precious metals bring about from time to time corresponding changes in the coinage laws of nations; the reflex action upon production, however, is hardly more than perceptible.

The production of gold and silver, like that of other commodities, is of course not one of clear profit. Indeed a saying that it costs one dollar in coin to produce one dollar in bullion has gained more or less credit; and though this opinion has been abundantly shown to be unfounded, and while also any attempt to estimate the profit gained to the country by the mining of the precious metals is mere guess-work, it is still quite probable that $500,000,000 of the gross total has been net profit.

One third of all the gold and one half of all the silver annually produced in the world are supplied by the mines of the United States.

RAILROADS AS A DEVELOPING AGENCY.

By contrasting the present situation of the Northwest with what it was thirty years ago, says the *United States Economist*, we can imagine what it would still have been but for the railroads which have been built across it in all directions: thirty years ago the population of the Northwest was clustered around the lake ports and on the margins of the rivers. The scattered settlers in the interior lived in the poorest primitive manner. If they raised a little surplus in the way of crops, the cost of getting it to market exceeded its total value. A farmer living in one of the interior counties would take from two to four days to get a wagon-load of wheat to market, and half that length of time to return home, and his expenses on the road both ways, and while transacting the little business involved in its sale, left him but little or nothing out of the price for which he sold his wheat. The lakes, which were the only outlet for the produce of the West, were closed five months in the year, and during that time there was literally no market at all for grain. Every pursuit of industry and trade sympathized with the depression in agriculture. The merchant and the mechanic were no better off than the farmer, for, as the people had but little to buy with, the manufacturers and dealers conld sell but little, and there was no growth or prosperity in any department of labor or commerce. This was not the case in one State. It was so everywhere. A farmer who lived fifty miles frcm a seaport at the East was no better off than one in the middle of Wisconsin or Iowa, for his produce had to be hauled by wagon roads to market, and the cost of transportation equaled the price for which it could be sold. Throughout Pennsylvania, Ohio, Indiana and Illinois, farming on a large and profitable scale was impossible, because a farmer could raise nothing that he could sell at a price exceeding the cost of getting to market.

Travel from place to place was a wretched experience. Six cents a mile was the lowest rate at which passengers were conveyed by stage-coach, and rates by the natural water routes were in proportion. If a business man was called to New York once a year, it took him a month and more to come and go and give a few days to business. Relatives and friends in parts of the country distant from each other were as absolutely separated as people now are on opposite sides of the world. A man now living in San Francisco can visit New York as easily as one could living in Pittsburgh thirty years ago, and every species of personal and commercial communication was proportionately inconvenient, slow, toilsome and expensive. No lapse of years, no process of time or change, no influences of growth and culture, would have changed this condition of things without means for rapid transportation from one part of the country to another. The country would have become very thickly settled near the lakes and rivers and by the artificial watercourses; but the vast interiors, the rich forests, the broad prairies, the magnificent intervals would have had but a slightly increased population during this era, and it would always have been a rude population, badly housed, poorly schooled, roughly clad, with few of the comforts of life aside from the food produced on the soil, like the frontiersmen and the borderers whom we know in tradition and romance. The land twenty miles away from the steamboat landings would never have been worth much more than the original Government price. There would have been little or no wealth in houses, barns and farms, and in stock and grain; nor but few schoolhouses and churches; but few and scattering remote villages, and the nation would have been poor, provincial in its pupilage and adolescence.

The railroads have wrought the revolution which has been accomplished before our eyes. Half the cost of money in travel and seven-eighths of the time are saved, in effect lengthening in manyfold the duration and increasing the capacities of life. The product of the farm are now worth as much at the farmer's door as they previously were after being hauled a long distance by his teams. A thrifty farmer can become rich in a few years by the sale of the surplus of his farm, which, but for railroads, he could not sell at all. The handsome farms, the fine schoolhouses, the elaborate churches, the comfortable dwellings, the thickly-planted villages of the whole Northwest, are the direct result of the railroads, which have made every country accessible and convenient for settlement. When the mind considers that vast territory which lies to the northward, between the Mississippi River and the Rocky Mountains, and which forms one vast wheat field, waving in the harvest time with the yellow grain, which, but for the railroads penetrating and crossing all its diverse sections, would have remained wild, barren and worthless in all the future, as it had been in all the past, we can have some idea of the vast individual and National wealth which the railroads create. They have increased many-fold the value of every farm, the value of every product of industry, and of every class of property in the Northwest and throughout the country.

GIFT OF CERTIFICATE OF DEPOSIT.

SUPREME COURT OF THE UNITED STATES.

Basket v. *Hassell.*

C, the owner of a certificate of deposit payable to his order, during his last sickness in apprehension of death, wrote thereon this endorsement to which he signed his name: "Pay to Martin Basket, no one else, then not till my death. My life seems to be uncertain. I may live through the spell. Then I will attend to myself." He then delivered the certificate to Basket. *Held* not a valid *donatio mortis causa*, and that the administrator of C was entitled to the certificate.

If the gift does not take effect as an executed and complete transfer to the donee of possession and title, either legal or equitable, during the life of the donor, it is a testamentary disposition good only if made and proved as a will.

Appeal from the Circuit Court of the United States for the district of Indiana. The opinion states the case.

MATTHEWS, J. This is a bill in equity, filed by the appellee, a citizen of Tennessee, to which besides the appellant, a citizen of Kentucky, the Evansville National Bank of Evansville, Indiana, Samuel Bayard, its president, and Henry Reis, its cashier, and James W. Shackelford and Robert D. Richardson, attorneys for Basket, citizens of Indiana, were made parties defendant. The single question in the case, was whether a certain fund, represented by a certificate of deposit, issued by the bank to Chaney in his lifetime, belonged to Basket, who claimed it as a gift from Chaney, having possession of the certificate, or to the appellee, as Chaney's administrator. Basket asserted his title not only by answer, but by a cross-bill. The final decree ordered the certificate of deposit to be surrendered to the complainant, and that the bank pay to complainant, as its holder, the amount due thereon. The money was then tendered by the bank, in open court, and the certificate was deposited with the clerk. It was thereupon ordered, Basket having prayed an appeal, that until the expiration of the time allowed for filing a bond on appeal, the bank should hold the money as a deposit at four per cent. interest, but if a bond be given, that the same be paid to the clerk, and by him loaned to the bank on the same terms. Basket failed to give the bond required for a supersedeas, but afterward prayed another appeal, which he perfected by giving bond for costs alone. To this appeal, Basket and the appellee are the parties, respectively, the co-defendants not having appealed or been cited after severance. And on the ground that they are necessary parties, the appellee has moved to dismiss the appeal.

It is apparent, however, that the sole controversy is between the present parties to the appeal. By the delivery of the certificate of deposit to the clerk the attorneys of Basket are exonerated from all responsibility; and the payment of the money by the bank to the appellee equally relieves it and its officers; for not being parties to the appeal, and the execution of the decree not having been superseded, the decree will always furnish them protection, whether affirmed or reversed, because if reversed it would only be so as between the parties to the appeal. So that the omitted parties have no legal interest, either in maintaining or reversing the decree, and consequently are not necessary parties to the appeal. *Simpson* v. *Greely*, 20 Wall. 152; *Cox* v. *United States*, 6 Pet. 182; *Forgay* v. *Conrad*, 6 How. 203; *Germain* v. *Mason*, 12 Wall. 261. The motion to dismiss the appeal is accordingly overruled.

The fund in respect to which the controversy has arisen was represented by a certificate of deposit, of which the following is a copy;

"EVANSVILLE NATIONAL BANK,
"EVANSVILLE, IND., *Sept.* 8, 1875.

"H. M. Chaney has deposited in this bank twenty-three thousand five hundred and fourteen dollars and seventy cents, payable in current funds, to the order of himself, on surrender of this certificate properly indorsed, with interest at the rate of six per cent. per annum, if left for six months.

$23,514.70 "HENRY REIS, *Cashier*."

Chaney being in possession of this certificate at his home in the County of Sumner, State of Tennessee, during his last sickness and in apprehension of death, wrote on the back thereof the following indorsement:

"Pay to Martin Basket of Henderson, Ky.; no one else; then not till my death. My life seems to be uncertain. I may live through the spell. Then I will attend to myself.

"H. M. CHANEY."

Chaney then delivered the certificate to Basket, and died, without recovering from that sickness, in January, 1876.

It is claimed on behalf of the appellant that this constitutes a valid *donatio mortis causa*, which entitles him to the fund; and whether it be so, is the sole question for our determination.

The general doctrine of the common law as to gifts of this character is fully recognized by the Supreme Court of Tennessee as part of the law of that State. *Richardson* v. *Adams*, 10 Yerger, 273; *Sims* v. *Walker*, 8 Humph. 503; *Gass* v. *Simpson*, 4 Cold. 288.

In the case last mentioned, that court had occasion to consider the nature of such a disposition of property, and the several elements that enter into its proper definition.

Among other things it said:

"A question seems to have arisen, at an early day, over which there was much contest, as to the real nature of gifts *causa mortis*. were they gifts *inter vivos*, to take effect before the death of the donor, or were they in the nature of a legacy, taking effect only at the death of the donor. At the termination of this contest, it seems to have been settled, that a gift *causa mortis* is ambulatory and incomplete during the donor's life, and is therefore revocable by him and subject to his debts, upon a deficiency of assets, not because the gift is testamentary or in the nature of a legacy, but because such is the condition annexed to it, and because it would otherwise be fraudulent as to creditors; for no man may give his property who is unable to pay his debt; and all now agree that it has no other property in common with a legacy. The property must pass at the time and not be intended to pass at the giver's death; yet the party making the gift does not part with the whole interest, save only in a certain event; and until the event occurs which is to divest him, the title remains in the donor. The donee is vested with an inchoate title, and the intermediate ownership is in him; but his title is defeasible until the happening of the event necessary to render it absolute. It differs from a legacy in this, that it does not require probate, does not pass to the executor or administrator, but is taken against, not from him. Upon the happening of the event upon which the gift is dependent, the title of the donee becomes, by relation, complete and absolute from the time of the delivery, and that without any consent or other act on the part of the executor or administrator; consequently the gift is *inter vivos*." In another part of the opinion (p. 297), it is said: "All the authorities agree that delivery is essential to the validity of the gift, and that it is said, is a wise principle of our laws, because delivery strengthens the evidence of the gift; and is certainly a very powerful fact for the prevention of frauds and perjury."

In the first of these extracts there is an inaccuracy of expression, which seems to have introduced some confusion, if not an apparent contradiction, when after having stated that "the property must pass at the time and not be intended to pass at the giver's death," it is added, that "until the event occurs which is to divest him the title remains in donor." But a view of the entire passage leaves no room to doubt its meaning; that a *donatio mortis causa* must be completely executed, precisely as required in the case of gifts *inter vivos*, subject to be divested by the happening of any of the conditions subsequent, that is, upon actual revocation by the donor, or by the donor's surviving the apprehended peril, or outliving the donee, or by the occurrence of a deficiency of assets necessary to pay the debts of the deceased donor. These conditions are the only qualifications that distinguish gifts *mortis causa* and *inter vivos*. On the other hand, if the gift does not take effect as an executed and complete transfer to the donee of possession and title, either legal or equitable, during the life of the donor, it is a testamentary disposition, good only if made and proved as a will.

This statement of the law we think to be correctly deduced from the judgments of the highest courts in England and in this country; although as might well have been expected, since the early introduction of the doctrine into the common law from the Roman civil law, it has developed, by new and successive applications, not without fluctuating and inconsistent decisions.

"As to the character of the thing given," says Chief Justice Shaw, in *Chase* v. *Redding*, 13 Gray, 418-420, "the law has undergone some changes. Originally it was limited, with some exactness, to chattels, to some object of value deliverable by the hand; then extended to securities transferable solely by delivery, as bank notes, lottery tickets, notes payable to bearer or to order, and indorsed in blank; subsequently it has been extended to bonds and other choses in action, in writing or represented by a certificate, when the entire equitable interest is assigned; and in the very latest cases on the subject in this commonwealth, it has been held that a note not negotiable, or if negotiable, not actually indorsed, but delivered, passes, with a right to use the name of the administrator of the promisee, to collect it for the donee's own use," citing *Sessions* v. *Mosley*, 4 Cush. 87; *Bates* v. *Kempton*, 7 Gray, 382; *Parish* v. *Stone*, 14 Pick. 203.

In the case last mentioned, *Parish* v. *Stone*, the same distinguished judge speaking of the cases which had extended the doctrine of gifts *mortis causa* to include choses in action, delivered so as to operate only as a transfer by equitable assignment or a declaration of trust, says further, that "these cases all go on the assumption that a bond, note, or other security is a valid subsisting obligation for the payment of a sum of money, and the gift is, in effect, a gift of the money by a gift and delivery of the instrument that shows its existence and affords the means of reducing it to possession." He had in a previous part of the same opinion, stated that "the necessity of an actual delivery has been uniformly insisted upon in the application of the rules of the English law to this species of gift" (p. 204).

In *Camp's Appeal*, 36 Conn. 88, the Supreme Court of Errors of Connecticut held that a delivery to a donee of a savings-bank book, containing entries of deposits to the credit of the donor, with the intention to give to the donee the deposits represented by the book, is a good delivery to constitute a complete gift of such deposits, on the general ground that a delivery of a chose in action that would be sufficient to vest an equitable title in a purchaser is a sufficient delivery to constitute a valid gift of such chose in action, without a transfer of the legal title. That was the case of a gift *inter vivos*. But the court say, referring to the case of *Brown* v. *Brown*, 18 Conn. 410, as having virtually determined the point: "It is true that was a donation *causa mortis*, but the principle involved is the same in both cases, as there is no difference in respect to the requisites of a delivery between the two classes of gifts," And so Justice Wilde, delivering the opinion of the court in *Grover* v. *Grover*, 24 Pick. 261-264, expressly declared that "a gift of a chose in action, provided no claims of creditors interfere to affect its validity, ought to stand on the same footing as a sale;" that the title passed, and the gift became perfected by delivery and acceptance; that there was therefore "no good reason why property thus acquired should not be protected as fully and effectually as property acquired by purchase;" and showed, by a reference to the cases, that there was no difference in this respect between gifts *inter vivos* aud *mortis causa*.

In respect to the opinion in this case, it is to be observed, that it cites with approval the case of *Wright* v. *Wright*, 1 Cowen 598, in which it was decided that the promissory note, of which the donor himself was maker, might be the subject of a valid gift *mortis causa*, though the concurrence was not upon that point. That case however has never been followed. It was expressly disapproved and disregarded by the Supreme Court of Errors of Connecticut in *Raymond* v. *Sellick*, 10 Conn. 480, Judge Waite delivering the opinion of the court: had been expressly questioned and disapproved in *Parish* v. *Stone*, 14 Pick. 198-206, by Chief Justice

Shaw, and was distinctly overruled by the Court of Appeals of New York in *Harris* v. *Clark*, 3 Comstock 93. In that case it was said: "Gifts, however, are valid without consideration or actual value paid in return. But there must be delivery of possession. The contract must have been executed. The thing given must be put into the hands of the donee, or placed within his power by delivery of the means of obtaining it. The gift of the maker's own note is the delivery of a promise only, and not of the thing promised, and the gift therefore fails. Without delivery, the transaction is not valid as an executed gift; and without consideration, it is not valid as a contract to be executed. The decision in *Wright* v. *Wright* was founded on a supposed distinction between a gift *inter vivos* and a *donatio mortis causa*. But there appears to be no such distinction. A delivery of possession is indispensable in either case."

The case from which this extract is taken was very thoroughly argued by Mr. John C. Spencer for the plaintiff, and Mr. Charles O'Connor for the defendant, and the judgment of the court states and reviews the doctrine on the subject with much learning and ability. It was held that a written order upon a third person, for the payment of money, made by the donor, was not the subject of a valid gift, either *inter vivos* or *mortis causa*; and the rule applicable in such cases, as conceded by Mr. O'Connor, was stated by him as follows:

"Delivery to the donee of such an instrument as will enable him, by force of the instrument itself to reduce the fund into possession, will suffice, is the plaintiff's doctrine. This might safely be conceded. It might even be conceded that a delivery out of the donor's control of an instrument, without which he could not recover the fund from his debtor or agent, would also suffice."

The same view, in substance was taken in deciding *Hewitt* v. *Kaye*, L. R. 6 Eq. 198, which was the case of a check on a banker, given by the drawer *mortis causa*, who died before it was possible to present it, and which was held not to be valid. Lord Romilly, M. R., said: "When a man on his death bed gives to another an instrument, such as a bond, or promissory note, or an I. O. U., he gives a chose in action, and the delivery of the instrument confers upon donee all the rights to the chose in action arising out of the instrument. That is the principle upon which *Amis* v. *Witt*, 33 Beavan 619, was decided, where the donor gave the donee a document by which the bankers acknowledged that they held so much money belonging to the donor at his disposal, and it was held that the delivery of that document conferred upon the donee the right to receive the money. But a check is nothing more than an order to obtain a certain sum of money, and it makes no difference whether the money is at a banker's or anywhere else. It is an order to deliver the money, and if the order is not acted upon in the life-time of the person who gives it, it is worth nothing."

Accordingly the vice-chancellor, *Re Beek's Estate*, L. R., 13 Eq. 489, refused to sustain as a valid gift a check upon a banker, even although its delivery was accompanied by that of the donor's passbook.

The same rule, as to an unpaid and unaccepted check, was followed in *Second National Bank of Detroit* v. *Williams*, 13 Mich. 282. The principle is that a check upon a bank account is not of itself an equitable assignment of the fund (*Bank of Republic* v. *Millard*, 10 Wall. 152), but if the banker accepts the check, or otherwise subjects himself to liability as a trustee, prior to the death of the donor, the gift is complete and valid. *Bromley* v. *Brunton*, L. R., 6 Eq. 275.

Contrary decisions have been made in respect to donations *mortis causa* of savings-bank books, some courts holding that the book itself is a document of title, the delivery of which, with that intent, is an equitable assignment of the fund. *Pierce* v. *Boston Savings Bank*. 129 Mass. 425; *Hill* v. *Stevenson*, 63 Me. 364; *Tillinghast* v. *Wheaton*, 8 R. I. 536. The contrary was held in *Ashbrook* v. *Ryan*, 2 Bush. 228; and in *McGonnell* v. *Murray*, Ir. Rep. 3 Eq. 460.

That a delivery of a certificate of deposit, such as that described in the record in this case, might constitute a valid *donatio mortis causa*, does not admit of doubt. It was so decided in *Amis* v. *Witt*, 33 Beav. 619; in *Moore* v. *Moore*, L. R. 18 Eq. 474; *Hewitt* v. *Kaye*. L. R., 6 Eq. 198; *Westerlo* v. *De Witt*, 36 N. Y. 340. A certificate of deposit is a subsisting chose in action and represents the fnnd it describes, as in cases of notes, bonds, and other securities, so that a delivery of it, as a gift, constitutes an equitable assignment of the money for which it calls.

The point, which is made clear by this review of the decisions on the subject, as to the nature and effect of a delivery of a chose in action, is as we think, that the instrument or document must be the evidence of a subsisting obligation and be delivered to the donee, so as to vest him with an equitable title to the fund it represents, and to divest the donor of all present control and dominion over it, absolutely and irrevocably, in case of a gift *inter vivos*, but upon the recognized conditions subsequent, in case of a gift *mortis causa*; and that a delivery which does not confer upon the donee the present right to reduce the fund into possession by enforcing the obligation, according to its terms, will not suffice. A delivery, in terms, which confers upon the donee power to control the fund only after the death of the donor, when by the instrument itself it is presently payable, is testamentary in character, and not good as a gift. Further illustrations and applications of the principle may be found in the following cases: *Powell* v. *Hellicar*, 26 Beav. 261; *Reddell* v. *Dobree*, 10 Sim. 244; *Farquaharson* v. *Cave*, 2 Coll. 356; *Hatch* v. *Atkinson*, 56 Me. 324; *Bunn* v. *Markham*, 7 Taunt. 224; *Coleman* v. *Parker*, 114 Mass. 30; *Wing* v. *Merchant*, 57 Me. 383; *McWillie* v. *Van Vacker*, 35 Miss. 428; *Egerton* v. *Egerton*, 17 N. J. Eq. 420; *Michener* v. *Dale*, 23 Penn. St. 59.

The application of these principles to the circumstances of the present case requires the conclusion that the appellant acquired no title to the fund in controversy, by the indorsement and delivery of the certificate of deposit. The certificate was payable on demand; and it is unquestionable that a delivery of it to the donee, with an indorsement in blank, or a special indorsement to the donee or without indorsement, would have transferred the whole title and interest of the donor in the fund represented by it, and might been valid as a *donatio mortis causa*. That transaction would have enabled the donee to reduce the fund into actual possession, by enforcing payment according to the terms of the certificate. The donee might have forborne to do so, but that would not have affected his right. It cannot be said that obtaining payment in the lifetime of the donor would have been an unauthorized use of the instrument, inconsistent with the nature of the gift;

for the gift is of the money, and of the certificate of deposit merely as a means of obtaining it. And if the donee had drawn the money, upon the surrender of the certificate, and the gift had been subsequently revoked, either by the act of the donor or by operation of law, the donee would be only under the same obligation to return the money, that would have existed to return the certificate, if he had continued to hold it uncollected.

But the actual transaction was entirely different. The indorsement, which accompanied the delivery, qualified it, and limited and restrained the authority of the donee in the collection of the money, so as to forbid its payment until the donor's death. The property in the fund did not presently pass, but remained in the donor, and the donee was excluded from its possession and control during the life of the donor. That qualification of the right, which would have belonged to him if he had become the present owner of the fund, establishes that there was no delivery of possession, according to the terms of the instrument, and that as the gift was to take effect only upon the death of the donor, it was not a present executed gift *mortis causa*, but a testamentary disposition, void for want of compliance with the statute of wills. The right conferred upon the donee was that expressed in the indorsement; and that instead of being a transfer of the donor's title and interest in the fund, as established by the terms of the certificate of deposit, was merely an order upon the bank to pay to the donee the money called for by the certificate, upon the death of the donor. It was in substance not an assignment of the fund on deposit, but a check upon the bank against a deposit, which as is shown by all the authorities and upon the nature of the case, cannot be valid as a *donatio mortis causa*, even where it is payable in *presenti*, unless paid or accepted while the donor is alive; how much less so, when as in the present case, it is made payable only upon his death.

The case is not distinguishable from *Mitchell* v. *Smith*, 4 De Gex & S. 422, where the indorsement upon promissory notes, claimed as a gift, was "I bequeath—pay the within contents to Simon Smith, or his order at my death." Lord Justice Turner said: "In order to render the indorsement and delivery of a promissory note effectual they must be such as to enable the indorsee himself to indorse and negotiate the note. That the respondent, Simon Smith, could not have done here during the testator's life." It was accordingly held that the disposition of the notes was testamentary and invalid.

It cannot be said that the condition in the indorsement, which forbade payment until the donor's death, was merely the condition attached by the law to every such gift. Because the condition, which inheres in the gift *mortis causa*, is a subsequent condition, that the subject of the gift shall be returned if the gift fails by revocation; in the meantime the gift is executed, the title has vested, the dominion and control of the donor has passed to the donee. While here the condition annexed by the donor to his gift is a condition precedent, which must happen before it becomes a gift, and as the contingency contemplated is the donor's death, the gift cannot be executed in his lifetime, and consequently can never take effect.

This view of the law was the one taken by the Circuit Court as the basis of its decree, in which we accordingly find no error.

It is accordingly affirmed.

LEGAL MISCELLANY.

STATUTE OF FRAUDS—PROMISE TO PAY DEBT OF ANOTHER.—(1.) Where B is the debtor of A and C the debtor of B, and by agreement of the three, C assumes the debt of B to A on condition that B is to be released, and B is released, the agreement is not within the statute of frauds. The promise of C is an original undertaking to pay, and not one to answer the debt, default or miscarriage of another. (2) If the debt of B to A arise from an agreement on the part of B to pay part of an execution against A and B, and C agrees to settle B's debt at a fixed time on condition of B's release by A, and he is released, then it is not necessary to show that A has paid the execution before he brings suit against C, but only that the suit be brought after C fails to comply with his promise to A. *Sapp* v. *Faircloth*. Georgia Sup. Ct.

CONTRACT—PAYABLE IN GOLD COIN—USURY.—A contract payable in gold or silver coin must be paid in such coin or its equivalent in notes. *Dutton* v. *Pailard*, 2 P. F. Smith 109; *Bronson* v. *Rhoads*, 7 Wall. 229; *Trebilcock* v. *Wilson*, 12 id. 687; *The Vaughan*, 14 id. 258. Were the law otherwise, neither the Government, the banks nor the people, could procure coin for their respective needs if it was selling at a premium, and such a payment is not usurious. *Issett* v. *Caldwell*. Penn. Sup. Ct.

BANKRUPTCY—DUTY OF STATE COURT AS TO ACTION THEREIN AGAINST BANKRUPT.—A State court, in which an action against a bankrupt upon a debt provable in bankruptcy is pending, must on the bankrupt's application under section 5106, U. S. R. S., stay all proceedings to wait the determination of the court in bankruptcy on the question of his discharge, unless unreasonable delay on his part in endeavoring to obtain his discharge is shown, or the court in bankruptcy gives leave to proceed to judgment for the purpose of ascertaining the amount due; even if an attachment has been made in the action more than four months before the commencement of the proceedings in bankruptcy, and has been dissolved by giving bond with sureties to pay the amount of the judgment to be recovered. And if the highest court of the State denies the application, and renders final judgment for the plaintiff, the bankrupt, although he has since obtained his certificate of discharge, may sue out a writ of error from this court, and the assignee in bankruptcy may be heard here in support of the writ. *Doe* v. *Childress*, 21 Wall. 643; *Eyster* v. *Gaff*, 91 U. S. 521; *Norton* v. *Switzer*, 93 id. 355; *Metcalf's case*, 2 Ben. 78; *Rosenberg's case*, 3 id. 14; *Penny* v. *Taylor*, 10 Bankr. Reg. 200; *Whitney's case*, 18 id. 563; *Ray* v. *Wight*, 119 Mass. 426; *Clinton National Bank* v. *Taylor*, 120 id. 124; *Towne* v. *Rice*, 122 id. 67; *Page* v. *Cole*, 123 id. 93; *Seavey* v. *Beckler*, 128 id. 471; *McKay* v. *Funk*, 37 Iowa 661; *Bratton* v. *Anderson*, 5 S. C. 504; *Cohen* v. *Duncan*, 64 Ga. 343. *Hill* v. *Harding*. U. S. Sup. Ct.

Bill of Exchange Drawn by Agent.—The character of the liability of the drawer of a bill of exchange must be determined from the instrument itself; and the addition of the word "agent" to his name, without anything else on the instrument indicating his principal, does not relieve him from personal liability as drawer of the bill. *Ohio National Bank* v. *Cook*. Ohio Sup. Ct.

Negotiable Instrument—Protest—Notary's Seal in Ink—Conflict of Law—Presentation of Bill—Evidence—Of Foreign Law—Defense Negligence.—(1) A certificate of protest of a bill of exchange drawn on Norway was in due form, and bore what purported to be the seal of the notary. The seal was impressed directly on the paper by a die with which ink was used. *Held*, properly received in evidence of the protest. The language used in *Pillow* v. *Roberts*, 13 How. 99, as to the sufficiency of a seal of a court impressed upon paper instead of wax or a wafer, is applicable here. Said the court: "Formerly wax was the most convenient and the only material used to receive and retain the impression of a seal. Hence it was said: *Sigillum est cera impressa; quia cera sine impressione non est sigillum*. But this is not an allegation that an impression without wax is not a seal, and for this reason courts have held that an impression made on wafers or other adhesive substances capable of receiving an impression, will come within the definition of '*cera impressa*.' If then wax be construed to be merely a general term including within it any substance capable of receiving and retaining the impression of a seal, we cannot perceive why paper, if it have that capacity, should not as well be included in the category. The simple and powerful machine, now used to impress public seals, does not require any soft or adhesive substance to receive or retain their impression. The impression made by such a power on paper is as well defined, as durable, and less likely to be destroyed or defaced by vermin, accident or intention, than that made on wax. It is the seal which authenticates, and not the substance on which it is impressed, and where the court can recognize its identity, they should not be called upon to analyze the material which exhibits it." Besides the court will take judicial notice of the seals of notaries public, for they are officers recognized by the commercial law of the world. We thus recognize the seal to the document in question as that of the notary in Norway, and as such authenticating the certificate of protest and entitling it to full faith and credit. *Greenleaf Ev.*, § 5; *Story Bills*, § 277; *Townsley* v. *Sumrall*, 2 Pet. 179; *Chanoine* v. *Fowler*, 3 Wend. 173; *Carter* v. *Burley*, 9 N. H. 559, 568; *Holliday* v. *McDougal*, 20 Wend. 81. (2). On the question of timely presentation the law of the place where a foreign bill of exchange is payable governs, and not the law of the place where it is drawn. In giving a bill upon a person in a foreign country, the drawer is deemed to act with reference to the law of that country, and to accept such conditions as it provides with respect to the presentment of the bill for acceptance and payment. Thus where days of grace on bills are different in the two countries, the rule of the place of payment must be followed. In England and the United States three days of grace are usually allowed; in France there are none, and in some places the number of days varies from three to thirty. Whatever is required by law to be done at the place upon which the bill is drawn, to constitute a sufficient presentment either in time or manner, must be done according to that law;

and whatever time is permitted within which the presentment may be made by that law, the holder may take without losing his rights upon the drawer, in case the bill is not paid. So also if the bill be dishonored, the protest by the notary must be made according to the laws of the place. It sometimes happens that the several parties to a bill, as drawers or indorsers, reside in different countries, and much embarrassment might arise in such cases if the protest was required to conform to the laws of each of the countries. One protest is sufficient, and that must be in accordance with the laws of the place where the bill is payable. (3.) The testimony of a lawyer of Norway is admissible under the statute of Minnesota to show the law of Norway. The general rule as to the proof of foreign laws is that the law which is written, that is statute law, must be proved by a copy properly authenticated; and that the written law must be proved by the testimony of experts, that is by those acquainted with the law. *Ennis* v. *Smith*, 14 How. 426. But this rule may be varied by statute. (4.) The negligence of a payee in presenting a bill, *held* not to affect his legal rights if the bill was presented within the time required by the law of the place of presentation. *Pierce* v. *Indseth*. U. S. Sup Ct.

CURIOUS FACTS ABOUT PRECIOUS METALS.

In a recent paper by Dr. H. A. Hagen, of the Agassiz museum at Cambridge, Mass., the following interesting facts were given concerning precious metals:

The newspaper tales of the treasures of Oriental princes contain sometimes enormous accounts of precious metals and jewelry. But even the highest numbers given to-day reach scarcely the treasures mentioned by ancient authorities. King Crœsus presented to the temple in Delphi 214 talents, nearly $2,000,000, of gold; Phidias used for the statue of Minerva in the Parthenon forty talents; and in the treasury of Ptolemaius Philadelphus 740,000 talents of gold, about $13,000,000. Verres during his short prætorship in Sicily, appropriated more than $6,000,000 of costly objects simply by what he called confiscation. About the mines of precious metals and their production before Christ nothing is sufficiently known. But the immense amount of money coined in those times, the costly treasures and implements reported to have been in existence, warrant the supposition of their wealth. The first gold coins, stamped only on one side, belong to Asia Minor, and the stater from Phoxaia, with the seal, and emblem of the State, dated 600 years before Christ. It was followed by the Persian gold coins of Darius. Both seem to have been made of gold washed out of the alluvial layers of the Pactolus river. The money of Greece was originally of silver. The money of the Romans was at first copper, later silver; gold coins appear not before Sylla, Pompeius and Cæsar, mostly coined for the triumphal honors of those men. Later, in the time of the emperors, large numbers of gold coins appear.

A great amount of gold and silver in coins or ware is hidden in the ground in uncertain war times, and afterwards forgotten or not found. In Germany, the construction of roads and railways brought many such treasures to the light, which, according to the date of the coins, had been several hundred years in the ground. In eastern Prussia alone, during the first half of this century, were found about one hundred pounds of golden Arabic or Kufic coins, which must have been hidden twelve hundred years and more, which proves that the tradeway in those times passed through Prussia. The well-known Hildesheim silver found in 1867, near the battlefield of Arminius and Varus, has brought to light extremely tasteful silver vessels after twelve centuries.

Iron or earthern pots, filled with coins during the thirty-years' war, are by no means rare. The discoveries by Schliemann in Troy and Mycenæ, and similar findings in Italy are many centuries older. In Italy, such findings contained sometimes 30,000 coins; but, curiously enough, till now no hidden treasure is discovered which antedates the time of Sylla. More than 50,000 denares are quoted by Mommsen in about a dozen different findings. The treasure hidden during the first and second century after Christ contains very large numbers of gold coins, and contrasts obviously with the small amounts during the next century. The visitor at the Copenhagen museum will remember the heavy solid Roman gold pieces found in the northern peat swamps.

The treasuries of the Roman Catholic churches and monasteries contain still, in some countries, an immense amount of precious metals, which may be considered as lost forever to circulation, except in extreme calamities.

MACHINERY IN FARMING.

The census brings out with striking distinctness the value of improved machinery and implements as assistants to the farmer in raising crops. Everybody knows that the old style of farming with a few rude and ineffective implements has gone out of fashion; but everybody does not comprehend how much produce one intelligent and expert hand may raise with the aid of effective machines. There are parts of this country, chiefly in the South, where improved implements are introduced very slowly; indeed, there are vast agricultural districts where the effective modern machinery is never used, and the result is what we might naturally expect—the very smallest product to the hand. In South Carolina there are two hundred and ninety-four thousand persons engaged in agriculture; there are thirty million dollars' worth of farm machinery and implements used, and the whole farm products in 1879 was forty-two million dollars. The value of machinery and implements was about eleven dollars per hand, and the product was one hundred and forty-two dollars per hand. Now, compare this with Illinois, where extensive farming with effective machinery is conducted so as to secure the largest possible return. The number of persons engaged in farming is four hundred and thirty-six thousaud; value of implements and machinery used, thirty-three million seven hundred and thirty-nine thousand dollars; whole farm products, two hundred and four million dollars; or seventy-nine dollars' worth of machinery to the hand, and a product of four hundred and sixty-eight dollars to the hand. So that with the aid of seven times as much machinery, a man in Illinois makes three times as much product as a man in South Carolina. Kentucky, with three hundred and twenty thousand persons engaged in agriculture, uses nine million seven hundred thousand dollars' worth of machinery and implements (thirty dollars to the hand), and makes a product of sixty-three million eight hundred thousand dollars, or two hundred dollars to the hand; while Iowa, which uses three times as much machinery and implements (ninety-six dollars to the hand), secures twice as large a product—four hundred and forty-nine dollars to the hand. Alabama uses ten dollars' worth of machinery and implements to the hand, and makes a product of one hundred and forty-nine dollars to the hand, while California uses one hundred and fifteen dollars' worth of machinery and implements to the hand, and produces eight hundred and seventeen dollars to the hand. We call Missouri a good farming State, and there are parts of it, certainly, where the most effective methods of agriculture are followed, but we use only fifty-one dollars' worth of machinery and implements to the hand, and produce only two hundred and seventy dollars' worth to the hand—figures which are far below those furnished by Illinois and Iowa. Kansas, with only two-thirds as many persons employed in agriculture as Kentucky, makes a product only one tenth less, because it uses nearly twice as much machinery. As a rule, where the largest amount of machinery and implements is used, there we find the largest product per hand. The merits of improved machinery is that it enables one man to make twice as large a crop as he could with rude implements, and this is the secret of the marvelous growth of the Northwestern States in wealth.

The first patent for a reaping machine was granted in 1833, but it was not until 1845 that they began to be used, except in a tentative way, Cyrus McCormick having built one hundred and fifty in that year. Since 1850 more than 300,000,000 reaping and mowing machines have been constructed in the United States, and the annual manufacture is about 175,000. Since 1865 large sums of money have been spent in the production of machines which would not only reap but bind the grain. What has resulted from this last effort of invention? With the sickle, at the beginning of the century, a man could reap and bind one-third of an acre of wheat in a day. Now a man with three horses, riding at ease upon his cushioned seat, can cut and bind from fifteen to twenty acres per day, with not a hand touching the grain. Besides these self-binding reapers there is the California harvester, a machine propelled by horses or mules, cutting off the heads of the grain, mowing a swath twenty feet wide, the machine cutting, threshing, winnowing and feeding into bags—cutting fifty acres a day. Before these inventions were brought out, the Western farmer during harvest was at the mercy of a class of men known as "binders," who began in June, in the old border States, and moved northward as the grain ripened, making the farmers' necessity their opportunity, demanding and obtaining from three to five dollars a day, with board, materially reducing the profits of the crop to the farmer.

Equally as great improvements have been made in the cultivation and gathering of the other important crops. The old methods of corn planting and culture were both tedious and expensive. To-day the Western farmer rides behind his team, planting fifteen acres of corn, the rows running in both directions, or with his seeder sowing evenly twenty acres of wheat, every kernel planted at a proper depth, the seeder so graduated that each acre shall receive a given amount of seed. Under the old way a man could plant one acre of corn per day. Invention enables him to increase his acreage twentyfold. We are to bear in mind that only in the United States, and to a lesser degree in England, is such machineiy employed in agriculture. It is this use of machinery which is producing wealth among the farming community of the Western States, unparalleled in any other age or nation.

THE VALUE OF FRENCH FARMS.

The French Minister of Finance has just published a valuable report on the land and farming interests of the country, an outline of which appears in the London *Times*, that, as an agricultural country, France is surpassed by three countries only, namely, the United States, Russia and Germany, while it surpasses Austro-Hungary, Italy and Great Britain, not to mention the minor countries of Christendom. As a wheat-growing country France is an easy third, being surpassed by America and Russia only. The land property of France is reported at 528,572 square kilometers, or 132,142,977 acres. This is less than the area of this country devoted to corn, wheat and hay, or about three times the area of New Englrnd. A square kilometer is 100 hectares. Now, of the 52,857,199 hectares, five per cent. is taken up by roads, towns and streams. Of the remainder but one half is reported as available land. Bnt one and a-half per cent. of the total area is devoted to gardens and orchards. About one-eleventh of the whole is devoted to grass; five per cent. is covered by vineyards; one-sixth is occupied by woods; one-eighth is waste land, occupied by the mountains and the so-called *landes*.

Cultivable land figures with but 26,173,657 hectares, or less than one-half of the total area, and yet of all the great countries France is the best tilled. A country, therefore, which gives one half of its surface to agriculture is very fortunate. France is fortunate, also, in the gradual increase of its forests. But the most remarkable fact brought out by the document is the enormous increase in the value of the agricultural output. The cadestral survey (*cadestre parcellaire*), completed in 1850, reported the rent income from land at but 161 million dollars. It is believed that this return was too low, as it was made by the landlords and farmers, who desired to avoid heavy taxes. The present revenue from land in France is reported accurately at 529 million dollars, or 2,645,505,565 francs. The rent value of French farm land, therefore, has increased enormously, while that of the United Kingdom has increased, in ten years, from 325 millions to but 340 million dollars, On the other hand, while the rural proprietors of France have a net income of about 530 million dollars per annum the total annual income of all Frenchmen is reported at 5000 or 6000 million dollars In other words, land produces from one-twelfth to one-thirteenth of the French incomes.

This latter point throws some welcome light upon the assertions of Mr. Henry George before the United States Senate committee on labor. Mr. George thinks that in all old communities and in some new ones the ownership of land leads to a monopoly and to extortion. Yet, in so well tilled a land as France is, land produces but about one-twelfth of the income on which society lives and thrives. It gives a fair return to its owners; but the real income of the French has very little to do with rent and farms. In fact, the capitalized value of land in France is stated by the Government at 18,316 million dollars, or less than three times the capitalized value of the American railroad system. M. Paul Leroy Beaulieu capitalizes French land at less than 16,000 million dollars. The rural proprietors of France receive, in the way of ground-rent, less, far less, than the American farmers receive for their corn alone. Yet the selling value of an average hectare of French land has increased from $255 in 1851 to $366 in 1879; meadow land has risen from $412 to $592; vineyards have advanced from $413 to $593; gardens and orchards from $872 to $1100. The number of rural proprietors is returned at 8,454,218, who control 14,234,237 holdings.

HOMESTEADS.

THE NUMBER ENTERED IN DIFFERENT STATES SINCE THE PASSAGE OF THE HOMESTEAD LAW.

The Commissioner of the General Land Office has prepared a very interesting statement showing the number of original homesteads entered in the several land States and Territories by fiscal years from the passage of the Homestead Act, May 20, 1862, to June 30, 1883. The grand total of homesteads taken in this time is 608,632, distributed as follows:

Alabama	31,207	Michigan	27,303
Arkansas	47,975	Minnesota	73,762
Arizona	429	Mississippi	13,845
California	26,807	Montana	3,044
Colorado	9,849	Nevada	863
Dakota	74,794	New Mexico	2,393
Florida	18,036	Nebraska	69,011
Indiana	22	Ohio	171
Illinois	72	Oregon	13,299
Iowa	13,968	Utah	6,121
Idaho	3,514	Washington Territory	15,205
Kansas	96,485	Wisconsin	26,162
Louisiana	10,901	Wyoming	631
Missouri	28,763		

It will be seen that the greatest number of homesteads were entered in Kansas, while the next largest number were entered in Dakota, the next in Minnesota, and so on in the other States and Territories in the following order: Nebraska, Arkansas, Alabama, Missouri, Michigan, California, Wisconsin, Florida, Washington, Mississippi and Oregon. The smallest number being entered in Indiana. The first three homesteads entered in Illinois were in 1863. In 1878 forty-six homesteads were entered in the same State. The number of homesteads entered in Dakota gradually and rapidly increased from seventy-five in 1863 to 22,061 during the fiscal year ended June 30, 1883, a larger number of homesteads entered than by any other State or Territory. During the last fiscal year homesteads were entered as follows:

Nebraska	4,683	....	Minnesota	3,143
Alabama	2,212	....	Florida	1,646
Mississippi	1,356	....	Michigan	639
Utah	432	....	Iowa	26
Ohio	1	....	Dakota	22,061
Arkansas	3,035	....	California	2,057
Oregon	1,589	....	New Mexico	1,014
Idaho	604	....	Wyoming	189
Nevada	26	....	Illinois	None
Kansas	3,549	....	Washington	2,537
Missouri	1,755	....	Colorado	1,387
Louisiana	936	....	Montana	569
Arizona	70	....	Indiana	1

The totals of homesteads entered by years are as follows:

1863	8,223	....	1874	29,126
1864	9,405	....	1875	20,668
1865	8,924	....	1876	25,104
1866	15,355	....	1877	18,675
1867	16,957	....	1878	35,630
1868	23,746	....	1879	41,005
1869	25,628	...	1880	47,293
1870	33,972	....	1881	36,999
1871	39,768	....	1882	45,331
1872	38,742	....	1883	56,520
1873	31,561	....		

The area covered by the above entries is 75,215,105 acres, averaging 123½ acres to the entry.

ENGLISH ADVICE CONCERNING OUR SURPLUS.

The following letter, addressed by Colin MacKenzie to the editor of the London *Economist*, though containing some grave errors of fact, is interesting as showing how an Englishman would dispose of our National surplus. Doubtless there are many Englishmen who entertain the same views as the writer:

1. The prosperous condition of the United States finance is universally known, but the direct bearing of the figures recently published, upon the prospects of a comparatively early reduction of the tariff, deserves to be pointed out.

2. The Treasury has the power to call in at its pleasure thirty-two millions of dollars of three and a-half per cents., and 318 millions of dollars of three per cents., 350 millions in all.

But as it holds a "balance available for debt reduction and as a resumption fund of 142,280,309 dols.," and is in receipt of a surplus of 133,000,000 dols. annually, the whole amount is likely to be paid off in about two years.

There would then only remain outstanding 250 millions of four and a-half per cents., not redeemable before first September, 1891; and 738 millions of four per cents., not redeemable before first July, 1907.

3. As the present powers for compulsory payment of debt by calling in bonds will be exhausted in two years, and as the contracts of issue forbid the redemption of the four per cents. and four and a-half per cents. before 1891 and 1907, the American

Government will be compelled by the force of circumstances to remodel their financial policy within eighteen months or two years.

4. As you are aware, the United States Government does not make use of banks, but locks up its receipts in the Treasury. Every surplus, therefore, which cannot be used in public expenditure or payment of debt, is so much money permanently withdrawn from circulation, and in a rapidly-growing country like the United States, the consequences would, before long, be seen in a tight money market, shrinkage of values, embarrassment to business, and all the premonitory symptoms of a financial crisis. Our American cousins are too intelligent to permit a policy leading to such results to be entered upon.

5. There would be numerous eager applicants for the surplus, and we may dismiss those who would suggest its expenditure on public works, by reminding them of the universal approval which the public accorded last year to President Arthur's veto on the river and harbor bill.

6. A great effort will be made to absorb the surplus by abolishing the whole of the internal revenue, amounting to 144,000,000 dols. But a majority of the population, on moral and public grounds, are decidedly in favor of the taxation of spirits, which yields about seventy millions.

If, then, this party succeeded in retaining the tax on spirits by conceding to their opponents the abolition of the other internal taxes, namely, stamps, bank tax, tobacco tax, and tax on fermented liquors, there would still remain a surplus of sixty millions of dollars to be dealt with.

7. A reduction of the customs tariff would then be *forced* upon the Government as an unavoidable necessity, before which every private and protected interest would have to give way. And the importance of this first step may be imagined when we reflect that a surplus of sixty millions represents a reduction of twenty-eight per cent. on the whole customs revenue of the United States, which last year amounted to 214 millions. Once begun, these reductions could not stop there, as increased consumption of the articles benefited would constantly tend to augment the gross revenue, rendering necessary further periodical remissions. *This is "a consummation devoutly to be wished"* by all those who have at heart the best interests of the United States and Great Britain.

THE OLDEST BANK NOTES.—The oldest bank notes are the "flying money," or "convenient money," first issued in China, 2697 B. C. Originally these notes were issued by the Treasury, but experience dictated a change to the system of banks under Government inspection and control. A writer in a provincial paper says that the early Chinese "greenbacks" were in all essentials similar to the modern bank notes, bearing the name of the bank, the date of issue, the number of the note, the signature of the official issuing it, indications of its value in figures in words, and in the pictorial representation of coins or heaps of coins equal in amount to its face value and a notice of the pains and penalties for counterfeiting. Over and above all was a laconic exhortation to industry and thrift: "Produce all you can; spend with economy." The notes were printed in blue ink on paper made from the fiber of the mulberry tree. One issued in 1399 B. C. is preserved in the Asiatic Museum at St. Petersburg.

CURRENT EVENTS AND COMMENTS.

SOME POINTS FROM CALIFORNIA BANKING REPORTS.

"The late reports of our banking institutions" says the San Francisco *Journal of Commerce*, "give room for some interesting comparisons. The total resources, $140,044,069, are greater than they were any year since 1878, when they were $151,932,430. From 1878 to 1880, owing to the failure of some savings banks and other institutions, they dropped to $119,575,520. The great harvest year was 1880, and ever since we have been recuperating slowly but surely. The resources of our banks since then have been, at the end of each fiscal year, as follows:

July 1st.			*July 1st.*	
1880	$119,575,520	....	1882	$130,343,690
1881	123,879,428	....	1883	140,044,069

"Three years show an increase of resources of about twenty millions of dollars. The leading items of resources in 1880 and 1883 compare as follows:

	1883.	1880.
Real estate	$6,229,634	$6,209,967
Value of stocks and bonds	22,287,821	8,923,122
Loans on real estate	41,317,768	48,313,827
Loans on stocks and bonds	7,944,834	5,930,620
Loans on other securities	5,038,625	3,268,559
Loans on personal securities	27,353,709	13,994,896
Money in hand	9,518,866	16,682,486

"It will be noted that the amount of coin held by the banks has dwindled from $16,682,486 in 1880, to $9,518,866 in 1883, whereas the resources have increased. What has become of this coin? How has it so mysteriously disappeared? It cannot have gone out in loans, as money comes into the banks as fast as it is paid out—just as the water raised by evaporation flows back again in many streams to the ocean. The assets, stocks and bonds come in here to help us out. Most of these are Government bonds, as good as gold, and which at any time can be turned into gold. The cash lying long in bank vaults has been invested here, and has passed into the Sub-Treasury vaults. There has been an increase in stocks and bonds invested of over $13,000,000. Were this all in bank vaults, the money on hand would be over $22,-500,000, showing an increase instead of a decrease. Of the stocks and bonds, $18,239,033, or more than four-fifths of the whole, are held by savings banks. The loans on real estate have during this interval decreased seven millions of dollars. This accounts in part for the low rates on real estate now ruling—six to seven per cent. The banks are anxious to loan, but there are not as many borrowers as formerly, and those who have borrowed are paying up. Loans on stocks and bonds have increased by a couple of millions. These, however, are not the mining stocks of yore, but Government bonds, and stocks in individual enterprises, which are assuming unusual number and magnitude."

THE TRADE IN YELLOW PINE.

"The rapidly increasing demand for yellow pine lumber in the Chicago market," says the *Northwestern Lumberman*, "is somewhat remarkable. A year and a-half ago the receipts over the Illinois Central Railroad, as shown by its books, were from twenty-five to fifty cars monthly, while now they average from 250 to 300. Calling 9000 feet a car load, which is little enough, this one road is bringing forward from 2,500,000 to 3,240,000 feet of yellow pine lumber monthly, or at the rate of 3,000,000 feet yearly. The road has worked for the trade at both euds of the route. It sent its lumber agents to Mississippi to instruct the millmen there as to the right way to manufacture, and stirred up the commission men and dealers at the Chicago end of the road. The result is most satisfactory. The operators whose mills are on this road have learned, what every millman in the South ought to know, that only well manufactured lumber is wanted in the Northern markets, and that only such will be taken. One firm here has sold 300 cars of yellow pine lumber in the past thirty days, and there are several large bills that it is now looking after."

THE HEALTH OF BUSINESS.

A summary of the results of recent English vital statistics shows that the health of the members of the professional class, as it is indicated by the value of its life, varies to a degree that could hardly be expected in its different members. The barristers, the established clergy and dissenting ministers are the healthiest, and are the freest of all from the diseases which kill in early periods of life. After them come the civil engineers, who present a very favorable return. These three representatives of the professional body are indeed at the top of the scale of vitality. Their work, arduous as it may be, is not work that kills. Of the barristers, sixty-three only die to 100 of other professions and trades or industries; of the clergy, seventy-one to the 100, and of the civil engineers, eighty-six.

When we turn, however, to certain other of the professioual classes we find a much less favorable condition of affairs. Solicitors and schoolmasters have a rate of mortality two above the mean; Roman Catholic priests, three above; physicians and surgeons, six above; chemists and druggists (who are ranked among the professions in the statistical records), ten above; and veterinary surgeons, thirteen above. The figures give the range of mortality amongst the professional classes from the extreme highest to the extreme lowest. Taking 100 as the standard, the range is from sixty-three lowest to 113 highest.

CHEMICAL COLORING OF STONE.

An ingenious German chemist is the author of what he claims to be a practical process for imparting to ordinary sandstone, found in such abundance in many localities, the exterior appearance of marble. This is accomplished by impregnating the stone, when well dried, with soluble silica and allumina. Under this treatment the sandstone becomes much lighter in color, some kinds being intensely white and translucent, while it is also capable of the highest polish, equal to that of the purest marble. By the addition also of certain mineral colors to the liquid used for impregnation, marbles of almost every hue have been successfully imitated. Some of the well-known Saxony quarries are said to produce a sandstone especially adapted to this process, their appearance, when prepared in this manner fitting them for the finest architectural purposes. Not only is the advantage of economy gained by this process; the improved material is represented to be, likewise, much more fireproof than marble, which latter, when exposed to fire, rapidly burns into quicklime and crumbles to dust.

NEW WHITE LIGHT.

A Russian invention in the science of illumination is announced in the *Engineer* by Captain A. de Khotinsky, of St. Petersburg. It is a form of the calcium light, and is thus described: The refractory material has the shape of a prism or pencil made of a specially prepared magnesia compound, which is unaffected by air, and is even not spoiled by water; it stands the temperature so well that, although it looks so delicate and thin, it will remain burning for three hundred hours. A stream of oxygen and coal gas under very low pressure—eight inches of water—is directed on to the axis of the prism, which becomes incandescent, and, unlike the calcium light, is not a point, but a line of light of about two inches long, and, moreover, this light radiates all around. When coal gas is not to be obtained it can be superseded by kerosene, spirit, or any other form of lamp. In St. Petersburg it is in use in the State paper manufactory, where color-printing is executed on a large scale. In the shops where colored silks and other fabrics are sold, the advantage of the new white light is especially appreciated. The size and shape of the burners and prisms are made in great variety, so as to give light from twenty-five to three hundred candles.

EXTRAVAGANCE OF THE STEAM ENGINE

Says the Boston *Commercial Bulletin:* It seems like a reproach upon the mechanical skill and ingenuity of the nineteenth century that nine-tenths of the caloric force applied to even the most economical steam engine is wasted. That is to say, every ton of coal is one-third wasted in the process of generating steam, and when the steam is once formed, only one-seventh of it is actually converted into work by the engine. The remaining six-sevenths is lost either in the exhaust, or through radiation from the cylinders, or in similar ways, so that only one-seventh of two-thirds, or about one-tenth of the whole heating power of the fuel, becomes actually embodied in the working power of the engine. An actual test made with the pumping engine of the Lynn (Mass.) waterworks, showed that of 4,264,125 units of heat generated by the furnace, only 2,798,660 (or sixty-six per cent.) were converted into steam, and only 430,625 (or a trifle less than ten per cent.) contributed to the working force of the engine. A unit of heat is the amount required to raise the temperature of a pound of water one degree, and is one forty-second part of a horse-power. It follows, therefore, from the above figures that of 100,000 horse-power generated in the furnace of the Lynn pumping engine, 35,000 were wasted between the furnace and the boiler and 55,000 in the engine. But even those results were only obtained on one of the most economical of engines. A common high-pressure engine of the best type usually utilizes but six per cent. of the energy generated by the fuel. In locomotive engines only two and a-half per cent. of the caloric power is used.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. PRINTED SIGNATURES.

The correspondent who sent us the inquiry concerning printed signatures, contained in our August number, writes us again upon the same subject as follows: "You refer to your remarks in the April number of 1880, which I think are rather at variance with the opinion just given. The coupon case you refer to had a lithographed *fac-simile*, which is a greatly different signature from a printed one in *Roman letters*, which every one is entitled to use. You also speak of the manifest disadvantages to prove a *printed* indorsement as compared with a written indorsement, *sign manual of the indorser*. As you cite no legal example with regard to testing the validity of a printed indorsement, I presume no case of that especial feature has as yet been brought into court, and that it cannot be regarded as yet a case *res adjudicata*. I hold it to be a very different thing (and unequivocally a forgery) to imitate the lithographed *fac-simile* of the chirography, from simply stamping or printing in Roman letters an official signature as an indorsement upon checks."

REPLY.—Our correspondent takes a conservative view of this question, but we are not satisfied that he is correct. It is true that we are unable to cite a case which decides the precise point in issue, and it is also true, as we have pointed out before, that proof of a stamped indorsement, if disputed, may at times be difficult, but neither of these considerations is decisive of the question. In the first place, the rule of law has been long settled that any form of signature which is adopted by the party for that purpose is sufficient to bind him. See *Daniel on Neg. Insts.* § 74, and cases cited. Then the custom of using stamped or printed forms of indorsement, which are a great convenience in the press of modern business, has become general among the banks of the large cities, which deal with one another largely through Clearing houses. This custom is now so general and well known that we think it must be recognized by the courts, because it is in accord with a familiar legal principle, and because this is a subject upon which the rules of law must and ought to adapt themselves to the practices and convenience of business. We have no doubt, therefore, that a stamped indorsement, put upon the paper by the proper authority with that intent, is sufficient to bind the indorser. If this be so it certainly can make no difference what form of stamp is used: and no reason can be given why a stamp which is made in imitation of the chirography of a particular bank officer is any more binding than one containing his name in the Roman letters in common use. All that can be said of such an indorsement is, that it would be more easy of identification.

II. Payment of Checks Outside of Banking Hours.

Morse says that a bank is not obliged to pay a check before or after banking hours. I wish to know if a bank may do so. For instance, A at half-past eight o'clock presents B's check on Bank C for $500. The cashier gives A credit for the amount. Bank C's hours for banking are from nine A. M. to three P. M. At a few minutes past nine A. M. B calls at bank and instructs cashier not to pay the check issued to A. Was the act of canceling check and crediting A before nine A. M. so effectual that B's instructions are of no avail? Was B, who came in a few minutes after nine, too late to countermand the order? If not, could not Bank recover amount from A?

Reply.—When a bank customer presents the check of another person upon the same bank for payment, receives credit for it as a deposit, and the check is canceled, it is well settled that this is, as between the depositor and the bank, a payment of the check, which is as irrevocable as if the money had been paid over the counter. *Oddie* v. *National City Bank*, 45 N. Y. 735.

Whatever may be the correct answer to the general question presented by this inquiry, we think that B was too late to stop payment of the check in this particular case, because there was a period of time between the opening of the bank and B's coming there, within which payment was beyond question proper, and the passage of this time after the beginning of bank hours would cure any defect of authority in the bank in paying the check before. But even supposing that B had come to the bank at or before nine o'clock A. M. we think it would have made no difference. In other words, we can see no good reason why a customer has the right to complain that his check has been paid out of bank hours. In our view bank hours have been established primarily for the convenience of the banks and not of their customers. They fix the time during which the bank holds itself out as ready for the transaction of business, and limit the time during which it can be called upon to transact business; but if the bank choses to waive this limit, established for its own convenience and protection, and do, at any other time, what is in itself a perfectly proper and lawful act, we do not think that it can be made liable for so doing.

We do not see how, in any event, the amount paid can be recovered of A.

III. Liability for a Forged Check.

A customer of ours deposits B's check on another bank with us, and after the bank had paid the check it was found that our customer had forged B's name. Can the bank upon which the check was drawn recover from us, although an interval of thirty days have elapsed?

Reply.—According to the well-settled rule the drawee bank was bound to know the signature of the drawer of the check, and cannot recover. The inquirer will find a leading authority upon the point cited in a reply to a similar inquiry in our August number. We do not see that it makes any difference that the forger was a customer of the collecting bank, and the fact that the drawee allowed an interval of thirty days to elapse furnishes an additional reason why it should not be allowed to recover.

IV. Checks Payable "In Exchange."

C draws a *check* on the First National Bank of Salina for $ 3000, payable in exchange. This check is deposited in a bank at Ellsworth; the Ellsworth Bank sends it to the Bank of Kansas City; the last named, in turn, sends it to its correspondent in Salina, which is the Salina Bank. Can the Cashier of the Salina Bank demand currency in payment of the same from the First National?

Reply.—The practice of drawing checks payable "in exchange" is not infrequent in the West. The idea is to favor the bank on which the check is drawn by helping it to work off its Eastern exchange, which affords the bank a profit and saves its parting with currency when scarce. Discounts also are often granted by country banks on the condition that the customer takes "exchange" for the proceeds. It is perfectly clear, both from the terms of such a check and in view of the practice above mentioned, that the bank has the right to pay it "in exchange," and that the holder has no right to demand currency. We have had frequent occasion to point out that a check, note, or draft payable "in exchange" is not a negotiable instrument within the well-understood meaning of that term, because it is not payable *in money*. This is a point which should be borne in mind by persons dealing in such paper.

V. Indorsement of Payee.

I have refused payment of a check on this bank, of which the following is a copy, *because the payee would not indorse the same.*

September 21, 1883.

Stamp. First National Bank.

Pay to John Lantz or order, Ten Dollars.

$ 10. C. S.

It is claimed that I should have paid the check *without the indorsement*, and that I could not legally refuse to do so, as it was payable to *John Lantz* OR order, and *not to* "*the order of*" &c.

Was I correct in refusing it or not?

Reply.—This is a question which frequently arises in practice, and we have heretofore discussed it at length. See Vol. 34, pp. 392, 471; Vol. 36, pp. 795, 863. The strict rule of law undoubtedly is, that a bank has no right to insist that the drawee of a check payable to order, who presents the same for payment, shall indorse the same before receiving such payment. The refusal to pay this check, therefore, was improper.

English and American Failures.—Failures in this country and in England reached their maximum in 1878 and 1879 respectively; but while failures in England have steadily decreased year by year from 13,113 in 1879 to 9041 in 1882, in the United States, after falling from 10,478 in 1878 to 4735 in 1880, an increase began, which has been steadily maintained each year, and promises this year to reach a total of between 8000 and 9000 failures, due, in part, to an increase of nearly a fourth in the number of firms engaged in active business. In England, on the contrary, failures were less in 1882 than in 1881, and less for the first six months of 1883 than for the like months of last year. This is, in part, due to the fact that the agricultural classes—which furnish a larger number of failures in England, both directly and indirectly than here—have enjoyed better harvests for three years past than in the three years 1878, '79, '80. At the same time it appears probable that, while depression and the signs of over-production showed themselves at the same time in both countries, the general condition of trade is more prosperous in England than in the United States.

BANKING AND FINANCIAL ITEMS.

NOTICE.

The business of the BANKER'S MAGAZINE and of the BANKER'S ALMANAC AND REGISTER has been transferred to the **Homans Publishing Company,** a corporation formed under the laws of the State of New York. All communications relating to these publications should be addressed to the above Company,

The value of these publications to their subscribers will not only be maintained, but enhanced, under the new organizafion.

LIABILITY OF BANK OFFICERS.—An opinion in the case of Mary Dovell against Garret A. Hobart, Receiver of the First National Bank of Newark, was filed on September 26, at Trenton, by Chancellor Bird, of New Jersey. The suit was brought to compel the Receiver to account and surrender property which, at the time when the embezzlement of its funds was discovered, Mrs. Dovell had placed in the hands of the Directors of the bank as security for any loss which might have been caused through the acts of her son, Louis Dovell, who was the Teller of the bank. The investigation and trial of the case in the United States Court exonerated Dovell, and James A, Hedden, the Cashier, was convicted and sentenced to State prison, where he is now serving out the sentence. It was shown at the trial that Hedden, who was Dovell's superior officer, directed false entries to be made, and on the day when Dovell confessed there was a deficiency in his books of $95,827.07. In order to save her son from imprisonment Mrs. Dovell transferred the title to all her real estate in Newark together with bonds and securities to the amount of over $100,000. When Senator Hobart was appointed Receiver of the bank a demand was made to have the property returned. This was refused, on the ground that Dovell, being Teller, knowing of Hedden's guilt, concealing it, and allowing himself to be used by Hedden, was equally liable with Hedden, and, further, that a liability arose on her part, even though the Teller himself was guilty of no malfeasance, because he obeyed the commands of a superior officer when those commands were in themselves criminal.

The Vice-Chancellor holds that while Dovell was under a moral obligation to expose Hedden, Mrs. Dovell is not a surety for a merely moral delinquency. The burden of proof is upon the Receiver to show Dovell's liability, and he has failed to do so. While it has not been shown how the discrepancy occurred, yet not a dollar of it has been traced to Dovell's hands. "There is no proof against him," says the opinion, "and when there is such abundant proof against another the court cannot force conclusions as to this Teller in order to reach the property of his mother. Mrs. Dovell knew nothing of any crime, and only pledged her property to secure the bank against her son's default, and she cannot be held for the default of others of which she had no knowledge, and which were no part of the contract." The opinion concludes by holding that the complainant, Mrs. Dovell, is entitled to a reconveyance of all the lands which the bank holds, and to an account of all moneys received by the bank for lands sold to *bona-fide* purchasers, and for all rents of any of these lands received, and for all other moneys received for stocks sold which were credited to the account of Louis Dovell. The opinion establishes an important legal principle relative to the liabilities of inferior officers and employees, and it will probably be taken up to the Court of Errors and Appeals for review.

IMPROVEMENT OF MERCANTILE LAW.—At recent meeting of the New York Board of Trade and Transportation the subject was discussed of the license tax imposed by several of the States and territories upon commercial travelers. It was asserted that the tax operates in most cases as a prohibitory tariff for the benefit of local jobbers and manufacturers in the several States. The Board concluded that as Congress has power in the premises, that body should be asked by memorial at its next session to apply a remedy. The need of a National bankrupt law was also discussed, and it was resolved to circulate for signatures a petition to Congress asking the adoption of a law to discourage insolvency; effect the largest distribution of assets at the lowest possible expense; bring under the supervision of the courts the handling of assets by the creditors; cause the abolition of the fee system of compensating officials; prevent and annul preferences made for the purpose of defrauding creditors; afford relief to the honest debtor; punish fraud, and expedite the proceedings for the disposition of assets. It was resolved to request the railroad Commissioners to investigate the operations of the various freight lines doing business in this State; their legal status and financial responsibility, and to ascertain what amendments to bills of lading are necessary to protect the consignors and consignees against loss, and render such contracts more just, equitable and protective to the business public.

INSURANCE OF ACCOUNTS.—A new branch of insurance is suggested, says the Providence *Journal*, which is the insurance of accounts. It is, of course, in substance that the company for a certain premium, according to the magnitude of the work and amount of responsibility, should guarantee the books of a manufacturing firm, bank, or business establishment of any kind from wilful or accidental error, and thus prevent defalcation or fraud. We believe it is the custom of many English business institutions to call in experts once, or oftener, during the year to examine their books, and it would reduce the cost, and perhaps increase the thoroughness, if it was a general precaution based upon the principles of insurance. Doubtless a good many frauds and defalcations would never have occurred but for the easy trust in a system of bookkeeping which affords opportunities for concealment, and that in this way a rigid and thorough inspection would be a benefit to the tempted cashiers and clerks as well as the employers. Mr. Edward Atkinson, however, believes that fire insurance makes more fires by lessening the penalty for imperfect architecture or carelessness, and perhaps there might be the same objection to the insurance of accounts, aside from the fact that there are many firms who would not desire the details of their business to be within the knowledge of anybody beyond those necessary for their conduct. Still there is no essential reason why fraud should not be insured against as well as any other accident or misfortune, and possibly there will be a profitable business in this new branch.

THE PACIFIC COAST OIL TRADE.—"The oil trade of California," says the San Francisco *Journal of Commerce*, "promises to attain gigantic proportions in the course of a few years. The development of new wells in Southern California is proceeding at a rapid rate, and so valuable is the oil territory that a particular location in one case has been guarded by force of arms. A pipe line of twenty miles in length is being constructed to carry the oil to port, and we may soon note schooners loaded with oil arriving as rapidly and as regularly as those loaded with lumber. Some believe that we will some day eclipse Pennsylvania; but without going so far we have good reason to expect that we will stand at least second in America as an oil-producing region, and by consequence, second in the world. The production for 1882 nearly equaled 5,000,000 gallons. The production for a series of years has been as follows:

1879	gals.	568,806	..	1881	gals.	4,194,102
1880	"	1,763,215	..	1882	"	4,903,920

"When we can once get the oil out and refine it, we will have markets all along the Pacific, from Behring Straits to Cape Horn, and to Hobarton in Tasmania," A Crude Bank Swindle.—A western bank has sent to other banks a circular requesting information by wire of any duplicate drafts or second bills of exchange which they may receive from correspondents, and asking them to "telegraph when paid," The bank seeks to arrest the members of a gang of swindlers, of whom a description is given, and whose method of working is set forth as follows:

"They work by first and second bills of exchange, or original and duplicate drafts. Going to a bank, they, or one of them, pretends to be a grain buyer, or a cattle man from Old Mexico, and wants first and second bills of exchange or duplicate drafts. They then go to another town, produce the second or the duplicate, stating that the first, or original, has been lost or stolen, and deposit it for collection and have the bank's correspondent telegraph when paid. As soon as the telegram reaches the sending bank they get the money, go to the next town, make acquaintances, and get the first or original cashed."

That any bank should issue drafts in duplicate to any one but a thoroughly responsible customer seems strange. Still more so, however, is it difficult to understand how any prudent banker would cash one of such drafts without the other being in his possession, except with ample guarantee of safety. We venture to believe that no reader of the Banker's Magazine is thus simple.

Michigan.—Col. Sylvester B. Smith, a prominent citizen of Adrian, died on August 27, in that city. Col. Smith was a native of Michigan, and had been a resident of Adrian since 1864. Active in every public movement, and enjoying the confidence of the community in which his life was passed, he was called upon to fill several important offices, being twice elected County Treasurer. In 1876, he became Cashier of the Lewanee County Savings Bank, resigniug that position in 1878 to form the banking firm of Smith & Tobey, in which business he continued until his demise.

Cincinnati.—The paid-in capital of the Cincinnati National Bank is now above $450,000. Although a new bank, its stock is now sought after at considerably above par.

Charleston's Trade and Commerce.—The *News and Courier's* annual review of the trade and commerce of Charleston, which has been published recently, shows that a business of $75,000,000 has been done, and a large number of new undertakings of different kinds have been started. Local manufactures employ 6500 persons, and the value of their products was over $9,250,000. The phosphate and fertilizer business has been the largest ever known, the amount of Carolina phosphates imported and manufactured being 350,000 tons. The exports of cotton and naval stores have been the largest ever recorded, with one exception. The city debt has been reduced, and the value of city property has increased from twenty to 140 per cent. during the year. A full statement of the cotton mills in the State shows that 4500 persons were employed, and that the value of the annual product was $6,000,000. Special reports from the whole State show that corn and cotton are not likely to exceed two-thirds of a crop.

Texas.—A new banking firm, under the title of the Cass County Bank, has been formed at Atlanta, Texas, by Messrs. B. D. Foscue and A. B. Smith, of Jefferson. Mr. Foscue will manage the business, with the assistance, when required, of Mr. Smith, whose duties as Cashier of the National Bank of Jefferson will not be interfered with by his new connection.

Railroad Building.—The *Railroad Gazette* reports the building of 3550 miles of new railroad this year to September 7. The mileage for the year is now fifty-three and a-quarter per cent. of that reported at the same date last year. It exceeds that of any year previous to 1882, except 1881 and 1872.

OBITUARY.

ANDREW VARICK STOUT, long prominent as a bank president and as a wealthy citizen of large benevolence, died September 3d, at Bernardsville, N. J., where he had been passing the Summer. Mr. Stout was seventy-one years of age. He was a native of New York City, where he received a public school education. In April, 1855, he was elected President of the National Shoe and Leather Bank, of which he had been Vice-President for a short time previous. He continued to fill the presidency until the first of February last, when he resigned. Mr. Stout was actively interested in many financial enterprises and institutions. He was a Director of the Phœnix Fire Insurance Company, the New York Mutual Gas Light Company, the American Bank Note Company, the New York and Brooklyn Ferry Company, the Broadway Insurance Company, and the Loan and Improvement Company.

WILLIAM CEBRA BREESE, Cashier, from its organization in 1866, of the First National Bank of Charleston, S. C., died in that city on August 13. A special meeting of the Board of Directors was held on August 22, at which resolutions of regret and condolence were unanimously passed. In announcing its loss the bank speaks of Mr. Breese as follows: "Conscientious and faithful in all the relations of life, his loss is deeply felt, not only in the large circle of his family and friends, and by this institution which he has so long and faithfully served, but by the entire community in which his well-spent life has been passed."

NATIONAL-BANK AND LEGAL-TENDER CIRCULATION.

STATEMENT of the Comptroller of the Currency on October 1, 1883, showing the amounts of NATIONAL-BANK NOTES and of LEGAL-TENDER NOTES, outstanding at the dates of the passage of the Acts of June 20, 1874, January 14, 1875, and May 31, 1878, together with the amounts outstanding at date, and the increase or decrease:

NATIONAL-BANK NOTES.

Amount outstanding June 20, 1874	$349,894,182
" " January 14, 1875	351,861,450
" " May 31, 1878	322,555,965
" " at date*	352,599,137
Decrease during the last month	1,235,405
Decrease since October 1, 1882	9,478,493

LEGAL-TENDER NOTES.

Amount outstanding June 20, 1874	$382,000,000
" " January 14, 1875	382,000,000
" retired under Act of January 14, 1875, to May 31, 1878.	35,318,984
" outstanding on and since May 31, 1878	346,681,016
" on deposit with the Treasurer U. S. to redeem notes of insolvent and liquidating banks, and banks retiring circulation under Act of June 20, 1874	36,821,501
Increase in deposit during the last month	848,245
Decrease in deposit since October 1, 1882	2,229,131

JNO. JAY KNOX, *Comptroller of the Currency.*

* Circulation of National gold banks not included in the above, $743,534.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from September No., page 235.)

No.	*Name and Place.*	*President and Cashier.*	*Capital.*
3037	First National Bank .... Ellensburgh, WASH'N.	J. R. Lewis, A. W. Engle.	$50,000
3038	First National Bank .... Oswego, KANSAS.	J. B. Montgomery, *V. P.*, F. C. Wheeler.	60,000
3039	First National Bank............ Shakopee, MINN.	Horace B. Strait, David L. How.	75,000
3040	First National Bank............ Manasquan, N. J.	Charles J. Parker, John Terhune.	50,000
3041	First National Bank............. Anniston, ALA.	Duncan T. Parker, Oliver A. Elston.	100,000
3042	First National Bank............ Elizabethtown, KY.	J. W. Hays, J. S. Grimes.	75,000
3043	First National Bank............ Petersburg, ILL.	John A. Brahm, James M. Robbins.	50,000
3044	Second National Bank......... Clarion, PENN.	James T. Maffett, N. Myers.	50,000
3045	First National Bank............ Shamokin, PENN.	Conrad Graeber, George C. Graeber.	100,000
3046	Hill County National Bank .... Hillsboro, TEXAS.	J. H. Bemis, C. E. Phillips.	50,000
3047	First National Bank............ Watkins, N. Y.	Josiah D. Payne, Edgar S. Payne.	50,000
3048	First National Bank............ Griswold, IOWA.	Theo. H. Brown, Frank L. Brown, *A. C.*	50,000
3049	First National Bank............ Cherokee, IOWA.	Nelson T. Burroughs, Roderick H. Scribner.	50,000
3050	First National Bank............ San Diego, CAL.	Jacob Gruendike, C. E. Thomas.	50,000
3051	National Bank of Brookville, PENN.	Ira C. Fuller, B. M. Marlin.	50,000
3052	Third National Bank.......... Lexington. KY.	John W. Berkley, O. L. Bradley.	100,000
3053	First National Bank........... Rockford, IOWA.	Orlo H. Lyon, Harry A. Merrill.	50,000
30 4	First National Bank........... Phœnix, ARIZONA.	Samuel A. Murphy, William Christy.	50,000
3055	Red Oak National Bank....... Red Oak, IOWA.	Justus Clark, Paul P. Clark.	100,000
3056	Consolidation National Bank... San Diego, CAL.	Oliver Spencer Witherby, Bryant Howard.	100,000
3057	First National Bank....... .... Minden, NEB.	Lewis Asbury Kent, Rush Hollis Palmer.	50,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from September No., page 233.)

	Bank and Place.	*Elected.*	*In place of*
N. Y. CITY.—	Bank of North America	Alvah Trowbridge, *Cas.*	F. W. Whittemore.
ALA	First Nat'l Bank, Montgomery.	W. L. Chambers, *Cas*	S. M. Levin.
COL	South Pueblo National Bank,	M. Sheldon, *Pr*	H. L. Holden.
		L. T. Holden, *A. C.*	....
CONN	National Bank of East Haddam,	Julius Attwood, *Pr*	T. Gross, Jr.
		Thomas Gross, Jr., *Cas.*	A. H. Dayton.
DAKOTA	Capital National B'k, Bismarck.	E. H. Wilson, *Cas*	W. G. Nixon.
IDAHO	Lewiston National Bank, Lewiston.	Nelson W. Brearley, *Pr.*	J. Brearley.*
		W. F. Kettenbach, *Cas.*	N. W. Brearley.
ILL	Griggsville National Bank, Griggsville.	Benjamin Newman, *Pr.*	J. McWilliams.*
		W. H. Yates, *V. P*	B. Newman.
IND	First National Bank, Indianapolis.	William H. English, *Pr.*	A. D. Lynch.
		E. F. Claypool, *V. P.*	J. L. Ketcham.
IOWA	First National Bank, Cherokee.	W. A. Sanford, *V. P.*	....
KY	First National Bank, Newport	Samuel C. Wendt, *A. C.*	....
MAINE	Orono National Bank, Orono	Samuel Libbey, *Pr*	E. Webster.
MASS	National City Bank, Boston	Samuel R. Payson, *Pr.*	C. L. Thayer.
MICH	First National Bank, Plymouth.	Geo. A. Starkweather, *Pr.*	E. J. Penniman.
"	First National Bank, Quincy	C. L. Truesdell, *Cas.*	J. W. McCausey.
"	Union City National Bank	J. W. McCausey, *Cas*	C. T. Allen.
MINN	Citizens' National Bank, Faribault.	Edward S. Pratt, *Cas*	E. P. Brown.
"	Security Bank, Minneapolis	William M. Tenney, *Cas.*	A. J. Dean.
MO	First National Bank, Kirksville.	John Caskey, *Pr*	E. Darrow.
MONT	Montana National B'k, Helena.	S. E. Atkinson, *A. C*	....
OHIO	City National Bank, Akron	John F. Uhler, *Cas*	G. W. Weeks.
"	Commercial National Bank, Youngstown.	Mason Evans, *Cas*	G. J. Margerum.
PENN	Union Nat'l B'k, Philadelphia	W. H. Carpenter, *Cas.*	P. A. Keller.
"	Bradford National Bank	T. H. Tomlinson, *A. C.*	J. F. Merrill, *Cas.*
"	First National Bank, Mercer	C. S. Burwell, *Cas*	W. C. Alexander.
"	Scottdale Bank, Scottdale	Henry McClay, *Cas*	J. M. Stauffer.
R. I.	Nat'l Exchange B'k, Providence.	Nicholas Sheldon, *Pr*	H. L. Kendall.*
S. C.	First National B'k, Charleston.	William E. Breese, *Cas.*	W. C. Breese.*
TENN	East Tennessee National B'k, Knoxville.	R. S. Payne, *V. P*	W. W. Woodruff.
		F. L. Fisher, *Cas*	J. L. Glover.*
TEXAS	First National Bank, Decatur.	J. L. Ullman, *Pr*	H. Greathouse.
		Henry Greathouse, *V. P.*	J. L. Ullman.
ONT	Merchants' Bank of Canada, St. Thomas.	William Pringle, *Mgr*	J. Pottenger.

* Deceased.

AMERICAN IRON SHIPS.—In his testimony before the Senate Committee on education and labor, Mr. John Roach said that in a few days the hundredth iron ship would be turned out of his yard at Chester. These 100 ships represented in cost $35,000,000. Last year he had repaired and fitted out more ships than there were in the United States navy.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from September No., page 234.)

NEW YORK CITY		Alexander Campbell & Co.; Alex. Campbell, deceased.
"	"	Stout & Co.; special partnership dissolved. New firm. Style same.
CAL.	San Diego	Bank of Southern California; now First National Bank. Same officers. $50,000.
"	"	Consolidated Bank; now Consolidation National Bank. Same management. $100,000.
CONN.	Sharon	Reed, Bates & Co.; now E. B. Reed.
DAKOTA	Bartlett	Ramsey County Bank; now Nelson County Bank, Lakota.
"	Ellendale	Dickey County Bank; suspended and assigned.
GA.	Palmetto	A. Hutcheson & Co.; dissolved.
ILL.	Chenoa	Bank of Chenoa (J. R. Snyder); closed its doors Sept. 29.
"	Petersburg	John A. Brahm; succeeded by First National Bank. Same management. $50,000.
"	Taylorville	W. W. Anderson & Co.; about to dissolve.
IND.	Bedford	Indiana National Bank; voluntary liquidation Aug. 25.
"	Brazil	Brazil Bank; winding up.
IOWA	Cherokee	Scribner & Burroughs; succeeded by First National Bank. Same management. $50,000.
"	Griswold	Bank of Griswold; dissolved. Succeeded by First National Bank. Theo. H. Brown, *Pr.* Frank L. Brown, *A. C.* $50,000.
"	Rockford	Mathews & Lyon; succeeded by First National Bank. Same management. $50,000.
KANSAS.	Olathe	Bank of Olathe (Hunt, Arnott & Co.); succeeded by Miller, Ott & Co.
KY.	Princeton	L. M. Longshaw; assigned.
MICH.	Adrian	Smith & Tobey; now T. J. Tobey & Co.
"	Alma	Turck, Winton & Co.; now W. S. Turck & Co.
"	Caseville	H. H. Case; removed to Rock Valley, Iowa.
MINN.	Shakopee	Bank of Shakopee; now First National Bank; same management. $75,000.
"	Wells	F. E. Watson; now Watson & Myers.
MO.	Frederickton	Schulte, Hill & Nall; assigned.
NEB.	Loup City	Sherman County Bank; succeeded by Northwestern Banking Co.
"	Milford	Milford State Bank; succeeded by Northwestern Banking Co.
"	Minden	Kent & Palmer; succeeded by First National Bank. Same management. $50,000.
"	Ulysses	Ulysses State B'k; succeeded by Northwestern Banking Co.
N. Y.	Campbell	George R. Sutherland; now Bank of Campbell. Same management.
"	Utica	T. O. Grannis & Co; T. O. G. deceased. Business continued by C. K. Grannis and George Corties, under old style.
"	Watkins	Schuyler County Bank; now First National Bank. Same officers. $50,000.
OHIO.	Warrenton	Warren Savings Bank; suspended.
PENN.	Brookville	Ira C. Fuller; succeeded by National Bank of Brookville. Same management. $50,000.
"	Clarion	Discount and Deposit Bank; now Second National Bank. Same officers. $50,000.
"	Zelienople	N. Dambach & Son; succeeded by Amos Lusk.

TEXAS..	Hillsboro......	Hill County Bank; now Hill County National Bank. J. H. Bemis, *Pr.* Same Cashier. $50,000.
ONT....	Elora..........	Johnston, Gale & Tisdall; now Gail & Archibald.
" ..	Montreal	Exchange Bank; suspended.
" ..	trathroy	Alex. Johnston; going out of business. No successor.
QUEBEC	Huntingdon....	Somerville & Co.; now Huntingdon County Bank. Same management.
MAN....	Emerson.......	Branch of Ontario Bank; discontinued.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from September No., page 233.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
NEW YORK CITY.......		Produce Exchange Bank..	....
	$1,000,000	Forrest H. Parker, *Pr.*	William A. Sherman, *Cas.*
ALA....	Anniston......	First National Bank......	Mechanics' National Bank.
	$100,000	Duncan T. Parker, *Pr.*	Oliver A. Elston, *Cas.*
ARIZ. ..	Phœnix........	First National Bank.....	....
	$50,000	Samuel A. Murphy, *Pr.*	William Christy, *Cas.*
COL....	Leadville......	Carbonate Bank..........	Kountze Brothers.
	$100,000	David H. Dougan, *Pr.*	John L. McNeil, *Cas.*
DAKOTA	Mandan........	Northern Pacific Bank....	Jesup, Paton & Co.
		Elbridge C. Cooke, *Pr.*	Charles E. Meech, *Cas.*
IDAHO..	Galena........	I. Morris & Co...........	....
ILL.....	Centralia......	Exchange Bank (Marshall & Co.)	Kountze Brothers.
IOWA...	Nevada........	W. H. Gallup............	First National Bank, *Chicago.*
" ..	Red Oak	Red Oak National Bank..	....
	$100,000	Justus Clark, *Pr.*	Paul P. Clark, *Cas.*
KANSAS.	Burr Oak......	J. B. Wilbur & Co.......	Kountze Brothers.
" ..	Columbus......	Bank of Columbus.......	First National Bank.
		A. H. Arter, *Pr.*	S. N. Dwight, *Cas.*
" ..	Mount Hope...	Farmers and Drovers' B'k. (Anderson Bros. & Co.)	Chase National Bank.
KY.....	Elizabethtown..	First National Bank......	....
	$75,000	J. W. Hays, *Pr.*	J. S. Grimes, *Cas.*
" ..	Lexington.....	Third National Bank.....	National Park Bank.
	$100,000	John W. Berkley, *Pr.*	O. L. Bradley, *Cas.*
MICH...	Hanover.......	Hanover Bank. (H. N. Rowley)	Chase National Bank.
" ..	Shelby.........	Churchill, Oakes & Co....	Ninth National Bank.
MINN...	Herman.......	Grant County Bank......	Metropolitan National Bank.
		Rufus P. Wells, *Pr.*	Ezra W. Snyder, *Cas.*
MO.....	Kansas City...	Traders' Bank...........	....
	$300,000	James T. Thornton, *Pr.*	W R. Thornton, *A. C.*
" ..	Perryville......	Greenwell, Cashion & Farrar.	Bank of Commerce, *St. Louis.*
NEB....	Beatrice.......	Beatrice Savings Bank....	....
		J. E. Smith, *Pr.*	J. H. Inman, *Cas.*
" ..	Bellwood......	Northwestern Bkg. Co....	Kountze Brothers.
N. J....	Manasquan....	First National Bank......	....
	$50,000	Charles J. Parker, *Pr.*	John Terhune, *Cas.*
N. M...	Lordsburg.....	Hart Brothers............	Kountze Brothers.
OHIO...	Kingston......	Scioto Valley Bank.......	Chase National Bank.
	$30,000	James May, *Pr.*	H. F. Moore, *Cas.*
PENN...	Shamokin......	First National Bank......	....
	$100,000	Conrad Graeber, *Pr.*	Geo. C. Graeber, *Cas.*
TEXAS..	Waco..........	Cartmell, Higginson & Co.	Chase National Bank.
WASH'N	Ellensburgh....	First National Bank.....	....
	$50,000	J. R. Lewis, *Pr.*	A. W. Engle, *Cas.*
WIS.. ..	Galesville......	Bank of Galesville........	Bank of North America.
		Isaac Clark, *Pr.*	W. C. Brooks, *Cas.*

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The first month of autumn opened with as much promise as the first month of summer, or rather, as much as was promised for it by the speculative prophets. But September has ended, as June did, in disappointment, collapse and failure of the hopes entertained of it, and in loss instead of profit to those who had waited for the harvest to bring the improvement in business which the seed-time had failed to produce. This was partially due to the partial failure of the promise of large crops; but chiefly to a deeper-seated and more general cause, namely, continued and universal liquidation. N part of this country or Canada has escaped. It began in the West with a panic in provisions in June, on the failure of McGeoch, in Chicago, and the consequent failure of Western banks later on. That was succeeded by the great and disastrous telegraph strike in July, and the subsequent break in the stock market, ending with the failure of Ballou in New York, and the rescue of Wall Street by the banks, by which a panic was averted. Next came the Eastern States with the collapse in the leather trade on the failure of the Shaws in Boston during August, followed by bank failures in the Eastern States. September brought auction sales of cotton and woolen goods for account of Eastern manufacturers, and finally heavy failures in both the cotton and woolen goods commission trade in New York, retail and jobbing failures throughout the United States, besides bank failures and a tumble in stocks in Canada.

Well-posted men in the dry-goods trade say they fear these failures have only begun, although they think prices are near bottom, as the present loss in manufacture has materially curtailed production. But it is the shrinkage in values for a year past that has crippled the trade, as no one who carried any stock of goods could escape loss. Besides, we are informed by one of the heads of departments in the great house of Claflin, that the old anti-war system of long credits has become almost universal again in the anxiety of manufacturers to work off their goods as closely as possible on a declining market. Hence the dating of bills ahead four months, with an extension of two months more, has become general. The effect has been to load dealers down with stocks they have not been able to sell in hard times, on which the loss has been enormous. At the same time the manufacturers went on duplicating their anti-dated goods to supply a fall and winter trade which they had filled up six months ago, bills for which are now falling due, and hence these failures. It is upon these conditions that further failures are predicted. Nor is this the end of the trouble. We are told by a large Chicago commission house that the dry-goods men of this and other cities have been speculating largely in the produce markets to make up losses in their own trade; and, as usual, have lost still more. Hence the banks cannot call in the loans to the dry-goods trade, and are compelled to extend them.

While they are not making new loans, as a rule, however, they are compelled to take care of their customers. This they are able to do on a phenomenally easy money market for this season of the year. In Boston and other New England cities the banks are refusing outside paper, no matter how good, as they had rather have the money idle in their vaults than risk it in the present unsettled condition both of financial and commercial affairs. They are simply taking care of their depositors and as little of that as possible. Hence the ease of money at the season when the crops are being moved and in fair volume.

Another occasion of this ease is the large amount of money taken out of railroad stocks and bonds by investors who were afraid of the deluge that has come. This money is still lying idle in bank, awaiting investment in something that has been liquidated and will not jeopardize the principal. There is little appearance of a rainbow in Wall Street yet. The "water" is not out of the financial sky, as it is not out of railroad stocks, notwithstanding the enormous shrinkage. We began the past month with assurances from the big holders of these stocks that "bottom" had been reached, and with their promises of a bull market on the good harvest, just as we began June on its anticipation. The early part of September saw a sharp reaction in the market, and some outside buying was done on the belief that the worst was over. But the strength was only on covering of enormous lines by heavy shorts. These were supplied by the big holders; but the supply lasted far beyond the demand, and the latter part of the month has seen almost another panic in stocks and as demoralized a market as in August. Prices of some stocks have not gone back to the lowest level before Ballou's failure, because the big holders were able to support them; but others have gone below, led by the Villard shares, on a large deficit in the construction account and the talk of a $20,000,000 mortgage to make it good. This applies to Northern Pacific, but Oregon Trans-continental has broken even more on something worse than a deficit in construction, namely, a deficit in actual value. Gould is supposed to be still loaded with his shares, but many think W. H. Vanderbilt himself is largely out of his stocks, although many of his friends have them still, and the public cling to them longer than other stocks, under the old infatuation that a Vanderbilt stock must be an investment, because of the name and management. Hence, they have not broken so badly, although much nearer the bottom of 1877 than some of the then fancies.

In addition to these demoralizing influences the railroads East and West have been in a state of chronic war all this month, either open, as with the Western roads, or secretly, as with the Eastern Trunk lines. Added to this still, the damage to the corn crop has further depressed prices, although the extent of damage was greatly exaggerated by the clique who were bulling corn in New York and Chicago, and the bears in stocks. But bonds are in more favor, where there is no doubt of ability to earn fixed charges. These have not gone off with stocks and junior bonds of doubtful security.

Money has scarcely ruled above two per cent., and often at one, while we began importing gold in the last half of the month. But neither these imports nor the rate of money have had any effect on prices, and do not promise to have soon. The Government's call for $30,000,000 bonds during the month, to be redeemed in December, still further guarantees an easy money market the balance of this year, unless something not now anticipated shall occur.

As intimated above, good harvests, as a whole, have been secured in the past month, though not so large as had been expected, owing to drought late in August and frost early in September, which reduced the estimates of the corn crop some 200,000,000 bushels, at least from private estimates, and 100,000,000 bushels by Government report. The winter wheat had already been admitted to be seventy-five to one hundred million bushels short in August. But the Spring wheat harvested in September proved to be of excellent quality and larger quantity than last year, except on the line of the Northern Pacific Road. Other crops were large, and secured, except apples, which are very poor; tobacco, which was cut short twenty-five per cent. by frost, and beans still more. The wheat crop of the world, however, is estimated twenty-five per cent. short of last year, also of the past ten years' average, and of inferior quality, while the price is now lower than the average for ten years. In addition, the rye crop of Europe is 210,000,000 bushels short of last year. The above figures are from the World's Agricultural Congress, which meets annually at Vienna in September, and makes up the world's crops from harvest returns. This deficit more than wipes out the excess of reserves carried over this year as compared with last, to say nothing of Europe's deficit in rye crop. These facts have led to an investment demand for wheat from a class who are afraid of stocks and are hunting for produce to invest their idle money in, where it will be safe from further heavy liquidation. Europe, however, has good stocks of old and new wheat yet, and holds off, which has been a wet blanket on our market, but capital has confidence in much higher average values for crop, and is willing to buy it for investment and hold it till Europe wants it, as she will be obliged to have it before another crop. This is the first time that wheat has been bought in this country as an investment by capital outside of the trade. But it has been a favorite investment in Europe for years whenever it went near present prices, which are below the past ten years' average there as well as here. Wheat is fully liquidated, and money put in it, is not only safe at these prices, but sure of a good interest after three or four months, as the necessities of life, and especially its staff, must be had, let times be good or bad. The corn crop has been made to play the leading part in the Wall Street drama as well as in the Chicago comedy of errors. These are proper characterizations of both the stock and produce markets for the month, and frost was the leading character in both plays. To be or not to be damaged by it was the all-absorbing question in which the press took an unusually active part. The organs of the stock bulls and produce bears insisted that the frost had not hurt the corn at all, as it was either too far matured when frosts came, or frosts were not hard enough to hurt it. On the other hand, and they were the more numerous, the organs of the bears in stocks and bulls in produce scoured the country for reports of damage, and not only published them in sensational shape themselves, but allowed them to be telegraphed to the press of the country, in which they appeared simultaneously, instead of "exclusively" in their own columns. As a result, corn went up on the "shorts" covering, and the New York holders unloaded freely, while the "longs" in stocks sold out, prices went down with a rush, accelerated by the already top-heavy condition of the market, which had been held up on the early September advance by the big holders about as long as it could, had the frost scare not happened. Hence, the result was nearly another tragedy for Wall Street, though failures were not reported as the chief sufferers were large operators. Small ones were kept margined up where their going out would only be known or noticed in the room where the candle was extinguished. These have been the results of what it was feared frost had done.

The provision market, as well as oats, has hung upon corn, and moved up and down with it, as manufactured goods go with the raw material, but not to the same extent, as all courage, as well as surplus money not required in their legitimate business, has been taken out of the big bulls at and since the failure of McGeoch-Armour's deal in June, and of all their efforts since to bull hog products.

We have already made from the last corn crop the largest hog crop we probably ever had, while the past three-years' speculation and high prices here have brought the natural punishment in stimulating hog-raising in Europe until it has regained its maximum production, and, at the same time we have reached ours. These facts cause our packers to look forward to still lower prices this coming year. Hence, they are afraid to bull the market, if they wanted to, in order to get out of old stocks before next packing season opens (which is now only a month away), in which they have none too much time, to break the hog market as th y expect, to a point when they can safely pack them. This point is regarded a cent per lb. below present prices. It would be dangerous, therefore, to bull present stocks even if light.

Cotton has also suffered from the August drought, and more than corn, because the dry weather was more general in the South and more protracted. The greater damage was in Texas and the Southern half of the cotton belt, where the early estimates have been reduced twenty-five per cent.; but the estimate of whole crop is cut down only 1,000,000 bales by conservative judges, while 1,500,000 bales are the bulls' figures. In either case the effect on prices will be slight, as the world's supply of old, on the beginning of the new crop, is 1,000,000 bales more than a year ago, while the consumption is now or soon will be curtailed in the present condition of the cotton-goods markets not only in this country but in Europe. Hence, a dull dragging and lower market is looked for without any large breaks and equally without wide fluctuations up or down, as speculation is flat.

Petroleum has continued quite active during the month, with a generally strong market at above the old $1.10 high-water mark which ruled through the summer and at which it was a sale to purchase back at the low-water mark $1.00, between which, prices fluctuated for some time when not controlled by the Wall Street or the Standard Oil Co. pools. The latter have been on the bull side of late and may have held the market unnaturally high; but if so, they have done it in a way, and manipulated it so that the speculative public have come to believe in a higher range of values as legitimate, and they now buy oil at or about $1.10, and talk $1.15 to $1.20 its actual value, although it seldom gets above $1.15, for somebody has too much oil to sell at that for prices to hold.

Iron has dragged along with only occasional speculative spurts and steadily down until pig is nearly down to the lowest prices in 1879. Some specialties find sale at old prices, but the stoppage in railroad construction, and the inability of old roads to make badly-needed repairs, because handicapped by a killing weight of fixed charges, is general, and there are not enough exceptions to restore either prices or production of iron.

Dairy products have been "bulled" until they too are in a bad way, with prospects of an unsatisfactory and losing fall and winter trade, especially in butter, of which fully 100,000 packages old, hot-weather, ice-house stock is now on this market and unsalable either to home trade or exporters, except at a loss of five to seven cents per lb. on cost, beside carrying charges since last June. The current receipts are equal to all demands and more, while the dairymen of this State have a large stock of summer make back still. Beside, the butterine manufacturers are at work again and giving us lard or hog butter as they did when they swamped this market last fall and winter. English shippers have done the bulling in cheese, with which they loaded up a month ago for a rise, which followed as long as they bought. Now they are compelled to keep buying to hold this and the Liverpool markets in the face of the largest fall production of both cheese and butter ever known in this State.

As to the general condition of business throughout the country we have only to look at the exchanges of nearly all of our large cites for the last week in September, compared either with the previous week or corresponding week last year. The *Public* shows that they have decreased about thirty-three per cent., without allowing for increased speculation outside of the Stock Exchange. Outside of New York exchanges were $10,000,000 less, and $12,000,000 less in New York for week ending twenty-seventh September, than for previous week.

The reports of the New York Clearing-house returns compare as follows:

1883.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Sept. 1...	$325,880,600	$59,951,200	$25,207.800	$315,739,900	$15,636,300	$6,224,025
" 8...	327,590,300	58,528,600	24,682,000	314,892,400	15,540,700	4,487,500
" 15...	328,792,500	58,879,300	24,337,000	317,911,500	15,533,400	3.738,425
" 22...	331,701,900	55,360,300	26,050,400	318,013,400	15,408,300	1,907,350

The Boston bank statement is as follows:

1883.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation*
Sept. 1	$143,730,900	$5,173,100	$4,213,300	$84.329,100	$27,803,300
" 8	143,976,000	5,180,600	4,544,200	87,035,100	27,890,200
" 15.......	143,998,900	4,916,800	4,559.500	88,323.900	27,765,600
" 22.......	143,675,600	4,967,500	4,404,200	90,085,900	27,307,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1883.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Sept. 1........	$77,756,113	$17,452,503	$68,049,173	$9,273.851
" 8........	77,857,784	17,308,669	67,187,295	9,297,071
" 15........	78,107,644	17,610,893	68,194,317	9,318,543
" 22........	78,160,548	18,177,165	68,040,644	9,317,791

We append the closing quotations of leading stocks for the month :

QUOTATIONS:	*Sep.* 8.	*Sep.* 17.	*Sep.* 25.	*Sep.* 29.
U. S. 4½s, 1891, Coup.	112¼ ..	112½ ..	113½ ..	114
U. S. 4s, 1907, Coup...	118⅜ ..	119½ ..	120½ ..	121
West. Union Tel. Co..	80¼ ..	82¾ ..	78¾ ..	79½
N. Y. C. & Hudson R.	117¾ ..	117¾ ..	114¼ ..	115⅜
Lake Shore...........	103⅜ ..	103⅜ ..	100⅞ ..	102⅝
Chicago & Rock Island	123½ ..	124 ..	121⅞ ..	124¾
New Jersey Central...	82⅛ ..	82⅜ ..	79½ ..	81⅜
Del., Lack. & West....	122¾ ..	123¾ ..	119⅞ ..	121⅝
Delaware & Hudson..	106½ ..	106 ..	106¼ ..	107
Reading..............	50¾ ..	51⅝ ..	49¾ ..	51⅝
North Western........	128 ..	127¾ ..	125¼ ..	125¾
Pacific Mail..........	33½ ..	34¾ ..	38⅛ ..	38½
Erie..................	31⅝ ..	31⅝ ..	20¾ ..	31⅜
Discounts	5½ @ 6 ..	5½ @ 6 ..	6 @ 6½ ..	6 @ 6½
Call Loans............	2 @ 2½ ..	2 @ 2½ ..	2 @ 2½ ..	2 @ 2½
Bills on London.......	4.81½@4.84¾ ..	4.82½@4.85½.	4.82@4.85 ..	4.82¾@4.85¼
Treasury balances, coin	$120,105,008..	$118,900,260..	$118,474,768 ..	117,735,041
Do. do cur.	$7,040,936 ..	$ 7,209,255 ..	$6,885,747 ..	6,807,195

DEATHS.

BREARLEY.—On August 4, aged forty-one years, JOHN BREARLEY, President of the Lewiston National Bank, Idaho.

BREESE.—On August 13, aged seventy-five years, WILLIAM C. BREESE, Cashier of the First National Bank of Charleston, S. C.

DENNISON.—On August 15, aged thirty-nine years, ROBERT DENNISON, Cashier of the Citizens' National Bank of Warren, Penn.

ELLIS.—On September 26, aged sixty-three years, Z. C. ELLIS, President of the First National Bank of Fair Haven, Vt.

GLOVER.—On August 12, aged forty-seven years, J. L. GLOVER, Cashier of the East Tennessee National Bank of Knoxville, Tenn.

MCWILLIAMS.—On July 31, aged eighty-one years, JAMES MCWILLIAMS, President of the Griggsville National Bank, Ill.

READ.—On September 7, aged seventy-nine years, MATTHEW H. READ, President of the First National Bank of Albany, N. Y.

SMITH.—On September 13, aged fifty-five years, C. FARQUHARSON SMITH, Manager of the Bank of British North America, Quebec.

SMITH.—On September 27, aged fifty-one years, S. B. SMITH, of the firm of Smith & Tobey, Adrian, Mich.

STOUT.—On September 5, aged seventy-one years, ANDREW V. STOUT, formerly President of the National Shoe and Leather Bank of New York City.

WATERMAN.—On July 19, aged sixty-three years, JAMES S. WATERMAN, President of the Sycamore National Bank, Ill.

WILLIAMS.—On September 26, aged seventy-three years, JOSIAH B. WILLIAMS, President of the Frst National Bank of Ithaca, N. Y.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XXXVIII. NOVEMBER, 1883. No. 5.

PUBLIC FINANCES AND THE BANKS.

The decrease of the public debt during September was $ 14,707,-229. During the first quarter of the current fiscal year, July, August and September, it was $ 29,279,672, which would be for the whole year at the same rate, $ 117,118,688. The revenues for the quarter compare as follows with those of the corresponding quarter of last year:

	Quarter ending Sept. 30, 1882.		*Quarter ending Sept.* 30, 1883.
Customs	$66,729,149	....	$57,281,965
Internal duties	38,449,961	....	28,912,441
Miscellaneous	9,537,520	....	7,136,305
	$114,716,630	....	$93,330,711

The decrease for the quarter was therefore $ 21,385,919, or at the rate of $ 85,553,676 for the year, which exceeds somewhat the estimates made last winter of the effect of the tax-reduction law passed during the last session of Congress. The statement for October shows a reduction of $ 10,304,798.

During the quarter ending September 30, the expenses of the Government (not including pensions) were $ 37,232,034, as compared with $ 39,164,164 during the same quarter in 1882, and the interest payments were $ 14,799,800, as compared with $ 17,220,249 last year. In both items the decrease of payments for the quarter is $4,352,579 as compared with the corresponding quarter of last year. At the same rate the expenses (exclusive of pensions) and the interest payments would be for the whole of the current fiscal year $17,411,316 less than they were last year. There will, of course, be a continuing decrease in the interest payments, but we doubt very much whether the ordinary expenses will show a decrease during the last three quarters of this fiscal year. The naval expenditures are likely to be greater, the Alabama payments, amounting to $10,000,000, are impending, and the approaching session of Congress is to be the long one, and that involves directly and indirectly a good deal of increase of expenditure as compared with a short session.

The most uncertain thing about the comparative expenditures of this year and last is the pension payments. The expectation is that they will be larger this year, but if they are assumed to be the same we shall have very little reduction in expenditure to offset the falling off in the revenues, and the surplus of last year of $133,000,000 would be reduced this year to about $56,000,000. But, in considering how many bonds may be called, it must be recollected that we began the present year with a greater cash balance in the Treasury by $11,000,000 than the $140,000,000 which successive Secretaries of the Treasury have seemed to treat as the proper and normal amount. With an accruing surplus of $56,000,000, if that proves to be the amount, the bond payments might therefore be $67,000,000. The surplus revenue of the first quarter of the current fiscal year was $15,000,000 less than during the first quarter of the last fiscal year. At the same rate of falling off the surplus revenue of the whole of this year will be $60,000,000 less than it was last year, and would be reduced to $73,000,000. But all calculations are liable to be upset by variations in the pension payments and in the importation of dutiable goods.

Congress will not be likely to act upon the question of the revenues before the last weeks of the approaching session, or about the first of next May. That will give six months from the present time to see how much effect in diminishing imports and tariff revenue is likely to be produced by the commercial depression, and also what the real amount of the pension payments is to be. Congress always moves slowly and carefully in such things, and it is on all accounts best that it should be so. The newspapers complain that Congress does not pay so much attention to their advice as it should, but it is certainly true that a matter so grave and weighty as the finances of a great nation should not be settled by newspaper hurrahs. It is, furthermore, much to be desired that no really pressing necessity shall require a revision of the revenue laws until after the Presidential election of 1884. The less party manœuvering there is in the framing of tariffs and internal duties the better, and the time most affected by disturbing political influences is the year before a Presidential election. If this Congress must act at all upon the question of the revenues, it can do so more calmly, more wisely, and more usefully during the session of 1884–5.

The question of the taxes is necessarily complicated with that of the basis of the bank-note circulation, inasmuch as the extent of the payment and cancellation of Government bonds is determined by the amount of the Treasury surplus. A dispatch from Washington makes a statement claimed to be on the authority of Comptroller Knox, that of $ 100,000,000 of the threes next subject to call, the banks hold for circulation purposes "a comparatively small proportion." The Comptroller will doubtless soon give the country exact information on that point, and probably in his forthcoming annual report. Whatever may be the amount of calls falling within a year or two to come upon the bonds deposited by the banks, there are some measures, not likely to provoke much opposition, which would mitigate the effect of those calls in reducing circulation. One such measure is to allow the banks circulation to the extent of ninety per cent. of the market value of bonds, instead of ninety per cent. of their nominal par. The value of a bond as a security to be sold for the redemption of bank notes depends upon its selling price, and not upon its nominal par.

PROHIBITING PUBLIC DEBTS.

A constitution recently formed by a convention at Sioux Falls, for one of the States proposed to be carved out of the Territory of Dakota, contains some valuable provisions against the creation of debt, either by the State or by any of its counties, cities, or towns. They are in harmony, in that respect, with the present constitution and laws of most of the newer States of the West. It is not certain that this particular constitution will ever become operative, inasmuch as it is based upon a proposed method of dividing Dakota into two States, which may be changed hereafter, either by the will of Congress or by the non-concurrence of the people of other parts of that territory. But, however the territory may be ultimately divided, we may reasonably suppose that the ideas upon the subject of public debts which prevailed in the assemblage at Sioux Falls, will be found embodied in the fundamental law of any of the States which may be formed out of it.

This Sioux Falls constitution forbids the State from ever contracting debts exceeding $ 500,000, except for the purposes of suppressing insurrection, repelling invasion, or of defending the United

States in time of war. It also forbids the loaning of the credit of the State in aid of any individual or corporate enterprise. It provides that no city or town shall ever incur debts exceeding in the aggregate five per cent. of the assessed value of its taxable property. and it prohibits counties, cities, or towns from making donations to, or loaning their credit in aid of, or subscribing to the capital stock of any association or corporation. These are all useful provisions, and seem to cut off most of the extravagant appropriations of money and credit, which have involved so many of our States and municipalities in financial difficulties. Nevertheless, this constitution, excellent as it is so far as it goes, may be fairly open to the criticism, that while it guards with vigilance against running in debt hereafter, it makes no provision to compel counties, cities and towns to pay off within some fixed and reasonable term any excessive debts which they may have already incurred, and of which there are many cases in Dakota. Our readers may remember that we reprinted, two or three years ago, a statement from Governor Ordway on that subject, which showed that the mine of municipal indebtedness had been vigorously worked in that territory, and with the accompaniments usual in new and hopeful communities, of creating bonds bearing a high interest, selling them at enormous discounts, and then using in a reckless way the money obtained at great sacrifices. There are the same reasons for paying off debts heretofore created in excess of five per cent. of taxable valuation, as there are for preventing the future creation of such debts, and if the attention of the people of Dakota is called to that point, they will make the proper provision.

We have referred many times to the admirable law passed by Massachusetts about 1874 for the regulation of municipal indebtedness. That law covered the past as well as the future, and required old debts to be paid off at a moderate fixed annual rate.

There is another criticism which ought to be made upon the Sioux Falls constitution. It forbids the creation of any State debts exceeding $500,000, except to meet the emergencies of insurrection or war, but fails to provide for the extinction within any limited time of debt incurred for such purposes beyond that sum, and which may therefore be perpetuated for ever. The New York constitutional provision, made in 1846, prohibiting the creation of any new State debt except for war necessities, also required that every debt created for such purposes should be accompanied by a sinking fund which should extinguish it within eighteen years. It was under that provision that the great debt of New York, arising from bounties for soldiers and other expenses during the Civil War not reimbursed by the National Government, has now been fully paid. A contrary example is that of Maine, in which a constitutional provision was made about 1850, that no State debt in excess of $300,000 should be created, except for war purposes, but fixing no time within which debt so created should be extinguished. The result has been that its Civil War debt is still unpaid, and for several years past it has not been reduced. During, or soon after, the Civil War a law was passed for a sinking fund to pay it off, but this, being merely a law, and not a constitutional provision, was repealed by the Legislature about ten years ago. The State is, however, now paying off a debt incurred by assuming the debts of the towns for war purposes, so that the aggregate of its debts is undergoing a steady, though not rapid, reduction, but there is nothing in its constitution which prevents its war debt proper from being continued for centuries. That is left to the discretion of its legislative authorities, which may or may not be wisely exercised. The influences in favor of the creation and perpetuation of public debts are so insidious, ramified and powerful, that no possible safeguard against them should be omitted.

DOMESTIC TRADE AND FINANCE.

During September there was a decrease of $1,235,405 in the amount of outstanding National-bank notes, and an increase of $848,245 in the amount of cash deposited for the redemption of the notes of failed, liquidating, and reducing banks. This makes a decrease of $2,083,650 in the net circulation of the National banks.

During the first nine months of 1883, as compared with the same months in 1882, the failures in the United States increased in number from 4,897 to 6,440, and in the amounts involved from $69,000,000 to $118,261,918. Comparing the same periods, the failures in Canada increased in number from 537 to 1001, and in the amounts involved from $5,000,000 to $11,688,951. A comparison between the third quarters of the two years in both countries presents an aspect even worse.

The money article of the New York *Evening Post* of October 13, calls attention to the fact that while cotton is very low, the world's visible stock of it is only seventeen and a-half per cent. greater than it was a year ago, and is eight and three-quarters per cent. less than it was two years ago, and to the fact in respect to wheat, that although the world's visible stock is less than at the same time in either of the last two years, the price is, nevertheless, extremely depressed. And it adds:

> The same general facts of smaller stocks, but also lower prices, are true of iron and some of the other most important articles of domestic production and consumption.

These facts do certainly negative, as to the important articles referred to, the suggestion commonly made that the current low prices are the result of over-production. In the opinion of the *Evening Post*, they justify the hope that a rise of prices is near at hand. But whether such a rise will actually occur depends, of course, upon what the real cause, other than the amount of production, of the present low prices is. Those who agree with Mr. Goschen that the main cause is the constriction of the world's currency from extraordinary absorptions of gold, will not believe that relief can come until those absorptions are checked, or in some way neutralized. On the other hand, those who do not agree with Mr. Goschen, but regard the actual low range of prices as only one of the ordinary alternations of the markets between buoyancy and depression, will look forward to a better state of things as certain to come, sooner or later, without reference to questions of currency.

The Secretary of the Treasury has decided against issuing a special Chicago series of gold certificates, but it is said that application will be made to Congress for a law requiring the issue to be made.

The profit of the Mint on the silver dollar coinage during the five years ending June 30, 1883, is officially reported at $17,342,113.

A city contemporary (the *Journal of Commerce*, of October 4 and 5) advocates a system of bank notes regulated as to quantity by the wants of trade (the banks to issue notes at discretion up to half their capital), such as prevailed in England before Peel's Bank Act of 1844, and in this country before the Act of Congress of March 3, 1865, taxing State-bank issues out of existence. This system prevails now in Canada. It is not known among the commercial nations of Europe.

During the month of August there was an excess of merchandise exports over imports of $2,984,843, as compared with an excess of imports over exports of $3,004,140 in August, 1882. During August, 1883, the net import of gold was $1,845,031, while the net export of silver was $994,759. Aggregating merchandise, gold and silver, the balance of trade was in our favor by the sum of $1,934,571.

From an advance abstract of the forthcoming annual report of the Commissioner of Pensions, it appears that the aggregate of pensions on the rolls increased from 280,000 July 1, 1882, to 303,000 July 1, 1883. Of applications on file not yet finally acted upon, there are 100,000 for pensions, and 148,000 for arrears of pensions. The average allowance for arrears was $1900, when examinations were made by only one physician, but has been reduced to $1400 from the present system of having the cases reported upon by a board of examiners. No new applications for arrears can be made without further legislation. The Commissioner estimates that sixty per cent., or 108,800 of the pending applications will be allowed, which, at $1400 for each case, will call for $152,320. The current annual pensions amount to about $40,000,000, and are rather increasing than otherwise. If it be assumed that the pending arrears cases will be finished up within three years, the average annual expenditures during those years for pensions and arrears of pensions will be $90,773,334.

The report of the United States Railroad Commissioner shows that the United States hold as sinking funds $2,404,016 on account of the Central Pacific, and $1,632,698 on account of the Union Pacific. Of the above amounts, $2,333,530 have been invested in United States bonds, for which $303,630 in premiums were paid; $1,703,184 remains uninvested. The Thurman law, providing for these sinking funds, limited the investment of them to United States bonds. The interests of the roads and the ultimate security of the Government both demand that these funds should be as productive as possible, consistent with safety. It has been proposed in Congress to authorize their investment in the first mortgages on the two roads, and this clearly ought to be done. The Government is bound to take care of the first mortgages, because it holds itself the second mortgages. The first mortgages are, therefore, as good to the Government as its own bonds. The present condition of these funds, nearly half of them yielding no interest, is a public scandal.

The exports of breadstuffs from all the ports of the United States during September were $16,192,960, as compared with $24,662,001 during September, 1883.

Of the $15,000,000 of three-per-cent. bonds, the call for which matures on the first day of December, $4,078,000 are deposited by banks as a basis for circulation. Of the $15,000,000 called to be paid on the fifteenth of December, $8,352,000 are deposited by the banks.

The Washington correspondence (Oct. 20) of the New York *Journal of Commerce* states—

There is a large and growing demand for silver certificates, coming mainly from St. Louis, the Mississippi Valley, Georgia, and the cotton and sugar-growing region generally.

The total value of the exports, during September, of provisions tallow, and dairy products, from all the ports of the United States, was $8,660,431, as compared with $7,453,284 during September, 1882.

Our whole foreign merchandise trade in September shows imports of $51,089,851, and exports of $54,286,903, as compared with imports of $64,409,587, and exports of $62,815,827, in September, 1882. This year there is an excess of exports in September of $3,147,052; whereas, last year, there was an excess on the other side of $1,593,960. The whole foreign trade of September shows a large falling off as compared with September of last year, and this falling off must be expected to continue. One of its results will be a falling off of the tariff revenues.

EXISTING PAPER CURRENCIES.

We frequently see statements of the amounts of gold, silver, and paper money in the different countries of the world aggregated together in a way which is very misleading as to the actual total of the currencies which they employ, even if the figures of the gold, silver and paper are correctly given, which is by no means always the case.

A statement of that kind is now before us in a table, on pages 696 and 697 of a volume prepared at the Mint Bureau, under the title of *Production of Gold and Silver in the United States*, 1882. The clerks in that bureau give the authorities which appear in the table, which may be assumed to be technically and literally correct. But, without explanations, they give an enormously exaggerated impression as to the amount of paper money in use.

Thus, the paper circulation of this country October 1, 1882, is stated at $793,074,878, which is not even literally correct, unless it includes the gold and silver certificates, which are in no proper sense a paper circulation. They are vouchers for titles to gold and silver, in the nature of warehouse receipts, and are in fact and substance a metallic circulation. The gold and silver are behind them, dollar for dollar, in the keeping of a depository forbidden to use them, and charged with the plain and simple duty of keeping them until the owners call for their property. A year ago the greenbacks were 347 million dollars, and the bank notes were about 310 millions, after deducting from the latter the amount of money deposited and held in the Treasury for the redemption of such notes. Those deposits are the five per cent. upon their circulation deposited by all the National banks, and the additional deposits made to take up circulation of such banks as have failed, or are winding up, or are reducing their note issues. From the greenbacks, if the purpose is to know how much they enlarge the currency, is to be deducted the coin held to redeem them. Precisely how much that is nobody knows, and not even the Secretaries of the Treasury themselves. The general idea about it which they have and give to the public is, that they keep an amount equal to about forty per cent. of the greenbacks, and that would be 138 million dollars, but neither that sum nor any other sum is separated and set apart from the other moneys in the Treasury for greenback redemption. We may calculate as we best can how much more cash is kept there than probably would be kept, if the Treasury was not charged with the duty of redeeming the greenbacks. If it is 100 million dollars, then the currency of the country is enlarged 247 millions by the existence of the greenbacks, and the total enlargement of it from our greenback and bank-note policies is $ 547,000,000, and from even that sum is to be deducted what ex-Treasurer Spinner called the "wastage" by the constant loss and destruction of circulating paper, and which has been considerable during the past twenty-one years.

The French paper circulation, which consists exclusively of the notes of the Bank of France, is put down in this table at $ 512,129,625 in September, 1882. But the practice of that bank, except in great emergencies like war, or revolution, has always been until within the last three years, to hold an amount of coin about equal to its outstanding notes, which were, therefore, substantially coin certificates. In October, 1879, the excess of notes over coin held was only $ 21,240,000. This excess was expanded during the two following years to $ 175,130,000, but had fallen in April of this year to $ 167,411,000, On the thirteenth of September of this year it was $ 186,658,098. It may be said that the excess was larger, because the cash of the bank is held to meet the claims of depositors, as well as of note-holders; but even if this is true, the deposits in the Bank of France are always comparatively small. On the thirteenth of last September the Government and private deposits at Paris and in all the branches aggregated only $ 89,753,335.

The paper money of the United Kingdom of Great Britain and Ireland is put down in this table at $ 203,692,764 in July, 1882. The fixed paper issue under Peel's Bank Act of 1844 is $ 157,000,000, and every note issued beyond that must have gold behind it, pound for pound, and is, therefore, not only in fact, but in law, a gold certificate, and is no more paper money than are the American gold and silver certificates issued by the United States Treasury.

The German bank-note circulation is regulated as to quantity upon the principle of Peel's Act, the fixed issue being about $ 100,000,000, and all beyond that resting upon an equal amount of gold. In addition, there is a Government issue of $ 37,000,000 in small notes, but to be reduced within a short period to $ 30,000,000, which is the exact amount of the gold in the war-chest in the Tower of Spandau. Altogether the German paper money is just about half the figure of $ 211,122,454 given in the table.

Among the items of paper money given in the table are the following:

Russian roubles	$ 612,916,209
Japan Government and bank paper	147,288,681
Argentine bank paper	37,101,756
Total	$ 797,306,846

There are other cases of irredeemable paper in the list, but in he three cases given above the depreciation is large, averaging not less than thirty-five per cent., so that the effectiveness of the $797,306,846, as compared with metallic money, is not more than $518,249,452.

The footings of the table are—

Gold	$3,353,673,748
Full-tender silver	2,182,768,866
Limited-tender silver	438,000,969
Paper	3,825,220,000
Total	$9,799,663,661

In another table, printed on page 700 of the same book, there is a statement of the "amount of specie in banks and National treasuries," which foots up $1,698,986,763, which is deducted from the total of coin and paper, leaving a balance which is described as "active circulation," amounting to $8,100,676,898. A person reading both the tables would not be led into the error of supposing that the currency of the world is increased by the gross nominal amount of the paper issues, but the tables are sometimes reprinted, or referred to, separately from each other. Furthermore, while it may be true that $1,698,986,763 is probably not far from the deduction which ought to be made from the gross nominal amount of the paper issues, in determining how much they augment the volume of the money in use, some items are erroneously included in it, and other items are erroneously excluded from it. If the errors of one kind affect the errors of another kind, it is only a lucky coincidence. There is, for example, no justification for deducting from the issues of the banks of this country the amount of cash which is held in their vaults, that being a reserve, not against their circulating notes, but against their deposits. Nor is there any reason for deducting the $123,000,000 of gold held under Government authority in Russia from the paper roubles in that empire. In estimating the volume of Russian money the gold is to be added to the paper roubles, instead of being deducted from them. The paper roubles are redeemable, if they are ever redeemed at all, not in gold, but in silver. The gold, whatever the amount of it may really be, is not held for any purpose having relation to the paper roubles, but for the purpose of meeting the exterior obligations of the empire, all the foreign loans of which are stipulated either in gold or in sterling money, which is practically the same thing.

Of the four principal commercial nations, the United States, Great Britain, Germany and France, possessing an aggregate population of 175 millions, and with a superiority in wealth and stability of governments, which enable them to maintain better than they can be maintained elsewhere, systems of paper money kept firmly at coin standards, it is only the United States which has much enlarged the monetary volume in that way. The total enlargement of that kind in the other three nations is roughly 437 million dollars (157 millions in Great Britain, 105 millions in Germany, and 175 millions in France), whereas the enlargement in this country may be stated at 547 millions, namely, 247 millions in greenbacks and 300 millions in National-bank notes, over and above the coin held for their redemption. It is very clear that there is a good deal of room for a safe enlargement of the paper money of Great Britain, Germany and France, whenever they shall think it expedient to increase it. The present fixed paper issue in Great Britain is about $ 3,000,000 less than the amount at which it was established by Peel's Bank Act of 1844, since which date there has been a large increase of British population and an enormous increase of British wealth and trade. There is no indication, however, that there will be any immediate movement in either Great Britain, Germany, or France in the direction of supplementing the metals by paper. There is more agitation on the subject in England than in either of the other countries. Without doubt the action of all these countries will be much influenced by the future out-turn of the gold mines of the world.

SILVER IN HOLLAND.

In 1847 Holland established an exclusively silver standard, but in 1874–5 enacted two laws, one suspending the coinage of silver and the other authorizing the coinage of gold and making it a legal tender equally with silver. Under this last law $ 35,000,000 of gold were coined, almost the whole of it during the first two years after the passage of the law. But this gold did not enter to any extent into the circulation. It gradually disappeared by export, and, so long as it remained in Holland, was held principally in the vaults of the Netherlands Bank.

The gold held by that bank amounted to the following sums at the dates named:

December 31.			*December* 31.	
1879	$30,670,000	..	1881	$ 7,700,000
1880	23,720,000	..	1882	2,290,000

This decline, almost to the vanishing point, of gold in the Nethlands Bank, which held substantially all the gold in the country, created uneasiness in many quarters in Holland. As a consequence of this feeling Messrs. Vrolik and Pierson, the Dutch delegates to the Paris Monetary Conference of 1881, at Paris, issued a pamphlet in September, 1882, in which they urged the Cabinet to propose to the Chambers the adoption of a law embracing the two following provisions:

First, That the Government be authorized as a matter of discretion to withdraw from circulation silver coins to an amount not exceeding $8,335,000.

Second, That the bars resulting from the melting of the withdrawn silver coins should be placed at the disposal of the Netherlands Bank, so that, if its stock of gold became exhausted, it could supply to its customers having foreign payments to make, silver at the market price of the day.

This plan seems to have been adopted by the Cabinet, with a modification increasing the silver coins authorized to be withdrawn to twenty-five million florins, or $10,000,000. The London *Economist*, of September 29, says that the Cabinet "intend to bring the plan before the legislature during the autumn." What the Chambers will do with it remains to be seen. If the *Economist* has information on that point it does not give any.

In the meantime, since the proposition of Messrs. Vrolik and Pierson was made, the gold in the Bank of Netherlands has been largely increased, possibly as a consequence of a loan put on the European markets this year by the Dutch Government. From $2,290,000, at the end of 1882, it rose on the second of June, 1883, to $19,400,000, and although it then began to decline it was still $11,785,000 on the fifteenth of September, 1883. It is not easy for anybody on the spot to know what a legislative body will do. The action of the Dutch Chambers on the silver question in December, 1876, was exactly the reverse of what the then American Minister at the Hague advised our State department that it would be. In this case the sale by the Dutch Government of $10,000,000 of silver, even if it obtains authority to sell it, and does actually sell it, would not much affect the market for that metal, and its principal importance would be as an indication of a purpose to go ultimately to a gold standard.

FOREIGN MONETARY AFFAIRS.

The imports by British India of gold from all quarters, during the last three years, were as follows:

Year ending Mar. 31.			*Year ending Mar. 31.*	
1881	$18,360,285	..	1883	$25,475,660
1882	24,281,960	..		

During three months, April, May, and June, of this year, they amounted to $6,619,850, of which about one-half was from Australia. This imported gold is not used for money, but for ornaments, &c.

The exports of wheat from India, notwithstanding the low prices, have increased rapidly since the reduction of wheat freights on the Indian railways.

Three months ending June 30.	*Exports of wheat (cwts.)*	*Three months ending June 30.*	*Exports of wheat (cwts.)*
1881	3,604,967	1883	7,690,890
1882	4,263,170		

The general range of prices continued to fall in Great Britain during August. The London *Economist*, of September 15, says:

"A fairly general fall took place in the prices both of manufactures and raw materials during August, and consequently in most industries a very low level of values is now current. This is specially observable in the iron and cotton trades, and prices are likewise lower as regards woolens."

During the first eight months of 1883, Great Britain imported $30,442,000, and exported $29,704,000 of silver, the valuation being made on the British gold price of silver.

Of the imports, $12,060,000 were from Mexico and South America, exclusive of Brazil, and $8,795,000 were from the United States. Of the exports, $19,399,000 were to British India.

The Mexican *Financier*, of September 22, says that Mr. Samuel Miller, who may be presumed from his name to be, or to have been a citizen of this country, has been authorized by the State of Chihuahua to establish a note-issuing bank, with the right to issue $300,000 in notes of the denominations of one dollar, fifty cents, and twenty-five cents. The *Financier* evidently does not relish this proceeding, and after denouncing a "rag currency," proceeds to say that "it is fortunate that the Federal Government proposes to take the right to legislate on banking affairs into its own hands." We have had a long experience in this country of the result of leaving to States the power to organize corporations with the power to create money, which the power to issue circulating notes really is. Nothing but ruin ever did, or ever can, result from such a system, either in this country or in Mexico. However prudent some States may be in their legislation, there will always be found other States to give bank charters upon vicious principles and to unworthy persons. If the circulation of State banks could be confined to the States in which they were created, the mischief of swindling concerns would be confined to the communities who are responsible for their existence. This localizing of currencies is, however, neither possible nor desirable in this country, and we do not see how it can be so in Mexico. In both, money is National in its use, and should be kept strictly under National supervision. That is now the policy of the United States, and will never be changed.

THE DIFFUSION OF METALLIC MONEY.

It is stated in the London *Economist* of June 9, 1883, on the authority of a British Consular report from Servia, that the price of flour at Nisch, in Servia, was 4s. 7d. per 100 pounds, or about one and one-eighth cents per pound, and that it was of as good quality as Canadian flour then quoted at 13s. 6d. in Liverpool, or about three times as much. It is added that the exports of Servia consist, fifty-five per cent. of cattle and pigs, and twenty-two per cent. of grain, and that it could export "enormous quantities" of flour if could obtain as good prices as the Canadians do. The causes of the low prices in Servia are partly geographical, partly the lack of railroad facilities, but principally the fact that it has not been as much opened to trade as it might be, even in the present state of its communication with the outside world. Great advantages are anticipated from the completion of the railroad which is to connect it with Salonica on the Ægean Sea. At present the Servian producers are obliged to deal principally with a few Austrian merchants, who are able, by combination and in other ways, to compel them to sell at very low prices.

This case of Servia illustrates the point made a few years ago by the late J. Cliffe Leslie, that the writers who have spoken of a great rise of prices in Europe as having followed the working of the mines of America during the first century after its discovery, have only given the market quotations of London, Hamburg, and other commercial points, overlooking the fact that during much longer than one century considerable portions of Europe remained into which the gold and silver of the New World did not work their way, and that this is true to some extent even to this day of the larger part of Eastern Europe. Of course the new prices have only appeared in the places into which the new money has actually penetrated. From the greater facilities of inter-communication in very modern times the gold of California and Australia diffused itself more rapidly than was possible in the fifteenth and sixteenth centuries, and it is in that circumstance that is to be found the explanation of the fact that the effect upon prices of that unprecedented out-turn of monetary metal fell so far short of what was commonly expected, and was also so short lived.

In any forecast of metallic prices in the future, while we ought to take into account on one side the constant extension of the banking facillities and expedients whereby the use of money is economized, we ought also to take into account, on the other side, the fact that there is still a considerable portion of the world in which the employment of money has not to any extent superseded barter, and that is true of some parts of even highly-civilized and commercial countries. The classes, regions and localities now undersupplied with money cannot obtain the share to which they are entitled according to the principles which finally control the distribution of money, without draining it away from other quarters.

We have had in our own country very striking illustrations of the fact that the effect of an increase of money *per capita* to increase prices has been neutralized by a superseding of barter by the use of money among portions of the population; so that while there was an increase of money *per capita*, taking the whole population into the account, there was really no increase *per capita*, if only that part of the population using money is taken into account.

When Albert Gallatin published his *Considerations on Currency and Banking* in 1831 he computed the money used in the United States at only six dollars *per capita*, whereas it is now commonly computed at about twenty-five dollars. But of the state of things in 1831 as to the non-use of money by very large classes in the country, Gallatin said:

> Barter continues to be a principal mode of exchange in the country, at least in a great portion of the United States, where the planter and farmer obtain from time to time their supplies from the merchant, and pay him annually with their crop.*

It must not be forgotten that planters and farmers constituted a much larger proportion of our population fifty years ago than they do now.

That the actual present capacity of this country to absorb money without affecting prices is very much greater than it ever was before, and in particular that it is greater than it was just prior to the Civil War, or during the depressed period of six years ending with 1879, is, as a matter of fact, beyond controversy. Indeed the present actual rate *per capita* of absorption of money at a parity of value with the metals was so universally considered by our most experienced bankers as a sheer impossibility, that they regarded a contraction of the paper money as an essential pre-requisite to a resumption of specie payments.

In the *North American Review* for November, 1877, will be found papers expressing that view from Hugh McCulloch, and from Mr. John L. Ropes, of Boston. Mr. McCulloch said:

> Before the late Civil War the largest amount of paper money in

* The New York *Times* (August 19) prints a letter, dated in 1833, from an English schoolmaster, who had located himself at a place six miles from Cleveland (O.), in which the writer, after speaking generally of the "uncommon scarcity of money," says:

"Frequently men who are possessed of a good farm and considerable stock are weeks and months without a cent. They barter, or, as they call it, trade, for almost everything, and are so accustomed to it that they don't feel it."

circulation was $214,000,000. . . . The indications now are, that without further legislation the outstanding paper currency will not be reduced within the next fifteen months below $600,000,000. . . . None but men of a highly sanguine temperament can expect that specie payments can be resumed and maintained with six hundred millions of paper money in circulation.

Mr. Ropes said:

We may assume that from $300,000,000 to $400,000,000 of notes, or notes and coin, will circulate on a specie basis. All beyond this is mere supposition, without the shadow of a rational argument to support it.

These calculations were correctly made, taking into account the increase of population as compared with prior periods, and they were erroneous only because something happened which nobody anticipated, viz., the use of money becoming common with large classes, especially in the West and South, who had formerly conducted their exchanges mainly by barter.

How much money may be swallowed up without affecting prices in other countries, by the substitution of cash for barter, nobody is wise enough to foresee. What is to be hoped is, that the operation will be a gradual one, and not make progress any faster than the counteracting force of banking expedients in economizing the use of money.

BRITISH VIEW OF THE FALL OF PRICES.

In Mr. Goschen's address of April 18, 1883, before the London Bankers' Institute upon the fall of prices within recent years, of which he considered the conspicuous, although not the sole cause to be the new demand for gold in certain countries, he estimated the amount of this new demand to have been within the ten years beginning with 1873, as follows:

In United States	£100,000,000
" Germany	84,000,000
" Italy	16,000,000
Total	£200,000,000

The total production of gold in the world during the same ten years is not ordinarily estimated at more than an annual average of £22,000,000. If, therefore, Mr. Goschen was right in his computation of the new demand in the United States, Germany and Italy, ten-elevenths of the entire gold production have been absorbed by those three countries alone, to say nothing of the same demand from the Scandinavian States, which have demonetized silver, and from Holland, which, although not demonetizing silver, has since 1873 resumed to some extent the coinage of gold, which it had wholly abandoned in 1847.

The new United States demand for gold arose from our coin resumption of January 1, 1879, in connection with the fact that our coinage of silver was stopped in 1873, and not resumed until March, 1878, and then under a restriction as to its monthly rate, which made the coin resumption of the following year to a large extent practically a gold resumption. Our gold demand was also further increased by the fact that our paper money has been, since 1878, an unchanged amount, being fixed absolutely by law, so far as the greenbacks are concerned, and being fixed practically by circumstances so far as National-bank notes are concerned. The result has necessarily been that the increase of our currency arising from the increase of population and exchanges has consisted entirely of the metals, and principally of gold.

The London *Economist*; of May 12, criticises Mr. Goschen's estimate of the new demands for gold as being too high, and especially in respect to this country. It says that instead of an absorption of £100,000,000 by the United States, trade returns show an excess of imports over exports of gold of only £36,000,000 during the six fiscal years ending June 30, 1882, which cover the period of our resumption of coin payments, including the preparations for it. To the £36,000,000 the *Economist* adds £30,000,000 (which is probably a little too low a figure) for the production during the same six years of our mines of gold in excess of the consumption of that metal in the arts. We certainly have not increased our gold in monetary use as much as £100,000,000 since 1873. The Director of the Mint estimates the amount now in such use at £120,000,000, or $600,000,000, but this estimate is generally considered too high. The amount in use in 1873 was considerable. It was then the exclusive currency of the Pacific States, the only money used at the Custom Houses, and in the heavy interest payments on our public debt, and the principal part of the metallic reserves of the banks. Silver was at that time equally a legal money, but gold, being three per cent. cheaper, was employed where metallic money was required. Furthermore, large amounts of gold were locked up in the United States Treasury before there was any expectation of or preparations for a resumption of coin payment.* Taking all circumstances into account it is quite certain that the gold in use in this country was a great deal more than £20,000,000, or $100,000,000. Probably the *Economist*, in fixing the new American absorption of gold since 1873 at £66,000,000, has made the figure

* This was done under the influence of the New York gold speculators, who were successful in persuading successive Secretaries of the Treasury that the credit of the country did not rest upon its wealth and revenues, but upon the greater or less number of kegs and bags of metal kept under their official lock and key. There has never been a Secretary of the Treasury who has not experienced a gratification of his vanity and of his sense of importance and power, from the control of large balances of cash, and so long as human nature is unchanged there never will be one.

somewhat too small, but it is apparently nearer right than the figure given by Mr. Goschen.

The *Economist* makes the further criticism that in fixing £84,-000,000, which is about the amount of the new German gold coinage, as the measure of the new absorption of gold by Germany, Mr. Goschen overlooked the fact that there was some quantity of old gold coins in circulation in Germany prior to the new Imperial coinage. It says further that "it is calculated," but without stating by whom, that the gold coins previously circulating in Germany amounted to from £25,000,000 to £30,000,000. The evidences from the best sources presented to the U. S. monetary commission, showed that there was scarcely any German gold in use in Germany, while that metal was demonetized between 1857 and the end of 1871; and this is confirmed by the fact that when the new German gold coinage had reached $421,447,000, which is nearly its present amount, the old German coins deposited for recoinage were only $22,356,000. (See *Economist* of September 25, 1880.) Doubtless there were some foreign gold coins held in Germany before the commencement of its new gold coinage, but there is no reason to suppose that an equal number are not held there now.

If the criticisms of the *Economist* are all well taken, they reduce the new gold demands of the United States, Germany and Italy to £139,000,000, and might seem to leave £81,000,000 of the total gold production of ten years to supply the wear and tear and losses of the gold coins of the world, and to meet the new demands of increasing populations and exchanges. But a large portion of the annual production is required for consumption in the arts.

A criticism of a different sort is made, that Mr. Goschen compares the prices of 1883 with those of 1873, which was a part of the short period of inflated prices in Europe which followed the Franco-Prussian War. Thus, the London *Bankers' Magazine* for May, 1883, says:

There can be no doubt about the increased purchasing power of gold since 1873. But then ten years ago there was a general inflation of prices.

Mr. Goschen replies to that criticism that although the prices of 1873 were higher than those of 1868–70, they were not so high as those of 1863–4, which is undoubtedly true, and is recognized as true by all authorities. The London *Times* (May 4, 1883) says:

Prices are low, lower on the whole than they were, not merely in 1873, but ten years earlier.

It is no more a matter of rational controversy that the disuse of one of the precious metals as money tends to contract currency and prices, than that a decline in the production of the precious metals has that tendency. It was upon no other ground that the proposition to use only one metal in the commercial world was put by Chevalier and his disciples, by whom it was first made in 1855–6. There was then no such avowed purpose, and probably no such real purpose, on the part of most of those persons as that of bringing about a decline of prices. They, at any rate claimed, that they desired nothing more than to prevent an injurious inflation of prices which they believed to be threatened by the extraordinary out-turn of the California and Australian gold mines. But all the aspects of the case have changed, now that the production of gold has largely fallen off, and that the aggregate production of both the metals has been for many years stationary, or declining, while populations and exchanges have multiplied, and that the decline of prices is seriously aggravating the burden of private and public debts.

Mr. Goschen does not attribute the fall of prices since 1873 solely to the demonetization of silver in Germany and the United States. He refers to other causes, such as the decreased yield of the gold mines, the new demands for gold arising from enlarging propulations and trade and from the increased consumption of it in the arts, the resumption of coin payments in certain countries, the diminished cost of manufactured articles from improvements in machinery, and the diminished cost of both sea and land transportation. But whatever other and cumulative causes there may have been, he says what is too clearly true to be fairly denied by any intelligent person, that the disuse of one of the precious metals must tend to increase the demand for, and the value of, the other metal, and to reduce prices by diminishing the total quantity of money. Mr. Goschen does not take the trouble to argue that point any more than Alexander Hamilton did, when he contented himself with saying, in his Mint report of 1791,

> To annul the use of either of the metals as money is to abridge the quantity of the circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full, with the evils of a scanty, circulation.

The perseverance in powerful quarters in the effort to bring about the general disuse of silver as money in the commercial world, notwithstanding the fact, apparent since about 1865, that the supply of gold alone has become inadequate to save prices from a fall, is conclusive evidence that in those quarters such a fall is desired as a benefit, rather than deprecated as an evil. And now that the fall of prices can neither be concealed nor attributed to merely transitory circumstances, it becomes a necessity in those quarters to meet the question boldly, and to maintain that a fall of prices is in itself no calamity, and that at least as many advantages as disadvantages will arise from it. This frankness is especially noticeable in England, and it is not remarkable that it is so, considering that its interest as the creditor of all the world is so large and dominating.

Mr. Goschen says in his letter to the London *Times* of May 7, 1883, in respect to the fall of prices:

"This general decline is not in itself a calamity." . . . The final disturbance will be limited to those cases where individuals or corporations have permanent contracts either to receive or to pay fixed sums of gold.

The London *Times*, as is well known, holds its position as the apparent leader of British opinion by no other tenure than that of exceptional skill in knowing what that opinion is, and in foreseeing what it will be. It is, therefore, the best indicator of what the views of Englishmen actually are, and will probably be hereafter. If it is a reliable indicator in this case, it does not seem probable that England will change any old policy in respect to the monetary use of the metals, or introduce any new policy in respect to the monetary use of paper, for any such purpose as that of arresting a rise in the value of money, or, what is the same thing, a decline in the prices of commodities.

The *Times*, of May 7, 1883, in its comments upon the views of Mr. Goschen, admits that prices are lower than they were ten years ago, and indeed "as low, or nearly as low," as before the California and Australian gold discoveries, and that Mr. Goschen "has laid his finger on a cause" of the fall in prices, in the new demand for gold by Germany, the United States and Italy, "capable of the effect he assigns to it." But it insists that unless some other countries shall hereafter make the same new demand which those three countries have made, there will be no further rise in gold, and that it may even fall in value.

The *Times* concludes by pointing out what it regards as "the main social and economical effects of a rise or fall in the purchasing power of gold," which it enumerates as follows:

That a rise in the value of gold is favorable to the creditor and adverse to the debtor class, is a point of common remark. So, too, to the owners of fixed incomes, a rise in the value of gold is equivalent to an increase of income. To the mercantile and manufacturing classes it has an opposite effect, but not to the extent it seems to have. Low money prices do not, Mr. Goschen insists, mean bad business. They do mean that business operations have become subject to new conditions, and that they must be conducted with proper reference to them. The effect of the value of gold on the position of the working classes is less obvious, but it is probably far from inconsiderable. Prices vary more rapidly than wages do. A rise of prices means, therefore, a diminished command of the articles of consumption which it affects. A fall of prices, wages remaining the same, has, of course, an opposite effect. The upper and middle classes, so far as their incomes are the payment of services rendered, are affected in the same way as the working classes. The physician gets his guinea, the lawyer his six and eightpence. If prices are low so much the better for the recipients. If prices are high they must submit to the loss, for their customary rate of pay will continue the same in either case. If the professional classes were content to live as simply as their fathers did, they would feel the benefit of lowered prices. That they do not feel it is due to the fact that their rate of expenditure has been more than proportionately raised.

The foregoing observations sufficiently indicate the lines upon which the interests represented and championed by the London *Times* intend to fight out their side of the question of appreciating money and reducing prices. On the consolatory views which they present nobody is to suffer except "the debtor class," and not even the merchants and manufacturers, to whom "low money prices do not mean bad business," but merely "new conditions." The gainers are to be the creditors, fund-holders, and owners of fixed incomes, and, in addition, the working classes, who are to buy cheaper while their wages remain the same, and the numerous persons of "the upper and middle classes," whose revenue consists of "the payment of services rendered," such as "physicians" and "lawyers," and the *Times* might have added clergymen, professors, and placemen generally, in both public and private establishments, whose "customary rate of pay will remain the same," whatever may happen to money and prices. In some mysterious way employment is to remain as abundant and wages as high as before, however much productive enterprises may be checked as a consequence of being made unprofitable by falling prices. The condition of everybody, capitalist, office-holder, and laborer, is to be improved, at the expense of one single portion of mankind, "the debtor class."

The assumption of the *Times*, that the resources of debtors are sufficiently ample to make everybody else rich, would be wholly unintelligible if the view was confined to those who are involved in an individual and personal indebtedness. But undoubtedly the view of the *Times* is the much wider and more correct one that, as the result of the spread of the British funding system over the whole civilized world, and over a good deal of the world which can hardly be called civilized, all tax-payers, large and small, and not only all present tax-payers, but all future tax-payers for indefinite generations to come, are debtors. The security for this class of debts is not only all the property acquired and to be acquired, of those who owe them, but the excess of the proceeds of the labor of themselves and of their posterity above what is required for their subsistence, which excess can always be reached and appropriated by governments through taxes upon consumption. With twenty-five thousand million dollars of National debts already existing and being constantly increased, to which is to be added an unknown but certainly enormous mass of city and other local public indebtedness, for which the estates and earnings of tax-payers are held in pawn, it is quite plain that the phrase "debtor class" has a very wide meaning, and that the profits to be made out of them by increasing the value of money must be sufficient to aggrandize in a marked degree the incomes and position of a very numerous body of persons. The article quoted from the *Times* shows clearly enough the policy of those persons, and foreshadows the sort of plausibilities and soothing phrases by which they will endeavor to mask it from the observation, or sugar-coat it for the palates, of those who are to be victimized by it.

GEO. M. WESTON.

WHAT KIND OF A CURRENCY SHALL WE HAVE ?*

A solution of the above question must soon be found and applied. The contraction of our paper circulating medium has begun, and all know that this movement cannot long continue without casting a deep shadow over every kind of business. To stay this movement the remedy has been proposed of stopping the payment of the public debt, thus leaving the basis of the bank circulation alone. This remedy, however, cannot be safely applied. Notwithstanding the perfection of the present bank-note circulation, the people would not contentedly suffer it to exist if the cost were the interest on a considerable part of the public debt. The price would be too heavy to pay for maintaining the notes, and no one ought to think of carrying the burden of the public debt a moment in order to accomplish this purpose. Perhaps, if we were wise, the debt would be reduced less rapidly, yet we should consider how generally the people favor the swift discharge of our National indebtedness. They do not believe it is a blessing, and nothing yields greater delight to them than to read a monthly debt statement showing a large reductiou. To pay the principal is a much more cheerful thing than to pay interest, and the best and easiest time to pay a public debt is when the people are in the mood for doing it, whatever may be their economic condition. The American people are in this mood to-day, and if the present policy of debt-paying were reversed great evils would surely befall the nation. The banks are not so short-sighted as to attempt this, for they well know that if they did the people would turn on them and threaten or destroy their existence. Besides, it is contrary to every principle and tradition of banking to prolong indebtedness.

* This article formed the principal part of an address by the editor at a banquet of the bankers of Chicago, on the evening of the twenty-third of October. Of course, our readers will not infer that the MAGAZINE is committed to the views here expressed.

A more complete presentation of the plan will soon be given by us in another form.

The essence and life of the business consists in the faithful and prompt fulfilment of all engagements.

Admitting, therefore, that the reduction of the public debt should continue without regard to the National banks, how can a sound paper circulating medium be established when the basis of the existing circulation of the banks shall disappear?

One of the most eminent New York bankers, who has studied this question, is Mr. Coe. Some of you, doubtless, recall what he said in the Bankers' Convention at Saratoga, last year. He declared that a currency coming through the channels that commerce itself creates could be provided and be sufficiently protected by the true and only security which the country possesses, viz.: its own property and productions running concurrently with the paper it represents. "This is all," he continued, "that ever gives stability and value to National, State or municipal debts, only to redeem them it is not thus naturally allied. Thus would it be made at the place where and at the time when existing products are to be moved, would coincide with them in amount, and it would be redeemed and retired by the proceeds of those products after they have reached the market and have been converted into money value. Quantity would be regulated by the property conveyed, and quality secured by the fact that the redemption and withdrawal would be rigorously exacted by the facilities and competitions of modern business." He concluded by appealing to all present to say whether it would not, like all other and larger forms of commercial obligations, regularly proceed by a law within itself, following the law of nature.

By this plan it is proposed to base a bank currency on "property and productions running concurrently with the paper they represent." When the Bank of England resumed specie payments in 1821, it could issue notes without restriction, and ample provision was made for their redemption whenever they should be presented. During the twenty-three succeeding years the solvency of the bank was never questioned, and the notes were always redeemable, yet too often it unwittingly occasioned serious derangements of the currency, and thereby caused vexations and sometimes ruin to business. Wherein did the bank err? In issuing notes it proceeded on essentially the same principle as that mentioned by Mr. Coe. By the testimony taken by the Bullion Committee in 1810 it was clearly shown that all the directors of the bank believed, and so did many of the merchants who were examined, that there could not be an excess of bank notes so long as they were issued on the discount of good bills, growing out of real commercial transactions and running for short periods. The bank notes, said the directors, would return if not required, because no one would pay interest for them if they did not wish to make use of them, This idea prevailed for a long time, that so long as bank issues were based on sound mercantile transactions, and were always redeemable, there was no danger of an over-issue, or a derangement of the currency attending such a course.

And yet it was clearly learned, after much suffering, that, bank notes, though based on perfectly sound mercantile transactions and always redeemable, could be issued in excess, and were thus issued, and that very disastrous consequences followed. One of the first persons to see the error in the policy of the bank was Jones Loyd, afterward created a peer, and better known to us as Lord Overstone. More than one eminent British authority has declared that he is the ablest writer on banking and financial subjects that Great Britain has produced. We shall describe in his own words the evil consequences from not understanding the true principle which ought to have governed the bank in issuing its notes.

"Security for the ultimate solvency of those who issue paper money is confounded with and conceived to be the same thing as security for the due regulation of the amount of that paper money—a fallacy very prevalent, and from which the most erroneous views arise. Insolvency on the part of an issuer affects the specific holders of the notes of that issuer, and those only; but improper fluctuations in the amount of paper issues affects the whole community in common; they disturb to a greater or less extent the steadiness of prices and the regular movements of trade, and they tend to derange the equilibrium of exchange with other countries. The former evil is local and partial, the latter is general, affecting the whole country and every individual in it."

If Mr. Coe's plan were adopted, when the excess of notes became very great they would be presented for redemption, but not in the beginning. A bank might issue them to an enormous amount, prices would rise, and after a time the notes would return to be redeemed. Then the bank would find out that it had issued too many, it would stop issuing them, prices would fall and the equilibrium would be restored. It is no doubt true, therefore, by Mr. Coe's plan, the volume of bank notes may be ultimately confined within a certain limit; but in a perfect system of bank-note issuing a check is needed which shall prevent the issue of too many notes in the beginning. A system is needed which can regulate the issue of notes at less cost and injury to business than by a large rise and fall of prices. The error in the plan is that nobody will present the notes for redemption until the excess has become very large—until the mischief has reached a great height. A perfect system of note issuing is one which shall prevent an excess of issues from flowing out.

When the bill for extending the National-bank charters was under discussion in Congress in 1881, Mr. Abram S. Hewitt, of New York presented a plan which he called "a crude suggestion," which is worth laying before you, because it fulfills very perfectly, we think, one of the two most important conditions of a sound banking system.

"I would deliver to banks ninety per cent, in circulating notes on the amount of their capital. I would make the notes of the bank a first lien on the assets of the bank. Secondly, I would make the stockholders, as they now are, personally liable for 100 per cent. in addition to the capital of the bank, and make the notes of the bank a first lien upon this amount. Now, I have at least under this arrangement 200 per cent. behind the notes. Thirdly, I would compel the banks to put a redemption fund of ten per cent. in coin into the hands of the Treasurer of the United States. Taking the present capital of the banks, $360,000,000, that would put $36,000,000 of coin as a redemption fund in the hands of the Treasurer. Lastly, I would make the banks as a whole guarantee the circulation of each individual bank. I would make the whole $360,000,000 of bank capital, with the right to call $360,000,000 more if necessary, guarantee for the redemption of the notes."

This would certainly furnish an adequate fund to redeem the notes issued by banks, but while providing for their redemption Mr. Hewitt says nothing about regulating their amount. In reply to the question, How should the quantity be regulated? he told me that he thought no regulations were necessary, thus casting aside the experience of England and of our own country in this most important matter of banking. For, let us remember, we too have tried the plan described by Mr. Coe, and well know the consequences. Again and again, when the banks were free to issue as many notes as they pleased, they issued too many of them, and in retiring them smote business with the palsy. Need I recall any facts showing how bank managers executed this important and delicate function during the long period when they were omnipotent in determining the quantity? The note circulation rose from $45,000,000 in 1812 to $100,000,000 in 1817, and within two years, sank to the former amount. It rose from $95,000,000 in 1834 to $149,000,000 within three years, and suddenly fell to $116,000,000. In 1843 the amount was $58,000,000, which swelled to $128,000,000 at the beginning of 1848. After that period until 1860 contractions and expansions were frequent, violent and disastrous. In the face of this well-known history, corroborating the experience of English banking, is not the fact clear that the quantity of bank notes should be wisely regulated, beside providing for their redemption in coin?

But you may ask, by the existing system are not the banks permitted to determine the quantity that may be issued, and have they unwisely exercised the power? Of course, the banks are free to regulate the quantity, but, as we all know, the cost of Government bonds has been so great and the taxes demanded of the banks have been so excessive that only very small profits could be made on bank circulation, and consequently additions have been very slight. Legally, the banks are free to issue bank notes; in truth, the conditions of bank-note issuing preclude a large increase. In 1867 the amount of these notes was about $298,000,000, and during the next three years a million was added. In 1871 there was an increase of six millions, in 1872 there was an increase of twenty-two, and the year afterward of $14,000,000. In 1874 there was an increase of $6,000,000, the next year a little more than $3,000,000, but in 1876 there was a drop of nearly $8,000,000, and the next year a much larger sum, $25,000,000. In 1878 the amount remained the same; and the next year there was an increase of $2,000,000. In 1880 the figures had swelled to $342,000,000, the year following they were about $2,000,000 higher, and in 1882 they went up $18,000,000 more, or to $362,000,000, from which point they have been receding. Within a few months $10,000,000 have been withdrawn, and the amount outstanding is not $10,000,000 beyond the figures in 1873. Are we not correct, then, in saying that while the banks are legally free to issue as many notes as they please, in truth, we have a fixed currency like Great Britain and several continental nations, especially those which have remodelled their banking systems in the most recent years?

We have therefore come clearly in sight of the two reasons why the present system is superior to any other ever tried in this country, first, because the redemption of the notes is amply secured, and secondly, because the amount has been kept within safe limits through the working of various causes which were quite beyond the control of any class of men. These are the two pillars which support every wise system of bank-note issues, and, whatever changes may be made in our system in consequence of the redemption of the public debt, these foundations should not be removed.

The plan of another currency system which I shall now briefly lay before you, though differing in some respects from the existing system, is embedded in these two principles. The differences between the two systems are not fundamental, though they may seem to be if not clearly understood. In presenting the plan the only favor I shall ask is that you withhold your criticism until I have finished—a favor which I am sure you will cordially grant.

The central idea of the plan is for the Government to issue all the paper notes, the quantity to be the same as that now existing. Of this amount we propose that the Government should issue a certain sum solely on its promise to redeem it, and every note issued in excess of this fixed amount to be represented by a similar amount of coin in the possession of the Government, set apart to secure it, and to be used for no other purpose. Of course, the form of every note would be similar—that is, the obligation undertaken by the government—and all the notes would be paid if the holders demanded payment, but coin would be kept to redeem only a specific amount, on the supposition that in no probable emergency would the amount of notes presented exceed this reserve of coin.*

What amount shall be issued by the Government solely on its promise? I reply, the smallest amount which it is likely will ever be needed to effect our exchanges.

This was the principle applied in fixing the amount for the Bank of England in 1844. As you well know, the Act of that date provided that £14,000,000, or $70,000,000 of notes, might be issued on the pledge of a similar amount of securities, and every additional note issued must be represented by coin deposited in the issue department of the bank. The sum of £14,000,000 was fixed as the smallest figure to which the paper circulation was ever likely to go—that is to say, if ever a general redemption or contraction of the circulation should occur, it was highly probable to come to an end before the amount of notes had fallen below that point.

What would be the amount for our Government to issue? The amount of our paper circulation at the present time is $698,000,000. The Government might issue $600,000,000 on its promise to pay, but it should hold a dollar in coin for every dollar in paper issued beyond that amount. This is the central idea of the plan, but several modifications are needful which will be stated as soon as we have considered the objection that such notes would be a perpetuation of the legal-tender paper money issued by the Government. This difficulty may be removed by declaring them to be simply Treasury notes, circulating only by the voluntary consent of the people. They would circulate just as readily as legal-tender notes do now, in our opinion. This comes to the same thing as saying that if the Supreme Court of the United States should decide in the case now pending that the Government had no authority in time of peace to make its notes a legal tender, their circulation would not be impaired.† No one thereafter could be compelled to take them, but their value would not be lessened. During President Tyler's administration such notes were issued and they circulated without difficulty. They would be worth just as much as bank notes, which are a limited legal tender. Does any one when accepting our paper circulation stop to consider

* T e Government might be empowered to convert the notes into bonds worth their face in coin, bearing interest, and payable at its will, in the possible event of the presentation of notes for redemption exceeding the amount of coin owned by the Treasury.

† This plan for issuing Treasury notes is based on the assumption that the court will thus decide the case now pending before it.

whether he is receiving Government or bank notes? One kind is worth just as much as the other, and yet one is a full legal tender and the other is not.

But to guard against any possible danger of increasing the fixed amount of notes, that is, the $600,000,000, the Government might provide by law that a larger amount should not be issued unless a similar amount of coin was held for their redemption, or unless they bore at least three per cent. interest. The reason why we mention three per cent. is to prevent any evasion of the law by fixing a very small rate, not worth collecting, from the Government. It would be needful to attach a third condition to these notes, which will soon be described.

Such conditions running with the notes would operate as a contract between the note-holders and the Government, and the amount could not be exceeded without a palpable violation of the contract. It would be as sacred as any other contract, and a Congress or Government that would violate it would not respect any obligation. The people would be as safe from public tampering with the currency as they are to-day.

It may be asked, how would these notes get into circulation? The nature of the transaction would be that of an exchange or substitution. As the legal-tender notes were received in payment of public dues, Treasury notes would be issued in payment of Government expenditures and of the public debt. In this way the greenbacks would be converted. How would the bank notes be retired? Suppose a bank, having bonds to the amount of $100,000 deposited with the Government, wished to retire its circulation of $90,000, what would be done? The Government would pay the bank $10,000, take its bonds, and become responsible for its circulation. This would be converted in one of two ways—either by way of exchange on the part of its holders for Treasury notes, or it would flow into the Treasury in payment of public dues, in which case a like amount of Treasury notes would be paid out in the ordinary way of paying the Government expenditures. In these two ways Treasury notes would be substituted for bank notes.*

It may be objected that the system would be too rigid, incapable of sufficient expansion. Let us keep clearly before us the real nature of the existing system. As we have seen, the amount of our paper

* In discussing the address, Mr. Farwell wanted to know how the Government could issue Treasury notes after the Government bonds and greenbacks were retired. The Treasury notes could not all be issued until the entire amount of greenbacks and National-bank notes were retired. Then the full amount of Treasury notes would be out, and thereafter they would be received and paid out by the Government, just as the greenbacks and National-bank notes are now. The small annual increase would be paid out in the same manner, discharging the ordinary expenditures of the Government. The question what should be done with the indebtedness of the Government when all the bonds are paid, and only these Treasury notes remain, is entirely another matter, and is not involved in the subject in hand.

circulation is essentially fixed, and has been for many years, and this is one reason why the banking system has proved so helpful and cast so few shadows. Nevertheless, we would provide for expanding the circulation, though not believing this to be so essential as it was formerly when bank deposits were much smaller, when money circulated less rapidly, and when checks, bills of exchange, and other debt-paying instruments played a less conspicuous part in effecting exchanges. The paper circulation of Great Britain has been actually reduced to a slight degree since 1844, but no one complains of a dearth of the circulating medium. It is true that gold has circulated more freely, but even if the amount be three times as great as it was in 1844, or £120,000,000 instead of £40,000,000, what is this sum compared with the enormous increase in the volume of exchanges, and yet these are easily effected.

If there were no check to the issuing of notes the way would be open by the free, unlimited creation of bank notes, first, for an expansion of prices, and then a contraction of them, by which operation all legitimate business would be ground to powder. The more notes the banks issued the greater would be the demand for them, prices would rise, and a fresh demand for notes would be made. Then liquidation would begin, specie be wanted for export, or, because the note-holders distrusted the ability of the banks to pay their notes, contraction of the circulation would set in, prices fall, merchants fail, and then the collapse would be complete. When this circle had been described, then the volume of notes would have been regulated; but at what an enormous cost! Such is the plainest teaching of foreign and American banking, and a repetition of the former experiments with respect to issuing notes will inevitably produce the same results, save that with our more highly organized machinery for banking and effecting exchanges the results would follow more quickly, and, probably, be more disastrous.

The circulation could be safely expanded in two ways. One way is by issuing notes, the Government holding an equal amount of coin to redeem them. Thus one end of the paper medium would become elastic. Now for the other end. An almost forgotten writer, but worth reading, has written that "population, accumulated wealth, activity of production and exchanges, and the employment of credit agencies in lieu of money, are conditions which, if their extent were at all times ascertainable, would furnish the data to determine the variations in the volume of money necessary at any given time to preserve uniformity of value." That sentence shows a very clear insight into the problem. We cannot, however, ascertain all of these conditions; we must, therefore, determine what the expansion should be from such data as we can obtain. The leading datum, which we can ascertain with considerable accuracy, is that of population. We would therefore, base the expansion of the circulating medium on the increase of population.

We have not time to present all the details of the mode for expanding the circulation from this datum. We will merely remark that it furnishes a safe, practicable basis, and that a currency capable of expansion in this way at one end, and by the inflow and outflow of specie at the other, would possess all the elasticity which in my judgment the needs of trade require.

Again, it may be asked what is to be done when monetary panics overtake us—when personal credit is suddenly snuffed out and the demand for money is enormously increased? By the English system no provision is made for such events, but the legal limit of issue has three times been exceeded in violation of law. Inadequate provision exists under our system, as we all know. The charter of the Imperial Bank of Germany contains a very effective provision regulating the issue of notes on such occasions. They can be issued, but the bank must pay a heavy tax to the Government for issuing them—so heavy that it will endeavor to retire the excess at the earliest day. Could not this feature be introduced here, and the Treasury Department, under proper safeguards with respect to the security, be empowered to issue notes in excess of the ordinary limit during a panic, and to retire them as soon as the occasion for issuing them had passed away? This power, however, might be wisely shared by the Treasury Department with the banks, through officers appointed by them for that purpose. Loans might be made to the banks, not only on specific securities, but on the joint liability of all the organizations united for that end, thus ensuring the utmost safety in loaning to them on the one hand, and on the other silently inducing every bank to enter into the arrangement in order to be entitled to relief in times of monetary pressure.

But it may be objected that the banks would not consent to become jointly liable on obligations contracted for their separate benefit. Could not provision however be made for their uniting in particular localities, cities and states? Did not the banks in New York City unite in 1873 and jointly secure a currency of their own creation? Another way to get the notes would be to deposit securities with the Government for the temporary use of them. These loans should bear a very high permanent rate of interest, at least twelve or fifteen, or even twenty, per cent. Such a rate would induce borrowers to discharge them at the earliest moment. But what securities should be received? Such as Congress should determine, subject first to the appoval of the Comptroller of the Currency; secondly, of the Secretary of the Treasury, and thirdly, of an advisory board composed of bankers. We would also provide for the pledging especially of the real estate of banks for the same purpose. In the larger cities many of the banks own a banking house and notes could be advanced, not exceeding its assessed value. The Government might be further secured by constituting these notes a first lien on the resources of the bank to which they are advanced. These securities should be approved and kept by the Government at all times, in order to be fully prepared to make loans without delay when the occasion for so doing should arise. Such a mode of issuing notes would operate automatically, and no bank or section could gain an advantage over another. From these imperfect hints I think we can see how the Government may be amply protected, if it should establish the policy of issuing more notes on these trying occasions. Let us remember that the existing system does not furnish any assistance at such times, as we found out in 1873. No avenue was open for increasing the monetary circulation. Since the adoption of the English system in 1844 more currency than the legal amount was issued in 1847, '57, and '66, notwithstanding the law, and, therefore, in violation of it. In my judgment, provision should be made for such emergencies, because they are likely to occur and be very severe, however effective may be the assistance rendered. Moreover, these visitations, perhaps, would be less frequent, and their effects less severe, if it were known that the banks and the Government were always prepared for their coming.

We have shown what are the essential principles of a sound paper circulation, and how it can be formed, be rendered elastic and safely increased in a sudden emergency. We shall consider only another point, namely, what should be done with the National-bank issues if such a system were adopted.

All the banks should be permitted to retain the full amount of their circulation so long as they desire. Their rights should be sacredly regarded. But it would be a wise policy for the Government to offer to buy their bonds, especially the four per cents., with the understanding, of course, that the sellers would not buy other bonds to form the basis of a new circulation. The Government could afford to pay the banks a very liberal price for their bonds in consideration of the surrender of their circulation and in view of the fact that the Government would put Treasury notes bearing no interest in its place.

In any event, the rights of the banks should be strictly observed, and in substituting a Government circulation for theirs the change should be made with a due regard for the interests of business. The volume of the currency should not be disturbed, and the transaction in this respect would consist merely in substituting one form of notes for another.

Finally by adopting this system the way would be prepared for the better ordering of the money in the Treasury. The amount to be kept to secure the circulation would be exactly known and separated from other public moneys. No money would be longer held to reimburse note-holders, or insolvent banks, or as security for bank circulation in any form. The public money would be held for two purposes only—to pay the funded debt of the Government and the ordinary expenditures. Thus released from keeping all trust funds, there would be no need of retaining so much money in the Treasury; the demands on it would be clearly known, and therefore exact provision could be made for paying them, while the balance could be applied in discharging the debt, and so at all times could the Treasury be kept free from unnecessary accumulations, under such a system the worst evils attending the present mode of keeping the public deposits would disappear.

ROMULUS, THE BUILDER.

When Romulus was laying the foundation of Rome, his brother Remus, we are told, laughed at the petty wall; whereupon Romulus turned upon the scoffer and slew him. The incident which impresses us as an old savage fable, is full of meaning to-day; for after all men are brothers in common, and while the earnest toil, the drones stand apart and scoff until the builders grow strong enough, when they turn upon and destroy the annoying idlers. Nor should too much blame attach to Romulus for his fratricide, for do not all of us, at times, grow weary of idle consumers, and turn, by legislation or by neglect, to kill off those who stand and scoff while we are toiling and building?

"Man is a sociable animal," said Socrates. This term *sociable* applies more to those industries by means of which life is sustained, than to the empty smile or hand-shake with which we greet each other. Two men may be endowed with like good-will; they may with equal fervor cry "God bless you." But if one comes all the while empty-handed to humanity's board while the other brings flagons and smoking pottage, the stoic as readily as the epicure would usher the full-handed guest into his spare chamber.

The intention of the great Creator is to bring every man up to the highest development of reason and strength.

To effect this the child in its helplessness must be nourished by those aids which will mature its powers, so that the father can look upon his miniature, with pride as well as affection. Hence we have that emblem so dear to artists of every age. The ruddy boy clings to his beautiful, tender mother, while in the foreground stands the splendid figure of manhood, majestic and grand, as he grapples with opposing demons of famine and disease, while his upraised arm and beaming eye foretell his triumph over all.

Let us suppose that two fathers, who have been neighbors, die, each leaving a son in the world; the boys, thrown upon their own exertions, determine to become boot-blacks to make a living; one of the boys, having a few dollars left him by his father, is able to make his appearance presentable, and even attractive, as well as to buy a small outfit so as immediately to begin his work and bring in something toward his support. The other boy has been left without a dollar, and worse than that, without the means of procuring one; his manners are as good, his desires as honest, his capacity for work perhaps even greater than those of the first lad; but he has not the means to command the opportunity to turn his time and talents to good account, and so, driven by his needs into temptation, the unfortunate boy may drift from bad to worse and go to ruin; yet in the end, the fault is not so much his own as that of his improvident father who failed to provide even a start in life for the offspring whom he brought into the world. Let us carry the illustration further: two boys, equally honest and ambitious, present themselves to apply for a desirable opening which has offered itself in business. One of them is ragged and shows signs of poverty. The proprietor, reasoning that since the boy seems to come from a worthless family he must be worthless himself, refuses his application, while the other boy, who had a few dollars with which to make himself decent and comely, is accepted because of his respectable appearance. Yet with equal advantages the rejected boy might have distanced his competitor at every turn, and mounted to the highest rounds of life. Now, in despair, he turns to that downward path which ends back of prison bars, and proves as the Bible declares, that the destruction of the poor is their poverty.

Many of our readers will remember where Mayne Reid, in one of his romances, tells of a chain of animal destroyers. A hunter kills a wolf which has in its jaws the body of a fox, while the fox's teeth are locked in death within the carcass of a weasel, which, itself, in its turn, holds in its clutch a smaller, half-devoured prey; and so the wolf was the last captor of a series of smaller depredators.

That is really a picture of society and of commerce, for it is an axiom that the largest capitalists, or "sharks," as they are called, devour the lesser human fishes. And the more an operator in capital enlarges his powers of authority, so much the more is he vested with the chairmanship of the ways and means of life.

Communism, it is declared, will some day overthrow this country, because the immense fortunes that are being accumulated by moneyed giants, and then turned like cannon upon the people from whom they were extorted will not be allowed to gather like vast thunder-clouds, gloomy and threatening danger. Yet he is only a pauper who is entirely at the mercy of capital and its rapacious speculations. In this free country the laborer who is saving, if only a fraction beyond his expenses, and who has, through life insurance, made provision for his needy ones in case of his being taken from them, is on the steady march to progress, and has as good a prospect of ultimately controling his own and others' destinies as any monopolist in the land.

All the great improvements in labor have been received with fierce prejudice and opposition. Inventors have often been driven by mobs from the places of their first operations, as the people declared that if machinery should supersede hand labor they would be thrown out of their jobs and livings; yet every practical invention has brought more work into its neighborhood, as it increased the demand for the article furnished cheaper by that market, and built up a community of its own, besides enabling the needy public to furnish itself at a reduced cost, and have a surplus to spend on other necessaries, or better still to *save*. But science and inventions impose this regulation—they require higher intelligence and skill, and so according to the "survival of the fittest," the better workmen are sifted out and advanced, while the duller ones stick to more slavish plodding, just as labor-saving and profitable machines are placed in positions from which the slower and less available ones are taken to be dumped into the rubbish. The world is gradually shaping the management of its interests to army-like regulations; more and more has to be entrusted to its leaders, and required of them with increasing power and premiums for their worth; while more and more the descending grades of operatives are reduced to units, and fitted, like so many cogs, into the wheel of progress. "If this is so," says a weak-hearted reader, "how can I hope to overcome the obstacles of life, since it is admitted that subordinates are mere cogs in the wheel of mammon, and less and less scope and brain-work are allotted to them?" But even this argument has its hopeful side. Though the bottom of the ladder must bear the heaviest load, there is a premium for even the humblest merit; and as each cog in the wheel must do its part perfectly or else the whole machine will be stopped, so every unit of a corporation must work out his perfect service or the interests of the corporation suffer. And if the workman does his part, he need not fear but that even the soulless corporation will ultimately recognize him and, though slowly, acknowledge his claims, because this patient plodding and ever-fitting educate him for better things, so as to enable him to seize all the opportunities which meet him in his way of life.

It is said of the late William M. Wadley, of Georgia, who founded the greatest system of Southern railroads which has ever been organized, that he was standing ankle-deep in ditch water showing his workmen how to lay a culvert when the message came to inform him of his elevation to the presidency of the road. It is said of General E. P. Alexander, his brilliant successor, who took several broken-down roads and developed them to the highest prosperity, that being, by the reverses of the war, thrown upon the resources of an almost poverty-stricken home, he wasted no time, but seized the only occupation that offered itself—that of preparing and drying fruit; and thus, by this manual drudgery, he gained the means which enabled him to step into a higher sphere. Alexander H. Stephens tells us that in youth he dared not neglect the little details and courtesies of life, lest when the weightier duties of the future should come they would absorb him, and so leave him no time for those essential accomplishments, unless they had been acquired and made available. They were acquired and made available, as Governor Stephens' control over men showed in all his successful life. Schooling and clerking are but the greenrooms in which we array ourselves in the armor and the colors in which we step upon the stage and win or lose the battle of life.

In one of the world's ages there was a strife between beauty and utility. Artists and men of genius said that whatever did not please the eye or delight the fancy must be done away. Capital and talent were invoked, and forms noble and beautiful arose, and men worshipped loveliness. They strove and wasted their substance that every object on earth might be fair and enchanting. But there were others who granted that beauty was good in its place, but that it was neither a means nor an end, and they claimed that utility alone would endure, because while it reproduced itself, it caused beauty to shine in its train. And the rivalry continued until the worshippers of beauty had exhausted all their substance in the works of art. Then they turned to the lovers of utility and asked that they should help to sustain beauty, which is the joy of life. And these pointed to the great works which they had wrought, and, lo! as they had grown and expanded, art had been called in at every step, and cast the lustre of imperishable beauty over all the most useful works.

It is well for every one to have a home of his own; but let him be sure that his house does not consume the money required for his daily life; and let him remember, also, that available cash in a Savings bank is worth more than any other commodity, and renders its owner always independent. Cash commands, or, as the Bible puts it, "money answereth all things." It is only the pauper who is at the mercy of capital. And there is a more important thought: The head of a family who has to provide for its needs sustains them as long as he is true at his post of duty, but he holds no guarantee on life. The bridegroom may be taken away, or his active powers be crippled, and something must be put in to fill the gap caused by his taking off. This is what life insurance does, and this is why a man should always lay aside a portion of his income; for these few dollars will, sooner or later, return to him as thousands, and then he should carefully store up his surplus in bank. Thus he will be constantly progressing, and some day be entire master of his own affairs. These institutions are the greatest financial achievements of the world; for Savings banks and insurance companies alone have paid back to patrons millions more of dollars than have ever been received by them.

"But," cries the sluggard, "so many have been duped by saving and insurance that I prefer to eat up and enjoy my income, instead of trusting and being despoiled." But a man is given a brain with which to exercise judgment, and as he diligently inquires before entering upon an ordinary avocation, so should he use especial care and foresight about saving and insuring; for occupation is only our care for the present, while saving will care for us in the future.

While Savings banks and insurance companies are the greatest boon to the poor, and the shortest roads by which they advance their families to comfort, it is a mistake to imagine that they are chiefly sustained by the poor. Take statistics, and it will be found that it is the wealthy and ambitious class of men who are anxious to amass greater fortunes and control greater estates, who treasure up their funds, and see in life insurance the most desirable and profitable investment. We look sometimes upon the prodigal heir only to envy and despise him, and as we witness his squanderings we rail at the Providence which has cast his lines in places so much pleasanter than our own. But cause and effect rule here, as elsewhere in the world. We need only inquire wisely concerning this at the tombs of our ancestors. Their epitaphs will show that while one's grandfather rolled in the soft lap of luxury and flung away those means for which his descendant groans to-day, another's toiled and saved to amass that fortune on which his heir is now recklessly feasting—or, may we trust, which he is increasing and applying to noble purposes. It matters not for our argument, whether that descendant be using or abusing his heritage, provided he does not infringe upon his neighbor's rights. The law entitles him to the possession of the fruits of his ancestor's labors. It may not be in our power to change places with our rival, but we can improve our own position and acquire superiority for our descendants. Readers of the lives of great historical celebrities form mistaken estimates of what made them great, for often we are shown only the successful words and deeds, while the drudgery of preparation is kept in the background. Napoleon is presented to our notice as the hero of the battle of Toulon or the captor of the Assembly, while the eight years of unflagging toil are scarcely mentioned, though in them he more than once thought of taking his own life in despair.

> "The heights by great men reached and kept,
> Were not attained by sudden flight;
> But they, while their companions slept,
> Were toiling upwards in the night."

When the regulations of business are exacting and arduous, clerks are apt to forget that the proprietor, to whose early exertions they are now indebted for profitable employment, is far ahead of them, not only in capital, but in hard-won experience. They rashly imagine that what he has built up by the slow toil of years they can acquire by assumption, and they engage in hazardous enterprises, without experience, or even capacity. A friend of mine, not long since, complaining of the hardships of his clerkship, stated that he was about to accept an opening which would soon make him as big a man as his despotic employer. Knowing his experience to be limited, I inquired if he knew the results of such an experiment, and was told that he and his partner had diligently studied, and could show up the whole business. I sat down, and waving all competition which might thwart them, I took their estimates of profits on the number of times they would turn over their capital in trade, and then deducting necessary expenses and costs of living I showed to the aspirant that, according to his own figures, they would lose about $1000 a year. The partnership dissolved instantly, my friend changed his aversion for his employer into admiration, and by his faithfulness has since become a junior partner. A relative of mine went to Boston, and, being the last clerk admitted, had to submit for two years to all kinds of drudgery imposed on him by extra duties. Having served that time faithfully, and received no acknowledgment, he was despondent, when he was summoned into the managing office. "We are proud," said the senior partner, "of your faithfulness, and," smiling, "of your saving habits." Turning over to him a pass-book inscribed with his name the young man saw that for a year back his salary had been increased thirty per cent., and the addition had been placed to his credit. From that time his duties were of a higher, but not lighter, nature. Being worn out, he afterwards applied for a vacation, and was again asked into the head office. "We are sorry to disappoint you, after your faithful service," said the senior partner, "but have you observed the *sign* over the door?" He had not read it. "No, I believe he reads nothing but our own interests," said the other partner. "Had you noticed, you would have seen your name added to the firm; "and now," handing him another pass-book with credits to his name, "as Mr. Winslow and I have arranged to go away, you, our junior partner, will have to manage the business, and take your trip after our return."

Our readers will remember the various motives which led the chieftains to engage in the Trojan war. To gay and giddy Paris it promised fresh conquests of love, under the tutelage of his patron goddess Venus; to Achilles it opened a field for his reckless, indomitable valor; to the venerable Nestor it gave occasion to renew the glories of youth, and to exercise his sage and varied experience; but to Ulysses it was only the post of honor—it was leaving home, with all its charms, for a desperate siege. And so Paris coquetted with fortune and dallied away his time. Achilles comes down to us as an embodiment of savage cruelty. Nestor has passed into a name for a counsellor, while Ulysses will stand out through all time as the type of glorious endeavor and reward.

In modern life each man is living and working out his own destiny. In every assembly we may see a Paris, dancing and dissipating away the energies of life; Achilles, caring only for conquest, and sulking away the rest of the time in his tent; Nestor concerning himself only to figure as chairman of occasions, and Ulysses, with Circe ever vainly trying to lure him aside, nobly striving and bringing the world and its resources under his godlike control. On every side the forces of life are mustering, and there is raging a conflict of interests greater than the combat of Achilles and Hector under the walls of fabled Troy. Retainers are numerous, but the chieftains clamor for more, and under one or another leader you must enlist for life. There need be no confusion, for each champion has his colors floating, and each his landmarks, and to each when he returns from battle will be awarded the dues of his deeds.

Spirit of man! your free will can choose whom you will serve. But be consistent in your career and in its close. If you enlist with the cohorts of Paris or Achilles, do not, when you return to Greece, claim the rewards allotted to Ulysses. JOSEPH S. BEAN.

ABSORPTION OF THE TRADE DOLLARS.

Where have they all gone? Some persons have made inquiries from whom the following information is gleaned. One of the most experienced officials of the Treasury has given his views as to the disposition which had been made of this currency. His idea was that the coins were in the possession of the brokers and capitalists, who were waiting for some favorable action of Congress, and in those of poor people. Not more than ten millions of dollars were in the country, and possibly considerably less. The total amount coined was thirty-five millions, of which thirty millions went to China, some coming back as bullion from England. Of this thirty millions, once in the possession of natives of the Celestial Kingdom, a part has been melted up in small bars and would never be returned here. The Chinese have long had a practice of doing this with foreign coins. Another part was in circulation along the seaboard of that country, and from seven to twelve millions were in the United States. As soon as the onslaught began, brokers began buying them up, at all rates, from eighty-two cents to ninety-five cents, and for a while drove a brisk trade in selling them to manufacturers out of town, who used them to pay off their hands. But in a couple of weeks that ceased, and the supply brought to the brokers also lessened. There was a good profit in purchasing these coins at eighty-five cents, for the intrinsic value was eighty-seven and a-half. The standard dollar was worth eighty-six cents, less a very small fraction. One prominent reason why the trade dollar had been purchased so extensively by brokers was that it was believed they would be redeemed by the United States. It was estimated by the Director of the Mint that we had $200,000,000 of silver in circulation in this country and $500,000,000 in gold. To know the exact amount of contraction or inflation of the dollar currency caused by the withdrawal of this seven to twelve millions of trade dollars, it was necessary to know also how many dollar bills there were in circulation—greenbacks, National banks and State banks—something which would be very difficult to ascertain. A large proportion of the coin was in the hands of workingmen and laborers who would hold on. The negroes in the South had a peculiar affection for silver, and preferred it either to gold or paper. It was not impossible they had retained a considerable portion of the quantity. There is one obstacle to the exchanging of the trade dollar for the legal dollar in the opposition of the mine owners. The Act of Congress passed in 1878, which provided for the purchase of silver bullion to the amount of $2,000,000 a month, was still in force, and had resulted in the piling up of one hundred and fifty millions of dollars in the Treasury vaults. Each two million dollars' worth of bullion produced two million three hundred thousand dollars' worth of coins, of which none scarcely left the custody of the Government. Any attempt to buy up the trade dollars and exchange them into legal-tender dollars would be opposed by the silver men of Colorado and Nevada.

Two brokers who dealt extensively in this coin were interviewed. One said that he believed the Government ought to redeem them. They had, when they first came out, a guarantee from the United States; but by withdrawing this the Government did not lose its moral obligation to make them good. They could easily enough be coined over into halves and quarters, which were not now redundant, and thus confer a favor upon commerce. There were not too many legal-tender dollars in circulation, and there was frequently a brief scarcity on the street. He had no great stock on hand, as he had sold most of what he had purchased to other parties. The object of these latter operators probably was to hoard them, in anticipation of a rise in value. The negroes undoubtedly kept these that they had, and much of the total quantity was in the hands of small shopkeepers, farmers, and so on. If there were ten millions of dollars in the country of this kind, that was only twenty cents a head of the entire population, and only a dollar to each family. The other broker said that no great supplies were coming in. He bought scarcely five hundred dollars a day. The bulk of the holding, he thought, was in the hands of poor people, and of people in remote districts in the country.

Inquiries in New York, in the region where the trade in butter, cheese, eggs, vegetables, and fruit is the most active, showed that the success of the movement to banish trade dollars had been complete. Many of the persons had had some of this money on hand when the refusal to take it became general, and lost on sums varying from five to a hundred dollars. They were well satisfied with the result of their experiment, however, and did not now have to resort to the brokers two or three times a week to sell what they had received. A visit to the places where liquors and confectionery were sold showed that there was no attempt to give change out of one of these dollars when spent with them. The barkeepers' check or the confectioners' check would be given for the balance, which was available for future purchases, provided the customer did not by an entire dollar's worth of goods. "This is a good thing for us," said a barkeeper; "we sell much more than we would otherwise, and very likely the man does not stop at just the value of the coin, but goes on spending a second or legal-tender dollar. We dispose of the trade dollars to brokers, who, I suppose, salt them down." A call on some of the neighborhood brokers showed that this business was not large in its aggregate. They could not tell who were the ultimate holders.

AMERICAN BANKERS' ASSOCIATION.

ANNUAL CONVENTION AT LOUISVILLE, KY., OCTOBER, 1883.

FIRST DAY—WEDNESDAY, OCTOBER 10.

The Association assembled in regular annual session on Wednesday, October 10th, at the Masonic Temple, Louisville. The attendance was large, and the proceedings, as usual, attracted the general attention of the press and the public, the papers and discussion, being practical, timely, and of obvious National importance and usefulness. At 10:30 A. M. the President of the Association, Mr. George S. Coe, called the meeting to order, and prayer was offered by the Rev. Dr. Craik, Rector of Christ Church, Louisville. The annual address of the President, which appears elsewhere in the present number of the Magazine, was then read by Mr. Coe, who next called upon the Chairman of the Executive Council for their report. In the absence of Mr. J. D. Vermilye, the Chairman of the Executive Council, Mr. Moss, the temporary presiding officer, stated that the Council would present their report later, either by resolutions or otherwise.

THE ASSOCIATION'S FINANCES.

Mr. George F. Baker, Treasurer of the Association, was then called upon for his report, which was read by the Secretary. It was a very complete record of the finances of the body, and showed them to be in keeping with its importance. It showed a balance from last year of $5,914.30; receipts during the year, $10,530; total receipts, $16,444.31; expenditures, $12,046.95; leaving a balance on hand of $4,397.36. It was accompanied by the report of the Auditors appointed by the Executive Council, Messrs. Tyler, of Boston, and Lockwood, of Virginia, who stated that the books and vouchers of the Treasurer were thoroughly examined and found correct, and concluded with the suggestion that a vote of thanks should be offered to the Treasurer by the Convention.

The reports of the Treasurer and of the Auditing Committee were unanimously adopted, and the vote of thanks to Mr. Baker being passed. the President called on the Hon. John Jay Knox, who read an elaborate paper, which we print in full on page 372 of this Magazine, upon the "Continuance of the National Bank-System."

Senator Joseph R. Hawley, of Connecticut, was then introduced, and made a vigorous address in favor of a sound currency and banking system. Mr. J. H. Lindenberger, of the Executive Council, was next called upon and read an elaborate paper on the best methods of giving permanency, vigor, elasticity and stability to the banking system. He advocated a two-and-half-per-cent. bond as a basis of bank currency, with the repeal of the tax on circulation. In defence of this plan he argued as follows:

Banks can not develop their largest usefulness so long as they are taxed in any respect. Whatever tax they pay is a tribute laid upon production in the increased cost of the necessaries of life, and in its practical operation a tribute greater than the actual sum of which the banks are made the tax gatherers by the Government.

Sound policy forbids it, and present want of necessity condemns it. The repeal of the one-per-cent. tax on National-bank circulation should be had at the ensuing session of Congress, and provision be made for the payment by the banks of all actual expenses incurred by the Government in furnishing circulating notes, and in their redemption, and for all incidental expenses of the Currency Bureau.

Assuming that the average rate of interest in the United States is seven per cent. per annum, the profit on National-bank circulation, based on two-and-one-half-per-cent. bonds, with the repeal of the tax, in comparison with the State banks without circulation, is one seventeen-one-hundredths per cent. per annum.

This result is shown thus:

$100,000 invested in United States two-and-a-half-per-cent. bonds yields annual interest		$2,500
Circulation allowed	$900	
Deduct ten per cent. redemption fund	90	
Remainder	$810—	
Used at seven per cent. yields		5,670
Total income		$8,170
The same capital in State-bank system, at seven per cent., yields		7,000
Difference in favor of the National bank		$1,170

If the rate of interest is six per cent., the difference will be $1,360.

If the rate of interest is five per cent., the difference will be $1,550.

This shows that the average rate of profit on circulation, under the conditions stated, is one thirty-six one-hundredth per cent. per annum, an advantage of the National over the State-bank system that, with the withdrawal of legal tenders, can hardly fail to increase the number of conversions to the National system.

The benefit to the country from reduced cost for the use of money is in greatly increased ratio to the mere amount of the reduction.

It is from the stimulus to business caused by cheap money and abundant, prompt and economical bank facilities, that the great advantages result. These elements encourage the organization of new enterprises, stimulate the development of the natural resources of the country, and, in doing so, attract population and capital to those sections most in need of it.

There is especial need at this time for more bank capital in the Southern States for the promotion, under favorable conditions, of a more rapid development of the great resources of that section.

It is not the South alone that is interested in this development; the whole country will be profited.

A vast field is there open for development in agriculture, in mining of coal and minerals, in the utilization of valuable forest growth, and from the manufacture of the raw products of that section.

Sectional lines no longer exist in the sense heretofore prevailing. The South is open to all comers; she invites capital and labor, and especially she invites the capitalists of the North to come with their enterprise and experience, and share in the profitable development of her vast resources.

The development of these resources is of National importance, because it will so directly increase the extent and value of our exports, and secure us against an adverse balance of trade.

This, with the annual product of gold and silver from our mines, which can be retained and added to our coined money, will secure us against the possibility of a serious drain, and afford an ample coin basis for the certain redemption at all times of the National bank circulation.

With the general acceptance of the National system, the closer co-operation of the banks, and the entire confidence of the people in them, there will not be the need for as large reserves, as were formerly considered necessary for the redemption of circulation.

It will also be found that the diffusion of banks wherever needed will cause less requirement for the use of a circulating medium, the facilities afforded by banks, and their combination in Clearing-house systems, always tending to the use of a reduced volume of money in business transactions.

This is notably shown in the City of New York, where the percentage of money used in the transactions of the associated banks is only a fraction over three per cent.

These considerations strengthen the conclusion that it will be safe to rely upon a total compulsory reserve of thirty per cent. in reserve cities, to provide for redemption of circulation, and to meet the demands of depositors.

Twenty-five per cent. has been found sufficient in past years, and that amount has carried the country through some very severe panics.

The increased facilities of banks for the economical transfer of funds to and from both near and distant points, are now so great that it can be effected at an average cost less than the transfer by express, and this will lessen the demand for the redemption of circulation and the displacement of coin. Local demands are, therefore, not likely to increase the requirement for larger reserves, which leaves the contingency of a foreign demand as the only one to be provided for.

The expectation of a requirement for the coin redemption of circulation and accountability to depositors is, however, not objectionable, but is very wholesome in its effects, as it tends directly to the maintenance of larger reserves, greater steadiness in business, and promotes that flexibility in the volume of circulation which is always desirable.

With the retirement of legal-tender notes; the adoption of National-bank notes, always redeemable in coin, as the only paper currency; the general diffusion of both gold and silver among the people; the unification of banks under a common system, and their freedom from taxation; the entire severance of the Government from the operations of banks, leaving them without expectation of Government aid, to relieve them from periodical recurrence of money stringency, often caused or aggravated by their own acts, there will be a clearer and better understanding by the Government, the banks and the people of the true relations and obligations of each, in a financial sense, and this, with the rigid enforcement of whatever may be the provisions of law as to the conduct of banks, will give to the country the largest benefits, with the greatest steadiness and the least risks, which it is possible to obtain from a banking system.

At the conclusion of his paper Mr. Lindenberger offered a series of resolutions which were made the special order of business at the next session of the Convention.

SOUTHERN BANKING.

A committee of Southern bankers was then appointed to arrange the preliminaries for the adequate investigation of the industrial progress, financial wants, and banking affairs of the South, the discussion to begin the next day.

The committee was as follows: John B. Smith, Louisville, Chairman; J. W. Lockwood, Virginia; C. T. Walker, Arkansas; R. M. Nelson, A. G. Parrish and Thomas Henry, Alabama; Mr. Printup Georgia; Mr. Parkley, Tennessee; Gen. John Echols, Virginia; C. P. Moorman and Thomas L. Barrett, of Louisville; J. R. Carroll, Texas; Mr. Tarlton, Louisiana; Samuel Norment, Washington, D. C.; J. E. H. Jones, Macon, Georgia.

THE NEW OFFICERS.

The chair appointed a committee on nominations: George H. Stuart, Philadelphia; C. T. Smith, Boston; Thomas Henry, Mobile; William Means, Cincinnati; Wm. P. St. John, New York; J. W. Lockwood, Richmond; Samuel Miller, Minneapolis.

An interesting address was then delivered by Mr. E. C. Bohné, Cashier of the Third National Bank of Louisville, on the appreciation of gold, as money, or representative of all value and all property; on the consequent depreciation of commodities; on the influence of that depreciation upon bonds, stocks, commerce and traffic; with some suggestions as to the action of banks in the premises.

The next paper read was by Mr. Wm. P. St. John, of New York, on National Banks and the Currency of the Future. The document was listened to with deep attention, and had considerable influence in the subsequent discussions on the various currency, coinage and banking propositions which were presented during the Convention.

A telegram was then read from Mr. Wm. H. Foster, Vice-President of the Association for Massachusetts, and the oldest bank officer in the United States. A number of communications were presented from Mr. Folger, Secretary of the Treasury; Mr. Burchard, Director of the Mint; Major Daniel, of Virginia; Dr. Simonds, of Charleston; General Echols, of Virginia; The Secretaries of States of Kansas, Kentucky, New Jersey, and many other States; also from prominent statesmen and bankers in the United States, in England, and in Canada. The following letter from Mr. Hugh McCulloch was received with much interest:

Washington, Oct. 6th, 1883.

MY DEAR SIR: I have hoped that I should be able to comply with your request, that I should be present at the meeting of the

Bankers' Association on the tenth and eleventh instants, but my engagements at home are such as to prevent it.

I regard the National banking system as being one of the most important and valuable compensations of our late Civil War. Its discontinuance would, in my judgment, be a very serious injury to the country—and the whole country. Its permanent existence depends, of course, upon a continuance of a part of the National debt. This can only be accomplished by a a diminution of the public revenues through reduced taxation, for which there is a general and earnest demand.

Hoping that the meeting of the Association will not only be a pleasant one, but that the discussions of financial questions by the able men who will be present will impress the public mind with the vital importance of a sound and elastic currency, which can only be secured through banks whose circulation is current throughout the country, and is as solvent as the Government. I remain, with many thanks for your kind invitation, very truly yours,

HUGH MCCULLOCH.

To Dr. George Marsland,
Corresponding Secretary American Bankers' Association,
New York.

A number of reports and communications were then presented, on the prescribed topics, including the elaborate documents of Director Burchard, of the Mint, and those of Mr. Comptroller Knox on the currency, also the reports of Dr. Marsland on the prevention of losses to banks by defalcations, forgeries, burglaries, and other depredations.

After a unanimous vote of thanks to the local committee and to the people of Louisville for the warm welcome extended to the Convention and to the American Bankers' Association generally, the Convention adjourned to meet on Thursday, 11th October, at ten o'clock. At eight o'clock in the evening the usual informal reception was tendered the members of the Association in the parlors of the Galt House. A large number of prominent citizens of Louisville called during the evening, and the rooms were thronged. The time was very pleasantly spent in social intercourse, and everything of a formal nature was removed. Among those present were: Mr. George S. Coe, New York, President of the Association; Hon. John J. Knox, Washington, Comptroller of the Currency; many of the members of the Executive Council, the Vice Presidents and the delegates of the Bankers' Association, as well as the officers of the Boards of Trade, and other guests invited by the committee of arrangements.

SECOND DAY—THURSDAY, OCTOBER 11, 1883.

The Convention assembled at the Masonic Hall, and was called to order by President Coe at ten o'clock. The first business on the programme of the Executive Council was the bankruptcy legislation and the proposed substitutes therefor. Mr. Charles F. Smith, Cashier of the Continental National Bank of Boston, offered a paper advocating the Lowell bill; Dr. Marsland presented a paper on other bankruptcy bills proposed in this country, including the equity bill. He also presented from the London Bankers' Institute a copy of their bill codifying the English laws on bankruptcy. Mr. George M. Davie, of Louisville, then presented a very important and elaborate paper, advocating, as a substitute for bankruptcy legislation, that Congress should pass a law controling exemptions and preferences where they operate to the prejudice of a creditor residing in a different State from the debtor. His plan looks towards the extinction, by Congressional and State legislation, of all unjust preferences and exemptions throughout the United States. It was well received, and will probably be brought forward in Congress at an early day by some of the Southern delegation whose views were reported to favor this plan in preference to any of the other proposed schemes of bankruptcy legislation. On motion of Mr. Smith, of Boston, the following resolution was adopted:

Resolved, That the interests of the country demand the enactment by Congress of some regulation of commerce among the States equivalent to a National bankrupt law, equitable in all its provisions for debtor and creditor in all sections of the country.

The next order of business was Southern banking and industrial progress. Statistics were presented by the Corresponding Secretary, showing the increase of mercantile, manufacturing and industrial capital during the last five years, with the ratios of failures in each State. An interesting discussion followed, in which Judge J. A. Carroll, of Texas, Mr. J. E. Jones and Mr. Printup, of Georgia, Mr. Lockwood and General Echols, of Virginia, Mr. Sneed, of Kentucky, Mr. Nelson and Mr. Henry, of Alabama, Col. Logan H. Roots, of Arkansas, Mr. Tarleton, of New Orleans, and other gentlemen took part. The nominating committee then made the report ordered yesterday through Mr. Stuart of Philadelphia, Chairman. The report stated that the committee had urged upon Mr. Coe to accept the office of President again, but he had positively declined to serve, and the list of officers selected was: President, Lyman J. Gage, of Chicago; First Vice-President, Logan C. Murray, of New York. The Vice-Presidents and Executive Council were also designated, and all were unanimously elected. In the absence of Mr. Gage, Mr. Logan C. Murray was called to the chair, which Mr. Coe gracefully relinquished, making a few pleasant remarks as he did so, expressing his regret at severing his connection with the office; but he would still remain an active member of the Association, and do everything in his power to advance its labors for the important objects. Mr. Murray then briefly offered to the Convention his thanks for the honor of being called to preside over its deliberations, and also expressing regrets at the retirement of Mr. Coe. A vote of thanks to Mr. Coe was then unanimously adopted, and after some other business, General Dodge and Mr. Watterson offered addresses, after which the following resolutions were offered by Mr. Proctor, of Danville, Vice-President of the Association for Kentucky, and were adopted:

Whereas, Many persons throughout the country, whose capital consists principally of printed letter heads, a round table and blank checks, are obtaining credit by adopting the name of bank or bankers; and

Whereas, It is the duty of the law-making powers, whether National or State, to protect the citizens of their respective States from fraudulent practices; be it

Resolved, That the Executive Council be requested to inquire what legislation is necessary to suppress these fraudulent practices, and suggest such remedies as will require all persons seeking public patronage as bankers, or receiving deposits as such, to make such exhibits, by publication or otherwise, under some general license system, as will satisfy the proper officials that they are possessed of the amount of capital represented by such person or firm to be liable for the debts created in their capacity as banks or bankers.

Resolved, That the Executive Council be authorized, if in their judgment deemed advisable, to make such suggestions to the Legislatures of the several States or to Congress, as they may deem best calculated to carry out this resolution.

Whereas, Many collections are presented for payment and returned unpaid because the drawers refuse to pay exchange; and

Whereas, Every business should provide for its own collection expenses; therefore,

Resolved, That we recommend banks and bankers throughout the country to discourage the practice of city merchants or others in making drafts on their customers in other places payable with exchange and cost of collection, or either; and that we recommend such inclusion of exchange in said drafts be disregarded by banks in making such collections, substituting therefor a reasonable charge for services rendered, except where reciprocal accounts are kept.

The subject of Mr. Lindenberger's resolutions next came up, and after a very lively and prolonged debate, in which a large number of delegates took part, they were adopted with amendments, as follows:

Resolved, That the adherence by the Government to a policy which will attract to us an abundant supply of gold and silver, the recognized money of the world, and cause its general diffusion among the people in the currents of business, will encourage the most rapid development of our resources, stimulate to activity our productive industries, and promote the greatest steadiness and stability in the business of the country.

Resolved, That a bank-note circulation, absolutely secured and issued under ample safeguards for its redemption on demand in coin, is necessary for the convenient transaction of the business of the country, and such circulation can best be provided through the continued operation of the National Bank Act, as has been attested by the experience of the past twenty years.

Resolved, That the retirement of the United States legal-tender notes by a gradual process, not liable to embarrass the business of the country, will be in accord with the purposes of the Government at the time of their issue; will be the final step accomplishing the full return by the Government to a coin basis; will tend to an increased supply of coin; will give free course to gold and silver in commerce and financial currents, and afford an ample basis for the redemption in coin on demand of bank-note issues.

Resolved, That it is the sense of the American Bankers' Association, that the compulsory coinage of the standard silver-dollar of 412½ grains, is against the welfare of the country, and that they recommend to Congress the discontinuance of such coinage, except in such quantities as the demands of the business of the country may require.

Resolved, That the retirement of the United States legal-tender notes, as rapidly as these notes can be retired, without, at the same time, contracting the legal-tender circulating medium, will be the final step accomplishing the full return by the Government to a coin basis.

After some miscellaneous business had been disposed of, a brief address was then presented from Mr. John Thompson, Vice-President of the Chase National Bank of New York, in support of the suggestion that has often been made for adopting some method for preventing panics, like that provided in England since the Peel legislation of 1847, Mr. Thompson's address concluded as follows:

All points of the country, even the most distant, are bound by very close sympathy in business affairs, through the wonderful connections of wire and rail. Therefore, this is a matter of no local or sectional interest, but deeply concerns every member of this Convention, from whatever section he may come. Business has been subject periodically to seasons of financial distress. Sanitary measures are instituted for protection against a threatening pestilence; and certainly no efforts should be spared to devise some measure or measures which shall serve to break the force of a financial revulsion, and prevent the widespread disaster it causes when unchecked.

This view of the situation has impressed me so forcibly that I would strongly urge that some decided expression be given, and that the attention of Congress be called by this Convention to the urgent need of legislation which shall, as far as possible, protect business interests whenever the besom of financial destruction shall sweep over the land.

I believe that the measure which I have to propose can be adopted with safety, and that it will work a healthy expansion when money is "tight," and will be sure to cause contraction when money is "easy." That this matter may be before you in definite form I offer the following preamble and resolutions, and urge you to give them earnest consideration, discuss them, improve them, or substitute anything better which may be suggested, and then memorialize Congress in a way that will command attention and action. Finally, let every member return home determined by individual effort to impress the importance of this matter upon his representative and senator. Then we may hope for some beneficial action and results, which shall make memorable this gathering of men, representing to so large an extent the financial interests of the whole country. Subjoined are the proposed resolutions:

Whereas, The advantage and the necessity of providing for an increased or extra issue of currency, which will meet and break the force of financial revulsions, and protect business interests, has been practically and successfully demonstrated in England; and

Whereas, Existing laws in this country are entirely wanting in any provisions of this character. Therefore, be it

Resolved, That this Convention recognizes the necessity of legislative action to provide for the protection of the vast and continually increasing monetary interests of this country in times of financial revulsion, such as recur periodically in all countries.

Resolved, That Congress should enact a law investing the Secretary of the Treasury, as the highest financial officer, with full power to receive any United States bonds, not exceeding in amount $100,000,000, and to issue therefor currency notes, equal in amount to the par value of the bonds deposited, and accrued inteest on the same. Interest on the bonds while on deposit to accrue to the Treasury. Depositors to be allowed to redeem bonds at any time without notice. Bonds so deposited to be subject to a call for redemption upon sixty days' notice from the Secretary, and to be forfeited to the Treasury upon failure to respond to such call. The Secretary, in the exercise of the authority so delegated, to act by and with the advice and consent of the President of the United States; and under such further restrictions as the wisdom of Congress may provide to guard against its improper exercise.

Resolved. That the Executive Council of this Association are hereby requested to adopt as they deem best the needful measures for properly laying this matter before Congress.

Several statistical documents were next presented from the Executive Council, with the report on Savings banks, which was prepared by Messrs. Gould, Lynch and Hepburn, in conformity with the resolution of the Convention last year. Mr. Nelson, of Alabama, then offered a resolution for the continuance of the National banking system, which was amended and adopted as follows, after considerable discussion:

Resolved. That the President, Vice-Presidents and Executive Council of this Association be instructed to prepare and digest a plan, to be preseuted to Congress, for the continuance of the National banking system.

A vote of thanks was then passed to the officers, and the mortuary record of deceased bank officers was received, containing 192 names, of which 108 were over sixty years of age. A resolution was offered from the Executive Council expressing the high appreciation by the Convention of the distinguished services rendered to the Association by its late President, Hon. Charles B. Hall, of Boston. Afterwards a number of financial reports and statistical papers were presented, and the Convention, on motion, adjourned *sine die*.

In the evening a banquet was tendered to the delegates and their families by the local Committee of Arrangements, at the Southern Exposition, and a large number attended, the arrangements being under the personal supervision of Mr. Lindenberger, Chairman of the Local Committee, Mr. John B. Smith, President of the Clearing House, and the Hon. Clinton McClarty, Secretary of the Committee of Arrangements.

LIABILITY OF BANK OFFICERS.—In the suit of Ackerman against Halsey and others, brought by a stockholder of the defunct Mechanics' National Bank of Newark against the President and Directors for neglect of their duties and mismanagement, whereby the bank was ruined through Cashier Baldwin's misappropriation of its fund, Chancellor Runyan decided on October 16 that the matter was within the jurisdiction of the court, and that the bank officers were personally liable in equity for the neglect to discharge their duties, and that when the corporation was insolvent and the receiver refused to bring suit, a stockholder might maintain it.

BANK-NOTES AND THE SILVER DANGER.

Banks cannot exist as isolated and exclusive bodies. They are indissolubly bound to each other and to the public by a community of interest and inter-dependence. Their special function of exchanging and distributing the productions and property of the people, as demanded by trade and commerce, necessitates their coöperation and mutual trust. Banks are the embodiment of the nation's industry, as it moves onward to market, from place to place, and from one institution to another, by means of paper representatives of its value, which thus practically convey substantial wealth. Like railroads, the service of banks between each other must be reciprocal, and like them they cannot patiently permit any one member to compete for business by introducing unsound or vicious practices, which, if adopted by all, would impair the entire system and endanger the community. They are, therefore, under the highest obligation to jealously guard the profession against that degree of independence that amounts to license, and this can be best secured by creating a sound public sentiment among members from every section of the land by personal interchange of views and opinion.

As we meet here in convention, each one of us the pilot of his own independent craft, and all freighted with the industry of the nation, it may be well to take an observation as to the common position and course of the whole fleet, and to consult upon the prospect before us.

We are confronted with the fact that not only the paper circulation and currency of the country, but also its coined money, is subject to early and radical change and revolution. The crisis may not be immediate, but it is sufficiently imminent to awaken attention, and we are none too early for its serious consideration. The National Currency Act, passed in 1863, permitted banks to organize for twenty years. Many of them have reached the limit of their life—and about one-half the existing institutions (983) representing more than half (186,000,000) the outstanding National bank circulation, will expire in 1884 and '85, and it is a coincidence of great significance that more than half this amount of circulation is secured by three-per-cent. bonds (202,000,000), which can be, and is being, paid off at the pleasure of Government, and which will to a great extent be called in within the intervening period under the necessary operation of existing revenue laws. Will these banks renew their existence under the National system, with the necessity of investing capital to protect circulating notes under their new life at the rate of twenty to thirty per cent. premium for four-per-cent bonds, or will they to a large extent prefer to relinquish their currency and retire from the system? And if so, with what commercial results to the country, or what substitute will be permitted for such purpose? The idea of nationality throughout this broad land has been strengthened by the eventful history of the last few years, and much more so by the immense extension of railways and telegraphs, which, paying no respect whatever to State lines, and traversing them in all directions, have

* Opening address at the recent Bankers' Convention by Mr. George S. Coe.

woven diverse parts of the nation inseparably together into social, commercial, and financial unity. This National sentiment, now so potent and all-prevailing, will make it forever difficult, if not impossible, to remove the existing restriction upon private currency issues, and will prevent a return to the ancient and heterogeneous State systems, and it is hoped that the people of this great country have irrevocably pronounced against the greenback heresy which crept in during the agonies of a dismembered nation, when its Constitution was strained and tortured by civil war. The danger lies in delaying the subject until necessity compels some hasty and rash legislation.

It is well also to bear in mind that the thread of affiliation so ingeniously introduced into the National system whereby banks in the country at large are bound by interest to those in the redemption cities, when once weakened by many retiring members, may suddenly dismember the whole organization. If so, what will take its place? The present indication points to an adherence to the National system, by establishing banks of smaller capitals and limited issues, but this does not meet the public demand for currency.

The questions involved in these brief suggestions are of the utmost gravity, and may well invite the earnest counsel of men who can appreciate their importance. If a system of circulating notes is an absolute necessity of trade and commerce, it is equally certain that commerce contains within itself the powers, guards, and checks, and all the essential requisites for the perfect protection of such notes, as it does for the protection of its operations of greater magnitude, without wandering for expedients far away into other forms of security. Otherwise, it is an exception to the general perfection of natural law, which is not admissible. The power is certainly there. It is for trained and sagacious bankers to develop it. It must be admitted that the existing paper currency of the country is not the result of a deliberately formed plan. One-half of it is the remainder of legal-tender notes, the amount of which happened to be arrested by Congress when the public tendency was strongly toward greater expansion, and the other half is that of National banks, now fast tending toward dissolution. The importance of the subject demands the most careful investigation and the combined attention of banks and Congress.

But equally, if not the more important financial question before this nation, is the silent progress of the Congressional mandate by which two millions of dollars, containing each 412½ grains of silver bullion, are minted every month and buried in the vaults of the Treasury as cash in hand. These dollars are not created in response to any commercial demand. In fact, commerce repels them. Yet the mandate is imperative and inexorable. They must be produced in defiance of all rules which govern supply and demand. Congress has solemnly decreed that commerce *shall* want, at least, two million silver dollars a month. These coins have accumulated, and are accumulating, in overwhelming quantity, until new vaults of extraordinary capacity, like artificial silver mines, have had to be constructed to contain them. They lie side by side with gold dollars, under the reign of law commanding them to be of equal value. Yet the Treasury, which executes the law, declares that they are not, because it is daily purchasing the contents of one of them for eighty-one to eighty-three cents, with that of the other for 100 cents, and with seven dollars of the one it is making more than eight of the other. And the newspapers all over the land daily declare this to be the difference in the commercial value of the two coins. So patent is the absurdity of the claim, that two pieces of metal of such confessedly unequal intrinsic value can, by any miraculous force of a Government stamp, be instantly endowed with equal power for paying just debts. Here, then, are two coins of the same denomination, yet of such varying inherent power, contending for supremacy, the weaker one sheltering its acknowledged defect under the strong arm of this great nation. The American eagle against justice and against the world. Can such an anomaly constitutionally exist in this free Government?

Here are two weights of different ponderosity, two measures of varying length, both legally required to mete out equal justice; two chronometers keeping different time, both legally appointed to regulate the hours of labor, and this most remarkable act is done before the world, in the nineteenth century, by a nation overflowing in wealth, and holding commercial relations of vast magnitude with other nations of the earth! The change was inaugurated under the assumption that by launching boldly into the experiment, these two once equal, but now differing values, would return again to their ancient unity; but they do not. On the contrary they obstinately further separate and refuse to obey the mandate even of the American Congress. It was an open question whether the somewhat sudden change in the commercial value of silver bullion was brought about by natural events, such as the cost of production, or by the restrictive legislation of European States. But there can be no doubt that if the relative value of the two precious metals to each other was so disturbed or changed by the suspension of the coinage of silver in one great European State, the attempt to restore it by a counter movement, in the compulsory act of the United States Congress, could only give a market here to the thing prohibited there, and so not only relieve Europe from the absolute necessity of reconsidering the situation, but throw upon this nation the whole inconvenience and responsibility of changing its measure of value from gold to silver standard, and subject us to the immeasurable consequences of the social discord and he international disadvantages which our commerce must suffer by the change. While, therefore, commerce securely holds on its independent way, these dollars increase in volume, and the impending conflict of standards casts its long shadow over the business of the nation.

In enforcing the introduction of silver dollars as a new commercial standard, against the natural and instinctive repugnance of banks to become the medium of this great revolution, Congress has decreed "that no National bank shall be member of a Clearing-house association which refuses to receive silver certificates in payment of balances."

This law is expressed in ambiguous words, which render its meaning at least doubtful. But, accepting them for their probable intent, a greater difficulty becomes apparent, because:

1. Silver certificates are not legal tender in payment of debts.

2. Congress certainly cannot deprive banks of their right to claim lawful money of each other, or compel them to accept through Clearing Houses what they cannot enforce over their counters upon their own creditors.

3. These balances, to be *legal money*, must therefore be paid in silver dollars themselves. These coins as a general medium of commerce are the subject matter of this legislation. Any device by which the inconvenience of the thing itself may be evaded cannot enter into the enforcement of the statute. But that such devices as certificates are a necessity, and yet are not legal money, is at once an admission of weakness both in the law and in its object.

4. The average daily balances in the New York Clearing House are about $ 6,000,000.

5. Six million silver dollars weigh about 375,000 pounds avoirdupois. To move this mass would require 7500 men every day, each one carrying fifty pounds, or a train of 375 wagons, each drawing 1000 pounds, attended by the necessary convoy of police protectors. The effort of Congress to overcome this physical obstacle by an artifice in legislation presents a novelty in law, and a coined money that requires the creation of an attendant paper currency to make it practicable or even possible as a commercial medium, is a strange and striking exhibition of the impotency of local legislation in controling that which is governed by natural law of higher and more universal power.

Of what use, then, is this strange measure, and why should it continue? If any productive interest can possibly be promoted by a measure which gives less than a dollar's worth for a dollar in trade, the evil result to the whole people infinitely outweighs them all.

With this steady stream of two millions a month running into the Treasury, it is manifestly only a question of time when these silver dollars must become the preponderating quantity in the cash reserve, and when the swelling volume will exceed the limits beyond which they cannot longer there accummulate, but must, from obvious necessity of Government, be paid out and become the current money of the nation.

When that unfortunate moment arrives the governmental measure for all business of the country will suddenly descend from the standard of to-day to one of about *five-sixths its value*, and all debts and commercial obligations, and the prices of all property and merchandise must become adjusted to the change. Two standards of so widely different purchasing power cannot simultaneously prevail. Gold coin will be hidden away and be exchanged with other nations whose standard money it is, and who will eagerly seize the occasion to make for it the trade at the difference in market value, and this great nation will be then irretrievably launched into *a single metallic money, and that of silver*. All this, so self-evident, must have been in contemplation when the measure was adopted. Is the prospect brighter now as the time draws near? Let us view it more minutely. The daily exchanges of property through the medium of banks of the New York Clearing-house alone average more than $ 150,000,000. The commercial difference in the price of this property, whether measured by gold dollars or by silver dollars of this enforced coinage, is about $ 25,000,000 in one day. Add to this the aggregate sum exchanged through all banks and bankers of the land, and also the large amonnts passed between private persons and merchants; then multiply these enormous figures by the number of days before this new measure of value shall have become equitably adjusted by the adoption of new and corresponding prices of property. To this vast aggregate still further add the total of debts and obligations due from one portion of the people to another, all incurred in the one standard, and legally payable by the other; and then consider, if the mind can grasp it, the infinite confusion and injustice in the settlement of business affairs, the unexpected losses incurred, the deep disappointments, the failures, and consequent agony and social demoralization involved in this capricious and gratuitous legislation. Remember, also, the enhanced prices, in cheaper dollars, of all articles of necessity purchased by the people, and the always slow progress of the wages of labor in rising to a corresponding height, and the consequent meantime commotion and discontent. And then say whether the men or the Congress who imposed this measure upon the country, in a time of its highest prosperity, or who now refuse to arrest it, as they can, before these certain and inevitable consequences begin, will not meet the popular retribution? Why needlessly repeat in peace and plenty the desperate and doubtful devices of war? Rather than bring again the deplorable evils of a depreciated and deranged currency upon the country, it would be better that the whole amount of these rejected dollars that now encumber the Treasury vaults be sunk into the sea, or, better still, that they be returned to their original condition of uncoined bullion and thrown upon the market, a dollar's worth for a dollar, to be retained in this country or carried away, wherever free commerce demands it either for money or otherwise, until it is absorbed in the great tide of exchanges throughout the world, like other productions of human labor. Remove this legal restriction, restore the freedom of coinage, and let the precious metals go forth like all other fruits of the earth, subject to the greater law of supply and demand.

There is an important domain of trade, not included in commercial exchanges, which is filled by that great class of the community who can only give their personal service for compensation, required for their simple subsistence. They have nothing in reserve to exchange. It has always been a question whether paper documents of commerce should be issued in small denominations so as to embrace this class, or that they should incur the risks who do not participate in the benefits of commerce. They include the great retail trade. Here is a substantial reason why paper currency of small denominations shall be restricted, and its place filled by coined money. In the minute subdivisions of labor throughout the world, silver coin has always and everywhere served this indispensable purpose, and there is no reason to doubt that it always will. It is an absolute necessity. There is a reasonable question whether in this country commercial documents have not thus encroached upon the legitimate domain of silver money, and whether here is not to be found a natural measure of relief.

This would necessitate a large amount of coined money, and would require that it be issued in fractional denominations suited to the minuter details of life. It would add financial strength to the country, to the extent of the coin reserve so held by the people. We may thus give room for a natural demand in advance of the supply. Whereas, with the present gratuitous coinage of silver dollars a most unnatural supply is to be forced upon the country, without precedent and without demand.

ADDRESS OF MR. KNOX AT THE BANKERS' CONVENTION.

PROPOSED BASIS FOR BANK-NOTE CIRCULATION.

One of the most important addresses of the Louisville Convention was that delivered by Hon. John Jay Knox, Comptroller of the Currency. He was received with enthusiasm by the convention, and his brief address was frequently interrupted by applause. We give a considerable portion of the address, omitting many points which will be likely to be more fully discussed in the Comptroller's report to Congress in December.

When I first received your cordial invitation to attend this convention, I declined, for I did not suppose it would be possible to leave my official duties during the present month. I have had the pleasure heretofore of addressing this association at Saratoga and Niagara, and similar gatherings of business men in New York, Boston and Baltimore, but the desire to meet the members of the Bankers' Association, and to visit the good State of Kentucky, so long the home and now the final resting place of Henry Clay, has induced me to leave the Capital at considerable inconvenience, and I bring with me the greetings of the Secretary of the Treasury, who, with the President of the United States and other members of his Cabinet, recently visited this State for the purpose of opening the very successful exposition now in progress in this city.

The State of Virginia is justly proud of being called the Mother of Presidents, but it is a much greater honor to have been the mother of this great, thriving, hospitable Commonwealth of Kentucky, and of the good City of Louisville, which was first organized by an act of the Virginia Legislature, receiving its name in honor of Louis XVI, of France, whose troops were then aiding the struggle for American independence.

I accepted your invitation with the understanding that I was not to be called upon for an address. It was suggested, however, that I might be able sometime during the session of the convention to report to you the progress of the National banking system during the present year, its present situation, and to offer a few suggestions in reference to prevention of the rapid reduction of bank circulation which is now imminent.

The National banking system has happily survived the first period of twenty years of its existence. It has maintained its ground by a vigorous struggle, both in and out of Congress. Its enemies have been bitter and merciless in warfare against it, and have presented arguments so plausible to those unacquainted with the true principles of political economy that it was necessary, by continued and patient discussion, to satisfy the country that there was really no saving to the Government by the substitution of demand Treasury notes in place of the circulating notes of the banks. In the course of this controversy it has been charged that the Comptroller was acting the part of an attorney for the banks. I acknowledge that

I was educated as a banker under the New York State system; that I had experience in other systems of banking in the West; that I was an ardent advocate of the present system before it was adopted, and since its adoption have not ceased at any time to recommend and to endeavor to obtain such legislation as was deemed most advisable for the maintenance of a sound currency, and for the continuance of the present system of banking.

The members of this convention and the banks generally will, I think, bear witness that I have not hesitated, when necessary, to use authority to prevent violation of the law and of the true principles of banking. While I have been the friend of the system I have been the friend only of those banks which have conformed to the law, and in endeavoring to prevent such violations it has sometimes seemed as though the title of "the scolding Comptroller" would be more appropriate than that of "an attorney for the banks."

The experience of twenty years has shown this banking system to be better adapted for a country like our own than any other known, and many of those who were formerly its strongest opponents have become its friends, having become convinced not so much by argument, or by an appeal to the reason, as by the logic of events. Finally the Congress of the United States by the repeal of the onerous taxation at its last session, upon which I offer you my heartiest congratulations, and by the passage of the bill extending the corporate existence of the banks, has conformed to the wishes of the people, and made the system by legislation, it may be said, almost perpetual. So strong has it become by attracting deposits that at times it has seemed that banks were being organized in localities where additional banking facilities were not needed.

During the year ending November, 1882, 171 additional banks were organized, with a capital of $15,767,300 and circulation of $6,500,680, and during the eleven months ending October 1, 1883, a still larger number, 251 banks, have been organized, with a capital of $28,077,500, and circulation of $7,593,280.

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The number of banks organized in the New England States is seven, with capital of $1,275,000, and circulation of $886,500; in the Middle States, thirty-eight, with capital of $3,033,000, and a circulation of $1,518,390; the Southern States, forty-two, with capital of $3,479,000, and circulation of $963,000; Western States, 127, with capital of $18,120,500, and circulation of $3,549,880; Pacific States and Territories, thirty-seven, capital of $2,170,000, and circulation of $675,040.

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It is necessary that the large excess of revenue of the Government beyond its expenditures should have some outlet, or a serious contraction of the circulation would ensue, and the Secretary of the Treasury has been forced to call in rapidly for payment that portion of the bonded indebtedness which is payable at the pleasure of the United States, thus rendering the profit on circulation merely nominal, and in some cases even a losing business, unless the capital was invested in long bonds, which bear a premium so high that many bankers decline to make the investments. During the past year the bonds held by the banks as security for circulation have been reduced from 362 millions to 353 millions, a reduction of nine millions. The amount of lawful money now held for the purpose of retiring the notes of liquidating and other banks desiring to diminish their circulation is $36,821,501, showing a reduction of $2,229,131 during the year ending October 1. All of the three-and-a-half-per-cent bonds have been called for payment, including more than $40,000,000 held by the banks on November last. The three per cents. have, since that date, increased $22,000,000, and the the four and four and a-halfs only about $8,000,000.

There are $290,000,000 of three-per-cent. bonds, not including the $15,000,000 recently called payable at the pleasure of the Government, now outstanding, of which the National banks hold about 200 millions, and unless there shall be new legislation, which shall reduce the receipts of the Government, it is probable that the whole remaining three-per-cent. bonds will be called for payment during the next three or four years, thus reducing the circulation of the National banks from 353 millions to 171 millions, and causing a contraction of the currency of from fifty to sixty millions.

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New legislation may, however, postpone the payment of the public debt, and defer for many years any great reduction of the bank circulation. This necessary legislation may be of various kinds—first, contraction may be prevented by the reduction of the redundant revenue, and that this is the true policy is so plainly shown by those who are familiar with the subject of the tariff that it is the marvel of the times that such reduction has not already taken place; second, it may take place by the conversion of the long bonds into three per cents. by offering inducements to the holders of these bonds to exchange them for three per cents. to mature in 1907, the Government paying to the holders thereof a reasonable amount for their difference in value.

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Other suggestions have been made worthy of consideration, one of which is by an eminent banker in Boston, that the National banks shall issue circulation upon a plan similar to the issues of the Bank of England; first, having the right to issue circulation at a given rate upon such United States bonds as may be deposited, and subsequently the right to increase that circulation by deposit of gold in the Treasury, the amount of circulation to be issued upon the gold to be twenty-five per cent. in addition to the gold deposited, the whole circulation being a first lien upon all the assets of the bank.

After referring favorably to the proposition for the repeal of the tax upon circulation, or the issue of an increased amount of circulation upon the bonds deposited, and to the proposition to authorize each bank to deposit one-half of its securities in the bonds of those States and cities which have never failed to pay their interest promptly, the address concludes as follows:

If no legislation of this kind shall transpire, how is the vacuum to be filled? It is said that it may be filled by the issue of silver certificates, or by an additional issue of Treasury notes. If it is done by the issue of silver certificates, the result will shortly be the payment of all debts upon the basis of a silver standard. If, by the issue of Treasury notes it is difficult to understand by what process they can be placed in circulation, so long as the revenue shall continue to supply more money than is needed for its expenditures; and the receipts have so largely exceeded its expenditures that nearly 105 millions ($104,723,750) of the public debt was paid during the year ending October 1. But if it were possible to increase the Treasury notes such issues would soon be prevented by the issue of notes under the authority of the different State Legislatures, and upon this point I can not express myself more plainly than by quoting from an address made before this association in midsummer in 1879: "The proposition now advocated in certain quarters is to substitute United States notes in place of bank notes. This is impossible of accomplishment. I mean that while this project may seem to many judicious and plausible, it is an impracticable one. . . . When I say this, I mean that such legislation would be likely to be followed by the repeal of section 3412 of the Revised Statutes, consisting of four lines in the Statute Book which provides that every National and State bank shall pay a tax of ten per cent. on the amount of notes of any person or of any State bank issued for circulation and paid out by them. Many of the Southern States have long desired the repeal of this section, because they believe that State banks and State-bank issues would be more advantageous to their business interests. The East and the North in that event will join the South for the repeal of this section but for a different reason, viz., because they believe that the increase and decrease of paper currency should not be controlled by Congress. The Eastern and Middle States suffered comparatively little loss by the issue of such notes previous to the organization of the National banking system, and they believe that the evils which will result from the issue of Government currency, exclusively, will be much greater than those arising from the issue of State-bank notes under some such plan as the Suffolk system."

One of the most distinguished leaders in the greenback party has substantially acknowledged to me that the issue of bank notes authorized by State laws would be the probable result of the attempt to increase the amount of the Treasury notes, but at the same time he believes that the evils may be, and probably will be, prevented by a decision of the Supreme Court reversing the decision in the case of *Briscoe* v. *The Bank of the Commonwealth of Kentucky*, rendered in the year 1836, thus holding what I believe to be the true interpretation of the Constitution, that no State shall issue or authorize any corporation to issue bills of credit.

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I have but one other suggestion to make in closing these remarks, which have been continued already perhaps too long, and this suggestion is made not without considerable diffidence, and not as a recommendation, but as a suggestion for your consideration.

The early archives of the Treasury show that De Beaumarchais, a brilliant French writer of high social standing, of wonderful conversational powers and great energy of character, espoused the cause of America at the outset of the Revolutionary struggle with all the ardor of his nature, and rendered the most important service in inducing his Government to come to our assistance. He was sent to London in 1776 as a diplomatic agent in order to confer with our representative. He said that it was the wish of the French Government to assist us to the extent of 200,000 Louis d'or in arms, ammunition and specie, but wished to do it secretly, and suggested that a small quantity of tobacco should be returned in order to give it the air of a mercantile transaction. This plan was to be communicated to Congress. Upon his return to Paris he made the acquaintance of the American agent sent by the United States to

* *National Loans of the United States from July 4, 1776, to June 30, 1880.*—Rafael A. Bayley, Government Printing Office, 1882.

France, whose mission was to obtain cannon with ammunition, and arms and uniforms for 25,000 men.

Through his kind offices and that of his friends, not less than 3,000,000 livres were immediately advanced as a gratuitous gift to the Government, at a time when even a much smaller amount would have been of immense service to our cause. Eight ships were employed in transporting the precious cargoes to this country for our use. Subsequently, 18,000,000 livres were loaned by the French Government to the colonies to continue the struggle with Great Britain. The money is said to have been advanced without any expectation of payment, though with stipulation that it should be repaid, and a contract to that effect was drawn some years after. The interest named in the contract was at the rate of five per cent. Article 3 of the contract specified that, although the rate of interest was five per cent., "His Majesty, wishing to give the United States a new proof of his affection and friendship, has been pleased to make a present of and to forgive the whole arrears of interest to this date, and from this date to the treaty of peace. A favor which the Minister of the Congress of the United States acknowledged to flow from the pure bounty of the King, and which he accepts in the name of the said United States with profound and lively acknowledgements." This loan was all subsequently paid, the last instalment being in five-and-a-half-per-cent. stock in 1795, this stock being accepted in lieu of all demands by the agent of the French Government.

Subsequently, at a time when the American army was almost destitute of clothing and meat and bread, and when Continental money had ceased to be of value, and when the army was in danger of disbandonment, the King of France, through his Minister at the Hague, obtained a loan of 10,000,000 of livres from Holland. The money was obtained on the credit of France, and became a debt due to the latter country, and was subsequently provided for in the contract of July 16, 1782. The rate was four per cent., and it was to be paid in ten equal annual payments of 1,000,000 livres—the King, "On account of his affection for the United States, having been pleased to charge himself with the expense of Commissioners and bank for the loan, of which expense his Majesty has made a present to the United States."

The last instalment of this loan amounted to $176,000, was arranged by the issue of four-and-a-half-per-cent. stock of 1795, which stock was, of course, subsequently paid. Other loans were subsequently made by Holland and France, and the whole foreign debt of the United States at the organization of the present form of government was about twelve millions of dollars.

Of late years I have not infrequently heard thoughtless persons speak lightly of that illustrious citizen, the first President of the United States. I trust, therefore, that you will bear with me while I read a word from the report of the French Minister, Moustier, who was present at the inauguration of George Washington, and who thus writes home to the King, from whom the city of Louisville derives its name:

"Every one, without exception," so reports the French Minister to his Government, "appears penetrated with veneration of the illustrious Chief of the Republic; the humblest was proud of the virtues of the man who was to govern him. Tears of joy were seen to flow in the hall of the Senate, in the church, and even in the street, and no sovereign ever reigned more completely in the hearts of his subjects than Washington in the hearts of his fellow-citizens. Nature which had given him the power to govern distinguished him from all others by his appearance; he had at once the soul, the look and the figure of a hero; he never appeared embarrassed at homage rendered him and in his manners he had the advantage of joining dignity to great simplicity."*

The bearing of this reference to early times and to the early friendship of the French and Dutch nations will be evident when we recall the fact that the present debt of the Republic of France is nearly 3830 million dollars, and of Holland 389 million dollars. Baron Gerolt once said to me that at least one-third of the people of the United States were of German descent. The present debt of the German Empire is less than $50,000,000.

The debt of the English people, who are now bound to us by the strongest social and commercial ties, is 3766 million dollars. The public debts of these nations are given in the census returns for 1880, as follows:

France........	$3,829,982,000	....	Holland........	$389,320,000
Great Britain..	3,766,671,000	....	German Empire	49,317,000
Total..				$8,035,290,000

making a grand total of more than eight thousand millions of debt, bearing interest, for the most part, at a rate ranging from three to five per cent. Would any banker hesitate to lend his money upon the debts of France or Holland, our old and true friends in the early history of the nation? The English consols for years have been better known in every country than any other debenture, and if the National-bank notes were secured by these, and by United States bonds in equal amount, it is probable that these notes, particularly those of the larger denominations, would, like the issues of the Bank of England, be current in every part of the world. The faith of the French nation has been preserved inviolate for years, notwithstanding the change of dynasties and forms of Government.

Would it not be gratifying if we were bound to these nations by additional ties of commerce and friendship in these centennial years; and would not the holding of this debt as security for circulating notes serve as a bond to insure that all differences which may hereafter arise between this nation and the great nations of the Old World shall be settled by arbitration, and not by an appeal to the sword?

I do not suppose it probable that Congress would consider such a proposition at present; but certainly, in view of the rapid payment of our public debt, of the numerous banks yearly established, the future magnitude of the system and the importance of preserving it in its present form, the employment of foreign debts as security for one-half or one-fourth of the circulation of the banks would seem to be a proper subject for the consideration of this association.

The relations of the different great powers of the world toward this country have greatly changed of late by the use of the telegraph and the cable, and the business and commercial relations of this country with foreign countries will certainly become more and more intimate from year to year.

* *Bancroft's History of the Constitution of the United States.* Vol. II. pp. 363-4

The amount of foreign bonds annually imported for this purpose, should the necessary legislation be authorized, would not be so great as to derange our public finances or injuriously affect the balance of trade. The citizens of England and Germany, particularly, for many years have not hesitated to invest largely in United States bonds, when they could do so to advantage, and the purchase and deposit of their debentures as security for the circulation of the National banks, would certainly tend to increase the demand and strengthen the prices of the best American stocks and bonds in every foreign market.

The closing paragraph in an address I had the honor to deliver before the Chamber of Commerce in New York City, in the month of May, 1882, was as follows:

"I expect not long hence to see in the newspapers of this city the advertisements of your eminent bankers for the purchase and sale of English consols and French rentes and the securities of the other nations of the globe; and the quotation of their funds in your commercial journals and their purchase and sale will be among the first indications that New York will contest with London the right to be the monetary centre of the world.

ACTION BY STOCKHOLDER AGAINST BANK OFFICER FOR MISMANAGEMENT.

NEW JERSEY SUPREME COURT.

Conway v. *Halsey.*

An action will not lie by a stockholder in a National bank against the president and directors for their neglect and mismanagement of the affairs of the bank, whereby insolvency ensued and the stock became worthless.

BEASLEY, C. J. Since the decision in the case of *Smith* v. *Hurd*, reported in 12 Metc. 371, and which occurred in the year 1847, I do not find that it has anywhere been doubted that an action will not lie in behalf of a stockholder in a corporation against its directors for their negligence in so conducting its affairs that its capital had been impaired or lost, and the shares of its stock in that manner rendered worthless.

That judgment, with respect to its constituent facts, was identical with the transaction described in the present declaration for the complaint in that instance was that the directors of a corporate company had, by their malfeasance in delegating the whole control of its business to its president and cashier, occasioned the waste and loss of its entire capital. The adjudication was rested on general principles which lie at the basis of all corporate existence. These were, in substance, the following, viz.: That there is no legal privity between the holders of shares in a corporation in their individual capacity on the one side, and the directors of such company on the other; that the directors are not the bailees, agents, or trustees of such several stockholders; that the corporation is a distinct person in law, in whom all the corporate property is vested, and to whom all its agents and officers are responsible for all torts and injuries diminishing or impairing its property; that the individual members of the company have no right or power to intermeddle with the property or concerns of such company or to call any agent or officer to account, or to discharge them from any liabillity; that the injury done to the capital by wasting it is not in the first instance, nor necessarily, a damage to the stockholders; that all sums which could in any form be recovered on that ground would be assets of the corporation, to be applied in the first instance to the payment of debts, the surplus only being distributable among the stockholders, and that it is therefore only an indirect, contingent and subordinate interest in damages so to be recovered that is vested in shareholders. These are the main grounds leading to the decision in the case referred to, and such grounds are so plainly just and reasonable that they appear to have been adopted in each of that series of authorities on the subject that are to be found by a reference to any of the text-books. *Thomp. Liabil. Directors*, 351; *Field Corp.*, § 328.

The legal effect of the doctrine thus established is that those acts of the officers and agents of the corporation which diminish or destroy the capital of the company are direct injuries to the corporate body, and that it only can seek reparation for such wrongs. And in such cases, if the directors or other principal officers are the wrong-doers, or if not being thus implicated, they refuse to promote the requisite suit, a stockholder acting for himself and the other stockholders and for the company, may call such delinquent officials to account in a court of equity. The theory is that under the given conditions the corporation is entitled to indemnification, and that when this is effected the stockholder ceases to be a loser. As to the right of the shareholder to become the actor in equity to repair a corporate injury, when the directors refuse to perform such function; see the case of *Trenton Bridge* v. *Trenton City Bridge*, 2 Beas. 46.

To the extent of the legal rules established by the train of cases to which reference has been thus made, I did not understand upon the argument that any contention was raised, the plaintiff's case being placed exclusively on the basis of the force of the five thousand two hundred and thirty-ninth section of the National Bankrupt Act. The section thus relied on is in these words: "If the directors of any National banking association shall knowingly violate, or knowingly permit any of the officers, agents, or servants of the association to violate any of the provisions of this title, all the rights privileges and franchises of the association shall be thereby forfeited. Such violation shall, however, be determined and adjudged by a proper Circuit, District, or Territorial Court of the United States, in a suit brought for that purpose by the Comptroller of the Currency in his own name, before the association shall be declared dissolved. And in cases of such violations every director who participated in or assented to the same, shall be held liable, in his personal and individual capacity, for damages which the association, its shareholders, or any other person shall have sustained in consequence of such violation."

It is insisted that the clause of the above-recited provision which relates to the violations of this law by the officers of a National bank, applies to the circumstances stated in this declaration, and renders the defendants liable to this action. The position is not tenable. The Act declares that the charter of any of these banks shall be forfeitable if the directors knowingly violate certain provisions of the statute, and it is for a violation of such provision that a personal responsibility is imposed on such officers. When the act of the officers has been such that its effect will be to put the institution out of existence, then, and then only, are they made liable to the private suit of the stockholder or other person injured by their wilful disobedience of the requirements of the law. As it is entirely unreasonable, therefore, to infer that it was the legislative intention that the charters of these valuable institutions should be liable to be lost by reason of any negligence and want of care of their directors, it necessarily follows that such negligence and want of care will not lay the basis of a suit of a shareholder against them. The banking Act organizes these financial institutions, and establishes various fundamental regulations to which they are required strictly to conform; and it is quite in keeping with the purpose and spirit of this law to find in it a declaration that if the directors should willfully disobey any of such fundamental injunctions, the penal consequence should be that they should make good not only the loss thence resulting to the corporation, but also that occasioned to individuals by their malfeasance. The plaintiff's case is not brought within the scope of this remedial clause of this section, inasmuch as it does not show a willful violation of any one of such fundamental regulations. There is also another objection to the application of this section of this act to the plaintiff's case. When the clause in question gives a private remedy, derived from the misconduct of the directors, to the individual stockholder, the only reasonable deduction from the words and purposes of the law is that such redress is aimed at injuries directly and not indirectly falling on such stockholder. In the present case the injury is indirect and derivative; the plaintiff has suffered a loss because the property of the corporation was squandered, purloined, or lost. Now, for such a loss the statute gives to the company the right to obtain an indemnification by suit, and by such recovery the indirect and derivative loss of the stockholders is, *ipso facto*, repaired.

For the sake of example, let us say that the capital of a bank is $500,000, which is purloined or lost by the misconduct of the directors; the stock thus becomes worthless, because the company is made insolvent, but if the corporation sue the directors and recover as damages their entire capital, full value is restored to the stock of the members. It follows, therefore, that unless we impute to persons passing this act the design to provide for a duplicate reparation for the misconduct of these officers, first, to the corporation, and then, second, by way of duplication, to each member of the bank, it is clear that what I have called these derivative injuries are not those for which an independent remedy is provided in favor of each member of the company. This consideration derives an increase of weight from the circumstance that the same remedy that is given to the stockholders is afforded "to any other person," and if this action can be sustained, so would an action be sanctioned that should be brought by any creditor of the insolvent bank. In the suit of *Ackerman* v. *Halsey*, Mr. Justice Depue, sitting in the Essex Circuit, considered this same question, and after having examined the subject with care, as appears from the opinion prepared by him, came to the same conclusion as that above expressed.

It has been deemed advisable to dispose of this case on its legal merits as they were presented in the discussion of counsel at the bar, rather than to confine our attention to the statements of the declaration, which is obviously so imperfect that it does not exhibit the real question in controversy. Regarding the matter in this extended sense, the defendants are entitled to judgment on this demurrer.

LEGAL MISCELLANY.

NATIONAL BANK—RIGHT TO SUE IN FEDERAL COURT.—The act of Congress of July 12, 1882, to enable National banks to extend their corporate existence, placed National and other banks, as to their right to sue in the Federal courts, on the same footing, and consequently a National bank cannot, in virtue of a mere corporate right, sue in such courts. But National banks may, like other banks and citizens, sue in such courts, whenever the subject-matter of litigation involves some element of Federal jurisdiction. Thus a suit by a National bank against a county treasurer, to enjoin the collection of an excessive tax upon its personal property, alleged to be made in violation of the act of Congress permitting the State to tax National banks, presents a case arising under a law of Congress, and is therefore maintainable in a Federal court. *Union National Bank* v. *Miller*. U. S. Circ. Ct., S. D. Ohio.

SURETYSHIP—PASSIVE NEGLECT OF CREDITOR TO ENFORCE SECURITY DOES NOT RELEASE SURETY.—The neglect of a creditor to revive a judgment will not discharge a surety. In *United States* v. *Simpson*, 5 Penn. St. 437, it was held that when the judgment creditor suffered the lien of the judgment to expire without revival, the surety was not discharged. Gibson, C. J., said: "The rule is well settled that mere forbearance, however prejudicial to the surety, will not discharge him. It is his peculiar business to judge of the danger to be apprehended from delay, and to quicken the creditor, where the occasion requires it, in the way known to the law, in default of which the loss incurred is necessarily to be attributed to his own supineness." In *Mundorf* v. *Singer*, 5 W. 172, it was held that if an obligee in a bond obtain a judgment against the principal, and suffer it to remain without revival until the lien on his lands be lost, and afterward sue the surety on the same bond, the latter cannot avail himself of the negligence of the plaintiff as a defence. This principle has been followed in many cases, among which the latest is that of *Winton* v. *Little*, 13 Norr. 64, in which Trunkey, J., says: "Mere forbearance, however prejudical to the surety, will not discharge him. This rule applies where a creditor suffers a judgment to lose its lien for want of revival against the principal debtor, and thereby subsequent creditors are enabled to take the land." *Kindt's Appeal*. *Albany Law Journal*, Vol. 28, p. 156.

SURETYSHIP—OFFICIAL BOND—OBLIGATION CONFINED TO EXPRESS TERMS.—Under the charter of the city of H. the marshal was required to give bond in a sum not exceeding $2,000 "for the faithful performance of his duties as city marshal." The marshal was also made *ex-officio* collector, and required to give such bond as the city council should direct. A bond for the sum of $3,000, after reciting that one P. had been elected marshal of the city of H., provided that P. should discharge all the duties of said office and should pay over to the proper persons and the city of H. "all moneys and effects to them or her in anywise belonging or pertaining that may come into his hands." P. collected a large amount of city taxes which he failed to pay over. *Held*, that the sureties on this bond were not liable. The obligations of sureties are strictly construed, and the fact that the bond was for $ 1,000 in excess of the amount required of the marshal did not extend the liability of the sureties. *City of Harrisonville* v. *Porter*. Missouri Sup. Ct.

SURETYSHIP—CONSTRUCTION—CONTINUING GUARANTY.—Defendant gave the following instrument to plaintiff: "Dear Sir: Please let Mr. John Newman have credit for goods to the amount of $ 100, and for the payment of which I hold myself responsible." This was signed by defendant. *Held*, a continuing guaranty to the amount of $ 100. In *Hargrave* v. *Smee*, 6 Bing. 244, Tindal, C. J., said: "The question is, what is the fair import to be collected from the language used in this guaranty? The words employed are the words of the defendant, and there is no reason for putting on a guaranty a construction different from that which the court puts upon any other instrument. With regard to other instruments the rule is that if the party executing them leave anything ambiguous in his expressions, such ambiguity must be taken most strongly against himself." In *Mason* v. *Pritchard*, 12 East 227, it is said: "The words were to be taken as strongly against the party giving the guaranty as the sense of them would admit." In *Lawrence* v. *McCalmont*, 2 How. 426, it is said: "Some remarks have been made, on the argument here, upon the point, in what manner letters of guaranty are to be construed—whether they are to receive a strict or liberal interpretation. We have no difficulty whatever in saying that instruments of this sort ought to receive a liberal interpretation. By a liberal interpretation we do not mean that the words should be forced out of their natural meaning, but simply that the words should receive a fair and reasonable interpretation, so as to attain the objects for which the instrument is designed, and the purposes to which it is applied. We should never forget that letters of guaranty are commercial instruments, generally drawn up by merchants in brief language, sometimes inartificial, and often loose in their structure and form; and to construe the words of such instruments with a nice and technical care would not only defeat the intention of the parties, but render them too unsafe a basis to rely on for extensive credits." These cases, and others to the same effect, are cited with approval in the case of *Ringe* v. *Judson*, 24 N. Y. 64. In that case the guaranty was as follows: "Mr. Ringe—Sir: I will be accountable to you that Mr. Butler will pay you for a credit on glass, paints, etc., which he may require in his business, to the extent of $ 50. D. C. Judson." This was held to be a continuing guaranty, and the limitation was as to the extent of the guarantor's liability, and not of the credit to be given. *Tootle* v. *Elgutter*. Nebraska Sup. Ct.

COMMODITIES—TAXATION.—Shares of the capital stock of an unincorporated association are not "commodities," within a statute taxing "produce, goods, wares, merchandise and commodities." *Gleason* v. *McKay*, Massachusetts Supreme Court, March, 1883. The court said: "Ever since the adoption of the Constitution, the Legislature in its practice and this court in its adjudication have given a very broad and extensive meaning to this term. It has been repeatedly held that corporate franchises enjoyed by grant from the Government are commodities, and subject to excise. *Portland Bank* v. *Apthorp*, 12 Mass. 252; *Commonwealth* v. *People's*

Five Cent Savings Bank, 5 Allen. 428; *Same* v. *Hamilton Manuf. Co.*, 12 id. 298; *Same* v. *Cary Improvement Co.*, 98 Mass. 19; *New York Ins. Co.* v. *Gleason*, 133 id. 161, cited. This imposition is clearly not in the nature of a license fee, but is an excise upon a franchise or privilege. The right to levy excise upon franchises has never been extended further than corporate franchises specially granted by the Government or enjoyed and exercised by its permission. The defendant in this case is not a corporation. It is merely a partnership with all the incidents and responsibilities of a partnership. The firm property is taxable at its business domicil. *Hoadley* v. *County Commissioners*, 105 Mass. 519. It enjoys no franchises conferred upon it by the Legislature. It does not ask for or enjoy any corporate or special privileges. It has constituted its partnership under its common-law rights and such legal agreements as it chooses to make. The peculiar feature that the interest of each member may be transferred without the special assent of the other members, is created by agreement of the partners under their natural rights at common law. We do not see how this peculiar feature can be called a commodity subject to a special excise, any more than the agreement of co-partnership itself or any clause or part of it, or any other agreement, right or mode of transacting any business, can be called a commodity and so liable to taxation at the will of the Legislature. If this tax can be upheld, it seems to us that the necessary result will be that the Legislature has the power to select any business, occupation, or calling carried on, or any natural right enjoyed under the protection of our laws, and impose upon it at its will a special tax or excise. This would be extending the meaning of the word 'commodities' beyond any reasonable imits." *Albany Legal Journal*, Vol. 28, p. 45.

National Bank—False Oath of Officer of—State Notaries.—Prior to the passage of the Act of Congress of February 26, 1881 (21 Stat. 352), notaries public, in the several States, had no authority to administer to officers of National banking associations the oath required by section 5211 of the Revised Statutes of the United States. An indictment against an officer of a National bank under section 5392 for a willfully false declaration or statement in a report made under section 5211 verified by his oath administered by a notary public of a State prior to the Act of February 26, 1881, cannot be sustained. By section 5392 it was meant that the oath must be permitted or required by at least the laws of the United States, and be administered by some tribunal, officer, or person authorized by such laws to administer oaths in respect of the particular matters to which it relates. It is fundamental in the law of criminal procedure that an oath before one who has no legal authority to administer oaths of a public nature, or before one authorized to administer some kind of oaths, but not the one which is brought in question, cannot amount to perjury at common-law, or subject the party taking it to prosecution for the statutory offense of willful false swearing. 1 *Hawk, P. C.*, b. 1, ch. 27, § 4, p. 430 (8th edit.); *Roscoe's Cr. Evi.* (7th Am. ed.), 817; 2 *Whart. Crim. Law*, § 2211; 2 *Arch. Crim. Pr.* (8th edit.), 1722. The case *United States* v. *Bailey*, 9 Pet. 238, distinguished. *United States* v. *Curtis*. U. S. Sup. Ct.

CURRENT EVENTS AND COMMENTS.

THE PACIFIC COAST LUMBER INTEREST.

"There is no speculation in this trade," says the San Francisco *Journal of Commerce*, "no digging and delving in dark holes for hoped-for treasure; the forests are there, the lumber is needed, and the product is sure. The lumber business of the Pacific Coast takes rank where it justly belongs—along side of her wheat raising industry. California produces immense quantities of redwood, the only section on the known globe where this useful and even ornamental wood can be found. Here laurel equals the far-favored mahogany; while her sycamore is becoming known as a most useful and ornamental wood. Puget Sound and Oregon furnish pine and cypress, and all these woods are found in apparently inexhaustible quantities. In fact it is stated with, we believe, the utmost fairness, that the thirty years' consumption of lumber on this coast has so far made no perceptible impression upon our immense forests, and that not one-fiftieth of our lumber has been touched. It is asserted by some, but denied by others, that the redwood and pine on this coast will reproduce itself in thirty years; but, be that as it may, there is no danger that the supply of lumber on this coast will become exhausted in the life-time of our children, and the development of the lumber interest, the new forests opened, new mills erected, new markets for their product found, will afford ample opportunity for the safe investment of capital for years to come."

ORIGIN OF THE "T" RAIL.

The "T" rail, now universally used on American railroads, is generally supposed to be of English origin, but it was invented by Robert L. Stevens, of Hoboken, N. J., in 1830, and was first laid on the Camden and Amboy railroad. It did not come into general use until after 1845. The first made of these rails were only sixteen feet in length. The first rails thirty feet in length were made at the Cambia Iron Works at Johnston, Pa., in 1856, but there being no demand for them they were used on the tracks of that company at their works. The first thirty-foot rails rolled on order were made at the Montour Works in 1859. The first sixty-foot, or double length rails, were rolled at the Edgar Thomson Steel Works, Pennsylvania, in 1875; and that company in 1876, exhibited a steel rail at the Centennial Exhibition 120 feet in length, weighing sixty-two pounds to the yard. The rail mills in the United States have now a capacity of 3,000,000 tons of iron and steel rails per annum. More than nine-tenths of the rails rolled in 1882 were of steel.

ANOTHER LARGE SOUTHERN LAND SALE.

Another large sale of Southern lands in the States of Alabama and Mississippi has been made, amounting to 750,000 acres, an area larger than the entire State of Rhode Island, and very little less than Delaware. They lie in the Counties of Washington, Mobile, Choctaw, Clarke, and Baldwin, in the State of Alabama, and in Wayne, Greene and Jackson, in Mississippi, extending about fifteen miles on either side of the road. Some of the land is tributary to the Pascagoula mills, and some to the mills on the Tombigbee. The land is nearly all well timbered. It has been considerably depredated on by squatters and timber thieves, and the impossibility of preventing these depredations was the principal reason for the sale of this land by the railroad. More than half of it, however, is virgin forest, in which not a tree has yet been felled by man, and is consequently very valuable. The company that has purchased this body of land proposes to utilize it at once. It will route the depredators by vigorous legal proceedings, will build several mills in the new territory thus acquired, with tramways running into the heart of the best timber country, and will begin at once a vigorous and wholesale lumber business. This is the fifth large purchase of Southern lands—each of them exceeding 500,000 acres—that has been made during the present year, and it bears testimony to the fact that these lands, which it was formerly almost impossible to sell, are now in great demand.

SUGAR FROM BEET ROOT.

A correspondent of the London *Times* writes: "The increase in the consumption of sugar in the United Kingdom during the last ten years is immense. In 1843 it was about 200,000 tons. In 1854 it was doubled, being equal to 400,000 tons. In 1874 it amounted to 850,000 tons, and in 1882 to 1,000,000 tons. Of these quantities, in 1870 165,000 tons were beet-root sugar, and in 1882 over 400,000 tons beet-root sugar, the whole of which was imported from Germany, Holland, Belgium, and France. The value of the beet-root sugar imported into England is now about £10,000,000 per annum. An economical process has recently been discovered in Germany for the recovery of sugar from beet-root molasses or any solution of sugar by the use of strontia, which is the alkaline earth of which strontium is the metallic basis. The process was secretly worked in Germany for some years until recently, when patents were taken out for its working by Dr. Scheibler, Professor of Chemistry at the Royal Agricultural College, Berlin, and chemist of the Beet-root Sugar Institution. By the use of this process very large profits are now being made in Germany and refiners in different parts of the Continent (notably France and Russia) are adopting the process rapidly. A large deposit of strontia has been proved to exist in this country. By the new process referred to the prospect of beet-root cultivation and the manufacture of sugar therefrom in the United Kingdom is greatly enhanced. To produce one ton of beet-root sugar one acre of land is required. The imports are 400,000 tons of beet-root sugar per annum. The crop of sugar beet can be taken every three years. If, therefore, 1,200,000 acres of suitable land could be brought under beet cultivation, the whole of the beet-root sugar consumed in the country could be produced at home. A large proportion, if not the whole of this land, could be obtained in Ireland. The advantages which may accrue to Ireland from the establishment of the manufacture of sugar from beet-root appears to be not only that it will create a new and extensive source of manufacturing employment, but that, as the material used can only be profitably obtained by means of improved agriculture, the manufactories of beet sugar should exercise a powerful influence on the agriculture of that country."

WEALTH OF GREAT BRITAIN.

At one of the recent meetings of the British Association, Mr. M. G. Mulhall read a paper, iu which he said that since the time of the Stuarts the increase of wealth had been more rapid than that of population. In 1660 the wealth of England and Wales was £250,000,000, the population 5,500,000, making the wealth per head £45. In 1812 the wealth of the United Kingdom was £2,190,000,000, the population 18,927,000, and the wealth per head £127. In 1882 the wealth of the nation was £8,720,000,000, the population 35,000,000, and the wealth per inhabitant £249. Public wealth has quadrupled since the Waterloo epoch, and doubled since the accession of Queen Victoria. The wealth of the nation in 1882 was made up as follows; Lands, £1,880,000,000; cattle, etc., £414,000,000: houses, £2,280,000,000; railways, £750,000,000; shipping, £120,000,000; merchandise, £350,000,000; furniture, £1,140,000,000; bullion, £143,000,000; foreign loans, £1,080,000,000; sundries, £563,000,000. The increase of wealth had been real, and very much in excess of prices, as was shown by statistics. The figures already given showed the nominal wealth of the nation. The effective wealth in 1660 was £595,000,000, or £109 per head of inhabitants; in 1812, £3,080,000,000, or £171 per head; and in 1882 the same as that previously mentioned. The diffusion of wealth since 1840 had been four times greater than the increase of population. Probable returns showed that seventeen per cent of population were above want in 1840, and thirty-one per cent in 1877. The food consumption per head had much increased.

INDUSTRIAL STATISTICS OF FRANCE.

The following statistics as to the number of men employed in various branches of activity are published by the Minister of Commerce in France: 342 coal mines, employing 106,415 hands; 1035 turf cutting works, employing 27,977 hands; 355 iron mines, employing 8468 hands; sixty other metallurgical mines, employing 4422 hands, and 359 iron works, employing 57,000 hands. There are 412 establishments employed in the manufacture of china and pottery, employing 18,708 hands: 162 of glass and crystal, employing 23,421 hands; 536 of paper and cards, employing 32,653 hands. There are 619 gas works, employing 10,575 hands; 157 candle works, employing 3603 hands; 339 soap factories, employing 3509 hands; 512 sugar factories, employing 63,526 hands, and 5024 textile works, employing 353,383 hands.

ITALIAN CURRENCY AND BANKING REFORM.

It would appear that there is still much to be done before the currency reform in Italy can be considered complete. The resumption of specie payments has so far progressed with less inconvenience than was apprehended, but several minor details still require perfecting before the reformed system can be expected to work with perfect smoothness. With regard to the bank-note circulation, there is still the objection that the notes do not circulate on equal terms throughout the country. The notes of the Bank of Rome, for instance, are legal tender in Rome, but not in Turin, Genoa, and other centres. In the same way the notes of the two Tuscan banks in Florence and the Sicilian banks have only a local currency. The inconvenience likely to arise from such a state of things is obvious. It is also stated that the banks have so far redeemed their notes exclusively in silver five-lire pieces, whereas it is desirable that they should redeem with gold, at least to the extent of two-thirds, as the official establishments do in the case of the State notes.

RUSSIA AS A FIELD FOR EMIGRANTS.

Russian emigration is considerable, but the immigration is much more considerable. Thus, in the year 1881, in a round sum, 743,000 Russian subjects left the land, but in the same year 770,000 foreigners entered Russia. During the decade 1870–1880 the influx of foreign settlers into Russia kept on with steady increase until 1875. From that period for a few years onward the foreign influx began to decline. A change, however, has now set in. A yearly average of 250,000 more souls enter Russia than leave it. The Russian empire is in constant process of receiving an immense increase of population through immigration. The largest contingent of immigrants is German; but it is clear that the English, and certainly the ubiquitous Scots, are not slow to perceive that fortune, or at least profit, may be made in Muscovy. The Germans found large industrial establishments. Russian Poland, especially, is full of new German factories. The immigrants bring with them not only the capital and plants, but the majority of their workmen, as the badly-schooled natives, possess no technical education. The Russians are beginning to complain in a tolerably loud tone. All sorts of proposals are started for checking "the appropriation of Russian soil as a field for German industry."

PRUSSIAN INDUSTRIAL CENSUS.

From the returns of the census on the fifth of June, 1882, it appears that there were at that date 27,287,860 inhabitants, of whom 9,261,882 were children under fourteen years of age, and therefore unfit for labor, 6,313,573 persons occupied with their households, and 11,742,485, representing the economic power of the nation. Broadly speaking, these last were grouped as follow: Agriculture, gardening and forestry, 4,692,348, of whom 1,230,080 were women; mines, factories and building, 3,065,218 men, and 585,408 women; commerce and transport, 766,127 men, and 145,579 women, day laborers, 160,640 men, 118,283 women; army, church and professions, 352,431 men, 60,661 women; no profession, 352,431 men, 353,064 women; servants, 30,752 male, 855,425 female. The first four groups, comprising those who are employed in industrial undertakings, are further subdivided into managers and foremen, 2,805,728 men, 612,720 women; clerks 181,583 men, 8339 women; operatives, 4,466,942 men (or 46.85 per cent.), 1,458,231 women (or 15.30 per cent). A census was also taken last January of domestic animals, with the following results: Cattle used in cultivation, 3,124,046, being an increase of five per cent. over the corresponding date in 1873; horses, 2,403,288, being an increase of six per cent.; mules, 572, a decrease of thirty-nine per cent.; donkeys, 6313, a decrease of twenty-eight per cent.; oxen, 8,735,589, about the same as before; sheep, 14,716,730, a decrease of twenty-five per cent.; pigs, 5,801,795, an increase of thirty-five per cent.; goats, 1,671,368, an increase of thirteen per cent.; bee hives, 1,232,231, a decrease of sixteen per cent.—*London Times.*

SOUTHERN COTTON MILLS.—In Alabama, Georgia, North Carolina and South Carolina, between 1880 and 1883, the number of cotton mills increased from 128 to 150, and the number of spindles increased from 451,601 to 726,731. The greatest per centage of increase of spindles was in South Carolina, being from 92,788 to 180,701.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. CHECKS PAYABLE "WITH EXCHANGE."

What is the legal difference between a check payable "*in* exchange" and one payable "with current rate of exchange?"

If I, as cashier of one bank, present a check on another bank payable "with exchange," can I demand currency with the premium on exchange added? Or, must I take a draft on an Eastern city for the amount?

REPLY.—There is this difference between a check payable "in exchange" and one payable "with current rate of exchange." The former is, by its terms, payable, not in money, but in drafts upon another place, while the latter is payable in money, with the premium, or current rate of exchange on that place added. This difference may often be of no importance, but where a bank holds for collection a check payable "with current rate of exchange," and prefers to furnish the exchange itself, it has an undoubted right to insist that the drawee bank shall pay the check in currency, with the rate of exchange added.

II. CHECKS PAYABLE "IN EXCHANGE."

A correspondent writes us in regard to the reply upon this subject in our last number, and states another reason for the practice of drawing checks "in exchange," which is worth remembering, and which will be readily understood by bankers:

"Permit me to correct what, I think, is an error on your part—to wit, that checks are so drawn to favor the bank upon which the check is drawn. It is rarely a favor to the paying bank. But, whether it is or not, checks are primarily drawn in exchange to 'favor' the payee more than any one else, and really to cheat the collecting bank out of its legitimate profit for time and money advanced, and care, responsibility and labor involved in collecting."

The difference to the *collecting* bank between a check payable "with exchange" and one payable "in exchange" is obvious to every banker. In the former case the collecting bank is entitled to receive the face of the check plus the current rate of exchange in currency, while in the latter it is only entitled to the face of the check in the form of a draft on an Eastern city. At the points where, owing to shipments of grain, pork or cotton, there is a surplus of "exchange," there is often competition between banks or bankers to work off such surplus; and in collecting checks, the proceeds of which are to be remitted to the East, under such circumstances bankers naturally prefer to collect the currency and use their own "exchange" in making the remittance, to receiving the face of the check in the form of a draft drawn on an Eastern point by another banker. Hence the disputes which arise.

Checks of this sort are not those of banks or bankers on each other, or on an Eastern correspondent. They are the checks of depositors upon the banks at interior points, where they keep an account, and are usually drawn to pay debts by their terms payable in the East.

III. The Rights of Check Holder.

A draws check on bank in favor of B. B loses check. Can B by rendering indemnity bond to bank, force it to pay amount of check, A taking no part in the proceedings, and not being party to indemnity bonds?

Reply.—This inquiry raises the familiar question whether a check holder has a right to sue the bank, if the check has not been accepted or certified. We hold, in accordance with the best and most numerous authorities, that no such right exists, and answer all inquiries upon that theory. The law is different, however, in a few States (see *Daniel on Negotiable Instruments*, § 1635, *et seq.*, where the subject is fully discussed and the authorities cited), but we have not observed that the courts of California, whence the inquiry comes to us, have decided the question contrary to the rule as we have stated it above. Assuming, then, that B could not have sued the bank if the check were still in his possession and the bank had refused to pay it on presentation, the answer to the inquiry is plain. On the other hand, if by the local law of California, B would have had a right to sue the bank upon the check, he may no doubt recover upon it as a lost instrument, first tendering a proper indemnity; but in that case, we can see no reason why the drawer of the check should be called upon to be a party to the indemnity bond, or to have anything to do with the matter.

The Lost Thirty-thousand-pound Note.—Somewhere about the year 1740 one of the Directors of the Bank of England, a man of wealth and of unimpeachable honor, bought an estate for £30,000, and for convenience sake obtained a note for that amount. On returning home, just as he was about to put it under lock and key, he was called out of the room, and placed the note on the mantelpiece. On coming back a few minutes later no note was to be seen. No one had entered the room in his absence, and after an anxious search he came to the conclusion that the precious bit of paper had fallen into the fire, and been consumed. Hurrying off to Threadneedle Street, he told his colleagues what had happened, and they gave him a second note upon his undertaking to restore the lost one if it should come again into his hands, and in case of its being presented by any body else, repay the amount to the bank. Thirty years afterward, when he had long been dead, and his estate distributed among his heirs, the supposed non-existent note turned up at the bank counter, where it was presented for payment. All explanations of the circumstances connected with it were lost upon the presentee—the note had come to him from abroad in the course of business, and it must be honored without delay. There being no help for it, he was paid the £30,000. Application was made to the representatives of the defunct Director to refund the money, but they promptly disclaimed their liability, and the bank perforce had to put up with the loss. The story goes that it was discovered (how or when we are not informed) that the builder employed to pull down the dead man's house, preparatory to rearing a new one on the site, had found the note in a crevice in the chimney, and kept it and his own counsel until he thought it was safe to reap the reward of his patience and unscrupulousness, and so become a rich man at a stroke.

BANKING AND FINANCIAL ITEMS.

The Banker's Almanac and Register for 1884 will be made still more valuable by the issue to all *yearly* subscribers of a MONTHLY SUPPLEMENT, containing announcements of new banks, changes and failures. Among its new features will be a list of all the Pension Agents of the United States, and of the pension districts which each one represents. The new volume will be ready about January 1st.

NEW YORK CLEARING-HOUSE.—The annual meeting of the New-York Clearing-House Association was held on October 2. The association consists of sixty-three members, including the Assistant Treasurer of the United States. There are forty-three National banks in this city, and all but two of them are members of the Clearing-house. The exchanges at this important institution during the fiscal year of 1883 were $40,293,155,259.65, and the balances were $1,568,983,196.05. The daily average of exchanges was $132,543,-275, and the daily average balance was $5,161,128.93. Officers were elected as follows: Chairman, Edward H. Perkins, Jr.; Secretary—William H. Nash; Manager—William A. Camp; Clearing-house Committee—William L. Jenkins, Richard King, O. D. B2ldwin, William Dowd, George S. Coe; Arbitration Committee—D. C. Hays, W. A Thompson, Arthur B. Graves, William M. Bliss, Robert Buck.

MINT STATISTICS.—Mr. Burchard, the Director of the Mint, has prepared a statement showing the amount of silver accumulated at the coinage mints for coinage into silver dollars, which shows that the silver on hand on July 1, 1878, and purchased since then is 123,447,480 ounces, of which 119,-206,224 ounces have been used in the coinage of silver dollars and some subsidiary silver coin, 304,375 ounces have been wasted, leaving a balance on hand July 1, 1883, of 3,936,880 ounces. This remainder has been weighed and verified by officers of the Treasury Department. The profits on the coinage of this silver, including the repayments by the Adams Express Company, amount to $17,342,113, of which sum $15,581,713 have been deposited in the Treasury of the United States, $358,399 have been paid for shipping silver dollars, $51,925 for loss on sweepings sold, $71,-429 for wastages, and $48 for loss on recoining, leaving a balance in the coinage mints on June 30, 1883, of $1,278,596, all of which has since that date been covered into the Treasury.

LEGALITY OF STOCK BROKERAGE.—A case involving the principles as to stock brokerage has recently been tried before Chief Justice Beasley, at Trenton, New Jersey. The Chief Justice charged the jury to the effect that buying on margins was virtually gambling, and therefore illegal; but if the stocks were bought, a deposit made and title passed, then, without giving possession of them, it was legal. The jury found for the plaintiffs for the full amount claimed.

NEW YORK.—The Wall Street National Bank has been succeeded by the Wall Street Bank, organized under the State banking laws. Its capital stock is $500,000, in shares of $50 each, the privilege being reserved to increase the capital to $5,000,000.

RICHARD BERRY, for thirty-two years the President of the Tradesmen's National Bank, died October 22d, in this city. Mr. Berry was born in Hudson Street, in 1804. He entered a brokerage office at the age of twenty. Three years later he obtained a clerkship in the Tradesmen's Bank, with which he had been identified for fifty-six years, acting successively as Teller, Cashier and President. He was one of the organizers of the New York Clearing House. It was largely through his influence that the New York banks were induced to make the loan to the Government at the beginning of the war. Mr. Berry was a Director in the Broadway Fire Insurance Company, the Williamsburgh City Fire Insurance Company, and the First National Bank of Brooklyn.

PACIFIC RAILROAD CO.—The total amount to be returned to the subsidized Pacific Railroad Company by the Government, by the recent decision of the Comptroller of the Treasury, on account of mail transportation over unsubsidized branch or leased lines during the fiscal year ended June 30, 1882, is $356,117; also withheld during the same time under the Thurman Act, $85,851, on account of mails transported over unsubsidized portions of their main lines. It is estimated that nearly $1,000,000 will be required to pay for such mail service for the fiscal years of 1882 and 1883. The greater portion of the money to be returned will be secured by the Union Pacific Railroad Company.

STORAGE OF SILVER,—When the new silver vaults in the Treasury Department are completed they will be used for the storage of the surplus silver in Washington and at the different sub-treasuries. About 400,000 standard silver dollars will be transferred from the Boston Sub-Treasury to the new vaults, but the silver in the Sub-Treasury at New York will not be disturbed. There is a large and growing demand for silver certificates, coming mainly from St. Louis, the Mississippi Valley, Georgia, and the cotton and sugar-growing region generally.

ARIZONA,—Governor Tuttle, of Arizona, has made an exhaustive report to the Secretary of the Interior upon the progress and development of that Territory. The report places the value of the gold and silver product for the year ended December 31, 1882, at $9,298,267, against $8,178,166 in 1881. As near as could be ascertained the yield of copper in 1882 was 15,000,000 pounds. The report says that the combined value of the silver and copper product for 1883 will be between $15,000,000 and $16,000,000, This will place Arizona second on the list of bullion producers. The number of sheep in the Territory is placed at 300,000, producing 2,400,000 pounds of wool yearly.

CALIFORNIA.—The annual meeting of the stockholders of the Nevada Bank was held at San Francisco, October 10. J. C. Flood, J. G. Fair, J. W. Mackay, J. L. Flood, and J. L. Brander, who, between them, hold all of the stock, were re-elected Directors. The net profits for the year were $750,000. Half a million of the profits was carried to the reserve fund, making the total present reserve fund $5,000,000. The remaining $250,000 was carried to the new account. The exchange business of the bank foots up $76,000,000.

BONDS OF BANK CLERKS.—The First National Bank of Chicago has notified its 130 clerks that they must all procure bonds, which will range from $40,000 to $500 each, and aggregate over $320,000. They are desired to procure bonds of the Guarantee Company of North America.

A BANK MYSTERY.—The auditors in the celebrated case of the Dexter Savings Bank of Maine, against the estate ot the late J. Wilson Barron, the former Cashier of the bank, have made their report to the Supreme Court. Barron was found one morning in the vault of the bank shot dead. The officers of the bank said that he had committed suicide to cover up his peculations, while his friends and the greater portion of the community believed that he was murdered by robbers. The auditors' report states that the balance due from the Barron estate to the bank is $2,011, including interest, and concludes as follows:

"We do not feel called upon to form any opinion upon the question of murder or suicide of Barron, because we are satisfied from the evidence that there was substantially no money in the bank at the time of Barron's death, and whether Barron came to his death by murder or otherwise, the amount of money in his possession in the bank at that time was so inconsiderable as not to materially affect the situation of the parties litigant, or change the result of our conclusions."

Of the amount which the auditors decide that the Barron estate is indebted to the bank $567.91 is for interest. Among the principal items is $373 necessary to balance the account on the cash-book, $650 for five special deposits made at the bank, but not entered by Barron; $520 charged for a United States bond just prior to Barron's death, and which the auditors decide was not purchased. The report of the auditors does not settle the case, and either party has the right to ask for a trial by jury.

THE KANKAKEE LINE is the deservedly popular one between Chicago, Indianapolis, Louisville, Cincinnati, and points South, which enters and leaves Chicago over the great six-track route along the lake front, and is therefore not subject to delays by having streets, draw-bridges or railroad tracks to cross. Running Pullman hotel cars through, without change, between Savannah, Macon and Chattanooga, and Cincinnati, Indianapolis, Lafayette and Chicago, in addition to a regular sleeping-car on night-express trains, it would seem to leave nothing to be desired in the way of a comfortable route to or from the cities named. The trains of the Kankakee line arrive at and depart from the Grand Central Depot, at Cincinnati, in the heart of the city, and the terminal facilities of the entire route are unsurpassed.

THE CHICAGO, MILWAUKEE AND ST. PAUL RAILWAY.—Among the achievements of modern railway progress, the shortening of time becomes practically that of space. A recent excursion train, consisting of seven special cars, made the run from Chicago to St. Paul, in ten hours and twenty-five minutes. It carried a party of English and Irish gentlemen who are interested in the Canadian Pacific Railway, together with a goodly number of its officials *en route* to the Northwest to inspect the Canadian Pacific line. The train ran the entire distance from Chicago to St. Paul by daylight. The party left Chicago at 6:37 A. M., arriving at Milwaukee at 8:51, where a delay of six minutes was occasioned by changing engines. La Crosse was reached at 2:22 P. M., but upon reaching the Mississippi River delay was occasioned in consequence of some irregularity with the draw-bridge. However, at 6:27 P. M., the magnificent train made its final stop at the St. Paul Depot, having made the best time on record between that place and Chicago. Among the notables included in the party were Messrs. George Stephen, President of the Canadian Pacific Railway, Montreal; Duncan McIntyre, First Vice-President, and R. B. Angus, Second Vice-President, Montreal; the Hon. Donald A. Smith, Montreal, and P. P. Greenfell, London, Directors; W. C. Van Horne, General Manager, Montreal; Vice-Admiral Count Gleichen, London; Earl Latham, London; Lord Elphinstone, Lord Castletown, Lieut-Gov. Robitaille, Quebec; George Bliss, New York; Charles F. Smithers, President Bank of Montreal; Howard Potter, of Brown Bros., New York; the Hon. A. G. Archibald, Ex-Lieut.-Gov. of Nova Scotia; William Armit, Secretary of the Hudson Bay Company; Stavely Hill, M. P., Q. C., London; Col. Kingscote, C. B., M. P.; Sir John Walrond, Bart.; Hon. M. H. Cochrane, Senator, and Hon G. A. Kirkpatrick, Speaker of the House of Commons, Ottawa, and a number of other prominent persons.

The distance between Chicago and St. Paul is 410 miles, and the actual running time, not including stops, was ten hours and twenty-five minutes.

A VALUABLE INVENTION.—The stenograph is a machine admirably designed to revolutionize the different systems of shorthand writing, and in fact to supersede all of them. Proficiency in the stenograph system can be acquired in one-third the time required by the other systems, and it has, besides, an advantage over all other kinds of shorthand, in that the writing of one operator can be read by another easily, while the speed is greater. We advise our readers to examine this interesting instrument at the offices of the United States Stenograph Company, 15 East Fourteenth Street, New York, or 420 North Third Street, St. Louis, Mo.

BANQUET OF THE CHICAGO BANKERS' CLUB.—The annual dinner of the Chicago Bankers' Club was held on the evening of the twenty-third of October, at the Grand Pacific Hotel. There was a preliminary meeting for electing officers, which resulted in the choice of Lyman J. Gage as President; J. O. Reutter, Vice-President; and J. D. Sturges, Secretary and Treasurer. An executive committee, consisting of three persons, was chosen, J. J. P. Odell, C. J. Blair, and G. L. Otis. Then followed the election of new members, after which event the members proceeded to the dining room. The tables were handsomely decked with flowers, and a tempting *menu* had been provided. The chair was occupied by the President of the Club, Mr. Gage, and the seventy-eight seats around him were filled with the bankers of Chicago and invited guests.

After ample justice had been done to the dinner, the President arose and stated that as there were several guests from abroad it would be proper to state the nature of the Club. It was an association for an interchange of views on the practices of banking, and a consideration of the various financial questions which arise from Congressional legislation. Meetings were held four times a year, and on each occasion the reading of a paper on some important topic following the banquet. The uppermost topic for consideration at the present time was the currency of the future, and this was largely suggested by the contraction of currency now going on in view of the gradual payment of the National debt. This question interested business men no less than bankers, and it was the duty of all to give it their serious consideration. The Bankers' Club had no theory of its own, and no bills to present to the legislative power. It would be impossible to secure perfect harmony, and if such were ever reached it would be by the perception of a common truth. The membership of the Club consisted of diverse interests to a certain extent. There were four foreign bankers, three private bankers, eight trust companies forbidden by their charter from issuing circulation, and thirty-five National bankers. One surprising fact in the condition of the National banks of this city was that, with a percentage of currency allotment to the extent of $9,000,000, they had in circulation only $600,000 of their own notes. Whatever might be thought in relation to the contraction of the currency, and any legislation that might be introduced touching it, any change that was made in the currency law must, to be of any value, be in perfect harmony with the laws of political economy.

Mr. Gage then introduced as the guest of the evening the editor of the BANKER'S MAGAZINE, whose address will be found elsewhere in the present number.

Then followed a short criticism of the address by Mr. C. B. Farwell, after which Mr. Joseph Medill spoke at some length in the interest of depositors and borrowers, and sought to show among other things that there was no danger of much contraction of the currency.

Mr. W. P. St. John, the President of the Mercantile National Bank of New York, was next introduced. He described another plan providing for the immediate issue of more currency, which will be soon laid before our readers.

The speaking ended with an interesting account of the paper currency circulated in the West before the war, which was given by Mr. Sanford, President of the Second National Bank of Rockford, Illinois. He said that the first wild-cat note he ever saw was at Belvidere, where there were notes in circulation on the banks of Brest, Coldwater and Sandstone. He was on his way to New York, and this was in 1837–8, when the small shinplasters were in circulation. These pieces of paper were no good outside of the corporate limits in which they were issued. Rhode Island seemed to have a patent on all the bills, the State issuing them for $1.25, $1.50, $1.75, etc. In Cincinnati he turned broker, and sold Rhode Island bills for Ohio bills at a premium of twenty-five per cent. The latter he sold in St. Louis at a premium of twenty per cent., and then bought a stock of goods, which he brought to Rockford, and there he took in lots of red dog. A part of this he traded off in Wisconsin for another stock of goods. Then he came to Chicago, and traded off the balance for a stock of very stale and very sour flour. He then gave a little dissertation on how banking was done in Mineral Point, Wis., where the deposits suddenly disappeared, and the parties came to Rockford and were arrested there, but the bank never paid anything. Shortly after the Green Bay Bank disappeared, and then the banks in other States collapsed, and the stump-tail currency came into vogue, which lasted until the commencement of the war, when it suddenly collapsed and disappeared, and gave way to the excellent currency which is now in circulation.

After the speaking was ended the President returned thanks to the gentlemen who had addressed the meeting, and the body adjourned. The occasion was a most delightful one. Why do not the bankers in other cities imitate the example of their Chicago brethren?

CANADIAN DEBT.—Thirty-two million dollars of Canada's National debt will become due on December 31, 1884. This was a loan made in England in 1860 for the purpose of consolidating a certain portion of the debt. The loan was issued at five per cent. interest, payable in twenty-five years. The recent visit of Leonard Tilley, Minister of Finance to England, was for the purpose of making provision for the redemption of the debt. The last session of Parliament authorized the Government to issue debentures for this purpose, not to bear interest above four per cent. Sir Leonard, who has returned to Ottawa, states that he has made an arrangement, through agents of the Dominion Government in London, for offering in November next to exchange new Dominion bonds, bearing four per cent. interest, to the amount of $8,000,000 or $10,000,000 for the five-per-cent bonds of 1860, falling due in December, 1884. Next year he proposes placing on the London market a three and-a-half-per-cent. loan for a sum sufficient to retire the rest of the maturing bonds. In addition to this it is proposed to call for tenders at once for the issue of a loan for $4,000,000, both interest and principal payable in Canada. This loan will be made under authority of Parliament for constructing the Canadian Pacific Railway.

There is at present no authorized Canadian loan unissued payable in Canada. These bonds are in considerable local demand by insurance companies for depositing with the Government for the security they are required to furnish for the benefit of policy-holders. These changes in the National debt will reduce the annual interest payments over $300,000, which will be equivalent to a reduction of debt equal to $8,000,000.

ENGLISH CAPITALISTS IN THE UNITED STATES.—The fact that English capitalists are forming themselves into great cattle corporations, representing in one instance a capital of $2,500,000, and settling in Wyoming, Utah, and Colorado, for the purpose of supplying Great Britain with beef, is no less a significant or suggestive fact than that English capitalists are now prospecting in the South with a view to securing or controlling some of the best water powers and locations in that section for the purpose of manufacturing cotton there, as well as prospecting for iron ore and coal, with a view to engaging in the iron industry. They have already obtained some very valuable privileges in South Carolina. Between the British capitalist and the Northern capitalist, and manufacturer as well, the enterprising men of the South must show wisdom and sagacity, or the future control of cotton and iron manufactures there may pass into other hands.

UNIQUE PRICE FOR SHARES.—Recently, in London, two remarkable shares were sold at a rare if not unique price. In 1612, Sir Hugh Myddleton established, with the aid of King James the First, the New River Company. Of the £17,000 required for the undertaking, His Majesty contributed £8,000. Consequently one-half (that is, thirty-six) of the shares were set apart for the King, but on the understanding that he should have no part in the administration. A few weeks ago, two of these shares were disposed of by public auction. One of them (the royal) brought the sum of £92,258, sterling, and the other (which may be called "Old Myddleton money") was sold for £98,250. Such a price is for a share believed to be without precedent.

NATIONAL BANKS OF THE UNITED STATES.

October, 1883.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National Banks in the United States at the close of business on Tuesday, the 2d day of October, 1883, and also on October 3, 1882, and October 1, 1881.

RESOURCES.	1883. *Oct. 2.* 2,501 *banks.*	1882. *Oct. 3.* 2,269 *banks.*	1881. *Oct. 1.* 2,132 *banks.*
Loans and discounts	$1,303,450,790	$1,243,203,210	$1,173,796,083
Overdrafts	5,793,990	——	——
U. S. bonds to secure circulation	351,412,850	357,631,750	363,385,500
U. S. bonds to secure deposits	17,081,000	16,111,000	15,540,000
U. S. bonds on hand	13,593,050	21,314,750	40,866 750
Other stocks, bonds & mortgages	71,114,031	66,168,916	61,952,402
Due from approved reserve agents	124,918,728	113,277,227	132,968,183
Due from other National banks	65,714,229	68,516,841	78,505,446
Due from State banks & bankers	18,266,275	17,105,468	19,306,826
Real estate, furniture & fixtures	48,337,665	46,537,066	47,329,111
Current expenses and taxes paid	6,808,327	7,238,270	6,731,936
Premiums paid	8,064,073	6,515,155	4,138,585
Checks and other cash items	13,582,691	14,784,025	14,831,879
Exchanges for Clearing House	96,353,211	208,366,540	189,222,255
Bills of other National banks	22,673,805	20,689,425	17,732,712
Fractional currency	443,951	396,367	373,945
Specie, viz.:			
Gold coin $45,807,456			
Gold Treas. cert's. 27,012,600			
Gold C. H. cert's. 24,750,000	107,817,983	102,857,778	114,334,736
Silver coin 7,594,896			
Silver Treas. cert's 2,653,030			
Legal tender notes	70,682,997	63,313,517	53,158,441
U. S. certif. of dep. legal tenders	9,960,000	8,645,000	6,740,000
Five-per-cent. Redemption fund	15,591,024	17,161,367	17,472,595
Due from U. S Treasurer	995,687		
Total	$2,372,656,364	$2,399,833,676	$2,358,387,391

LIABILITIES.			
Capital stock paid in	$509,699,787	$483,104,213	$463,821,985
Surplus fund	102,000,482	131,977,450	128,140,617
Other undivided profits	61,551,958	61,180,310	56,372,190
National-bank notes outstanding	310,517,857	314,721,215	320,200,069
State-bank notes outstanding	184,357	221,177	244,399
Dividends unpaid	3,229,226	3,153,836	3,836,445
Individual deposits	1,049,437,700	1,122,472,682	1,070,997,531
United States deposits	10,183,196	8,817,411	8,476,689
Deposits of U. S disburs' officers	3,980,259	3,627,846	3,631,803
Due to other National banks	186,828,676	180,075,749	205,862,945
Due to State banks and bankers	83,602,073	79,885,652	89,047,471
Notes and bills rediscounted	7,387,537	5,747,614	3,091,165
Bills payable	4,053,252	4,848,517	4,664,077
Total	$2,372,656,364	$2,399,833,676	$2,358,387,391

NATIONAL-BANK AND LEGAL-TENDER CIRCULATION.

STATEMENT of the Comptroller of the Currency on November 1, 1883, showing the amounts of NATIONAL-BANK NOTES and of LEGAL-TENDER NOTES, outstanding at the dates named, and the increase or decrease:

NATIONAL-BANK NOTES.

Amount outstanding June 20, 1874	$349,894,182
" " January 14, 1875	351,861,450
" " May 31, 1878	322,555,965
" " at date*	351,264,803
Decrease during the last month	1,334,334
Decrease since October 1, 1882	10,684,555

LEGAL-TENDER NOTES.

Amount outstanding June 20, 1874	$382,000,000
" " January 14, 1875	382,000,000
" retired under Act of January 14, 1875, to May 31, 1878.	35,318,984
" outstanding on and since May 31, 1878	346,681,016
" on deposit with the Treasurer U. S. to redeem notes of insolvent and liquidating banks, and banks retiring circulation under Act of June 20, 1874	35,756,308
Increase in deposit during the last month	1,065,193
Decrease in deposit since November 1, 1882	2,325,362

JNO. JAY KNOX, *Comptroller of the Currency.*

* Circulation of National gold banks not included in the above, $748,984.

OFFICIAL STATEMENT OF THE SPECIE AND PAPER CIRCULATION OF THE UNITED STATES, OCTOBER 1, 1883.

Description.	*In the Treasury.*	*In banks and general circulation.*	*Total.*
Gold bullion	$61,683,816	——	$61,683,816
Silver bullion	5,107,911	——	5,107,911
Gold coin	144,446,726	$400,065,973	544,512,699
Silver dollars	114,587,372	39,783,527	154,370,899
Silver fractional coin	26,750,161	54,170,263	80,920,424
Gold certificates	27,480,300	55,014,940	82,495,240
Silver certificates	15,568,280	78,921,961	94,490,241
United States notes	37,194,420	309,486,596	346,681,016
National-bank notes	6,017,710	347,324,961	353,342,671
Fractional currency	5,803	6,987,103	6,992,906
Total	$438,842,499	$1,291,755,324	$1,730,597,823

OFFICIAL STATEMENT OF UNITED STATES CIRCULATION HELD BY THE PUBLIC AND BANKS OTHER THAN NATIONAL, OCTOBER 1, 1882, AND OCTOBER 2, 1883.

Description.	*October 1, 1882.*	*October 1, 1883.*	*Increase.*	*Decrease.*
Gold coin	$320,902,688	$327,833,157	$6,930,469	——
Silver dollars	30,801,231	35,783,527	4,982,296	——
Fractional silver	49,687,535	50,961,405	1,273,870	——
Gold certificates	313,140	22,223,350	21,910,210	——
Silver certificates	61,397,180	75,800,831	14,403,651	——
United States notes	251,419,341	235,654,138	——	$15,765,203
National-bank Notes	330,104,018	315,576,957	——	14,527,061
Fractional currency	6,623,253	6,530,656	——	92,597
Total	$1,051,248,386	$1,070,364,021		

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from October No., page 314.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
DAKOTA	La Moure.....	Bank of La Moure........	First National Bank.
		(Robinson, Button & Co.)	
〃	.. Sheldon........	Bank of Sheldon (I. C. Gaylord), *Cas.*	Jesup, Paton & Co.
〃	.. White Lake....	Aurora County Bank.....	United States National Bank.
〃	.. 〃 ...	Bank of Mitchell (*Branch*)	Chase National Bank.
		Elijah Butterfield, *Pr.*	Herman Huyssen, *Cas.*
GA.....	Forsyth.......	Myrick, Proctor & Co....	American Exchange Nat'l Bank.
ILL.....	Assumption....	Bank of Assumption.....	Chase National Bank.
		(Hight Bros. & Moore)	Benj. F. Hight, *Cas.*
IND	Mt. Vernon....	International Bank.......	Mercantile National Bank.
IOWA...	Garden Grove..	C. S. Stearns & Bro......	Kountze Brothers.
KANSAS.	Burrton.......	Bank of Burrton..........	Chase National Bank.
	$20,000	W. A. Daily, *Pr.*	J. E. Howard, *Cas.*
〃	.. Concordia.....	First National Bank......	....
	$50,000	H. M. Spalding, *Pr.*	F. J. Atwood, *Cas.*
〃	.. Hanover.......	Hanover Banking Co.....	....
		C. E. Sumner, *Pr.*	T. B. Crewitt, *Cas.*
〃	.. Holton........	First National Bank......	Ninth National Bank.
	$50,000	Thomas P. Moore, *Pr.*	James P. Moore, *Cas.*
〃	. Mound Valley..	Condon & Gandy........	Donnell, Lawson & Simpson.
KY.....	Princeton.....	First National Bank	....
	$50,000	R. B. Ratliff, *Pr.*	G. E. Hamilton, *Cas.*
LA......	New Orleans..	Whitney National Bank..	....
	$400,000	James T. Hayden, *Pr.*	James M. Pagaud, Jr., *Cas.*
MICH...	Detroit........	State Savings Bank......	United States National Bank.
		D. Hamilton, *Pr.*	Robert S. Mason, *Cas.*
〃	.. Brockway Cent.	John W. Lamon.........	Hanover National Bank.
〃	.. Ishpeming.....	Joseph Sellwood & Co....	American Exchange Nat'l Bank.
〃	.. Midland City..	State Bank of Midland...	Importers and Traders' Nat'l B'k.
		M. P. Anderson, *Pr.*	William D. Marsh, *Cas.*
〃	.. Roscommon...	Converse & McKenna.....	....
〃	. Sault Ste. Marie	Chippewa County Bank	(Meade & Fowle) ....
MINN...	Shakopee......	German American Bank..	Mechanics' National Bank.
		Mathias Bereus, Jr., *Pr.*	John M. Schwartz, *Cas.*
〃	.. Villard........	Bank of Villard (I. H. Bradford)	Chemical Nat'l B'k.
MO.....	Unionville.....	Marshall National Bank..	Union National Bank, *Chicago.*
	$50,000	Hugh D. Marshall, *Pr.*	Finis E. Marshall, *Cas.*
NEB....	Bradshaw......	Bradshaw Bank..........	Chemical National Bank.
〃	.. Minden........	Minden Exchange Bank..	Gilman, Son & Co.
		(Kingsley, Webb & Co.)	
PENN...	Langhorne.....	People's National Bank...	....
	$50,000	John Wildman, *Pr.*	Gore Mitchell, *Cas.*
〃	.. Quarryville	Quarryville National Bank	....
	$60,000	Geo. W. Hensel, *Pr.*	A. S. Harkness, *Cas.*
TENN ..	Franklin......	Farmers' National Bank..	United States National Bank.
	$50,000	Nicholas N. Cox, *Pr.*	Geo. W. Smithson, *Cas.*
TEXAS..	Denison........	State National Bank......	Hanover National Bank.
	$100,000	Jesse N. Johnson, *Pr.*	Wilmot Saeger, *Cas.*
〃	.. Texarkana.....	First National Bank......	....
	$50,000	J. W. Buchanan, *Pr.*	W. A. Kelsey, *Cas.*
N. B...	Newcastle......	Agency Merch. B'k Halifa	(C. I. Butcher, *Agent*).

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from October No., page 235.)

No.	*Name and Place.*	*President and Cashier.*	*Capital.*
3058	State National Bank............ Denison, TEXAS.	Jesse Newport Johnson, Wilmot Saeger.	$100,000
3059	First National Bank............ North Bend, NEB.	James Sloss, George C. Hickok.	50,000
3060	Jones National Bank........... Seward, NEB.	Claudius Jones, Edward O'Keefe, *A. C.*	50,000
3061	First National Bank............ Holton, KANSAS.	Thomas P. Moore. James P. Moore.	50,000
3062	Farmers' National Bank........ Franklin, TENN.	N. N. Cox, George W. Smithson.	50,000
3063	People's National Bank........ Langhorne, PENN.	John Wildman. Gore Mitchell.	50,000
3064	First National Bank........... Princeton, KY.	R. B. Ratliff, G. E. Hamilton.	50,000
3065	First National Bank........... Texarkana, TEXAS.	J. W. Buchanan, W. A. Kelsey.	50,000
3066	First National Bank.......... Concordia, KANSAS.	Hamilton M. Spalding, F. J. Atwood.	50,000
3067	Quarryville National Bank.... Quarryville, PENN.	George W. Hensel, A. S. Harkness.	60,000
3068	Marshall National Bank....... Unionville, MO.	Hugh D. Marshall, Finis E. Marshall.	50,000
3069	Whitney National Bank...... New Orleans, LA.	James T. Hayden, James M. Pagaud, Jr.	400,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from October No., page 312.)

	Bank and Place.	*Elected.*	*In place of*
N. Y. CITY.—	Tradesmen's Nat'l B'k....	Nathaniel Niles, *Pr*.....	R. Berry.*
ALA....	City National Bank, Selma	W. P. Parrish, *A. C.*.....	....
CAL....	First National Bank, Oakland.	A. D. Thompson, *Cas*...	C. H. Twombly.
" ..	First National Gold Bank, San Francisco.	James Moffitt, *V. P.*.....	G. A. Low.
CONN ..	First National Bank, Winsted	D. Strong, *Pr*........... L. R. Norton, *V. P.*......	E. E. Gilman. D. Strong.
ILL.....	Sterling National Bank........	James R. Bell, *Pr*.......	B. C. Church.
IND	Clearing House, Indianapolis..	W. W. Woollen, *Mgr*...	J. Elliott.
IOWA...	First Nat'l Bank, Mt. Pleasant.	W. E. Keeler, *A. C.*......	....
	Oskaloosa National Bank.....	W. H. Seevers, *Pr*......	M. E. Cutts.*
KANSAS.	Barton County B'k, Gt. Bend..	G. H. Young, *Cas*.......	J. F. Rogers.
" ..	Leavenworth National Bank...	John Wilson, *V. P.*......	....
" ..	First National Bank, Washington.	J. S. Long, *Pr*.......... A. S. Race, *Cas*........	J. G. Lowe. F. H. Head.
KY.....	National Bank of Lebanon....	F. Wilson, *Pr*...........	R. M. Spalding.
MASS...	Concord National Bank.......	Henry F. Stone, *Cas*.....	H. J. Walcott.
" ..	Attleboro National Bank, North Attleboro.	A. Chisholm, *A. C.*......	....
" ..	Palmer National Bank.........	Charles B. Fisk, *Cas*.....	W. C. Dewey.

MICH...	Second National Bank, Ionia..	T. M. Loomis, *Act'g Cas.*	V. Van Vleck.
NEB....	National Bank of Ashland.....	D. D. Cooley, *Cas.*......	S. Waugh.
" ..	First National Bank, Blair...	E. D. Bigelow, Jr., *Pr.*..	J. H. Hungate.
		J. H. Hungate, *Cas.*....	T. B. Crewitt.
" ..	First National Bank, Hebron	A. G. Collins, *Pr.*.......	B. S. Ferris.
		C. H. Willard, *Cas.*.....	F. L. Gibbs.
" ..	Bank of Auburn, North Auburn.	F. W. Samuelson, *Pr.*...	....
		Church Howe, *V. P.*....	....
		David J. Wood, *Cas.*....	....
N. J....	Vineland National Bank, Vineland.	Myron J. Kimball, *Pr.*...	B. D. Maxham.
		H. N. Greene, *V. P.*.....	M. J. Kimball.
N. Y....	First National Bank, Albany.	Adam Van Allen, *Pr.*...	....
		Ledyard Cogswell, *Cas.*.	A. Van Allen.
PENN...	Bradford National Bank....	T. H. Tomlinson, *Cas.*..	....
		J. M. Fink, *A. C.*.......	T. H. Tomlinson.
" ..	First National Bank, Punxsutawney.	T. Pantall, *V. P.*........	....
TENN ..	Third National Bank, Chattanooga.	C. R. Gaskill, *A. C.*.....	....
TEXAS..	Colorado National Bank.......	Edward F. Swinney, *Cas.*	W. F. Hendrix.
VT.....	National Bank of Rutland....	John A. Sheldon, *V. P.*.	....

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from October No., page 313.)

NEW YORK CITY......		Wall Street National Bank; now Wall Street Bank. Same management.
" "	......	Geo. Wm. Ballou & Co.; resumes business.
" "	......	Fleiss & Hoy; now Hoy & Gibert.
" "	......	Scranton & Willard; now E. K. Willard & Co.
CAL....	Camptonville..	J. P. Brown & Co.; succeeded by Bank of Camptonville. Incorporated Sept. 15. Same management.
" ..	Sacramento....	National Gold Bank of D. O. Mills & Co.; omit the word "Gold."
" ..	Stockton.......	Stockton National Bank; voluntary liquidation Oct. 1.
COL....	Telluride	Bank of San Miguel (W. E. Wheeler); now San Miguel Valley Bank. Incorporated. T. A. Davis, *Pr.*
GA.....	Augusta.......	Andrew J. Miller; assigned.
" ..	Greensboro	E. A. Copelan; now Copelan, Seals & Armor.
KANSAS.	Burrton.......	Bank of Burrton (J. E. Howard); reorganized. W. A. Daily, *Pr.* J. E. Howard, *Cas.*
" ..	Williamsburg..	Finley & Olson; dissolved. W. S. Finley continues.
MICH...	Midland City..	M. Anderson & Co.; now State Bank of Midland.
MINN...	Farmington....	Bank of Farmington; assigned.
MISS....	Tupelo	Exchange Bank (F. M. Goar); failed and assigned.
MO......	Unionville.....	Marshall's Bank; now Marshall National Bank. Same officers.
NEB..	Oakland.......	A. E. Wells & Co.; succeeded by F. Renard & Son.
" ..	South Auburn..	Nemaha County Bank; succeeded by Bank of Auburn. Same cashier.
PENN...	Reading.......	Commercial National Bank; voluntary liquidation.
TEXAS..	Eagle Pass.....	J. W. Riddle; succeeded by S. P. Simpson & Co.
ONT....	New Hamburg.	Denison & Crease; failed.
P. E. I..	Charlottetown..	Union Bank of P. E. I.; merged in Bank of Nova Scotia.

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of October has been as anomalous in the financial and commercial as in the natural world. The weather has not been more cold, wet, unseasonable and disagreeable, than have the markets for all classes of business men, be they merchants or speculators. Failures have continued, as the result of further liquidation in most branches of trade, and because of a bear craze in the speculative markets, into which the depression in legitimate business has at last degenerated, until the failures of the bears themselves have begun, with the first reaction from their over-selling, as those of the bulls began a year ago on the reaction from their over-buying. This depression has now been, or is being overdone, until values have been pressed too low, as they were pushed too high in 1880–81. As the liquidation of 1882–83 was the inevitable reaction from undue inflation, so the next turn in the wheel of fortune will bring an upward reaction from the present undue depression. It will come slowly and step by step after this "selling fever" has, like all fevers, run its course, and we will not know that the crisis is past till the country is actually getting well again. Like the pendulum, from one extreme to the other, this speculative sentiment swings upon the pivot of legitimate business until the wheels of prosperity are clogged by over-production, and finally stopped altogether; or, until the clock runs down and capital has not sufficient confidence to wind it up again. Happily this country has such virgin resources and hence recuperative powers that it never does run down. When. therefore, the over-production, caused by over-speculation, works off, the wheels become unclogged and begin to move automatically, setting the whole machinery of industry in motion; when labor is employed, confidence returns, capital comes out of its unproductive hoarding places, prosperity is restored, values are enhanced, and prices advance. We are now fast approaching this desirable change for the better, and the country will soon begin to mend under the strengthening influences of two good-crop years in succession—to which we are indebted for our escape from a violent panic, and for the gradual liquidation of the past two years. We have passed the crisis, and those who are looking for it to come will look until the reaction for the better is accomplished, and they lose their opportunity to improve it. We are not going where we did in 1876–77. That was a culmination of two decades of the wildest kind of speculation—one during our war, and the other following it, during the Austro-Prussian and the Franco-German wars—which caused a speculative inflation in Europe that extended to the whole world. Hence this country, which naturally has a period of liquidation every ten years, did not liquidate fully from 1857 till 1877, when it did, with a vengeance; because we had, in addition to two ordinary liquidations, to get back from war to anti-war prices, and from a greenback to a specie basis. The country had such a complication of diseases then as she will probably never experience again, Hence the folly of comparing the present situation with that. Probably we shall never see such low prices again as then, unless we reach them by reduced cost of production through continued introduction of steam and labor-saving machinery.

This much we have said to correct some popular and generally entertained errors of opinion upon the present financial and commercial situation, in order that the application of our views thereof to the markets may be understood, as they were not, when we foreshadowed months ago the terrible liquidation that has since reduced the prices of provisions almost 100 per cent., of stocks an average of fifty per cent., and of breadstuffs, iron, woolen, cotton, and almost every other article from twenty-five to fifty.

We do not say that this liquidation is yet completed; but that it is beginning to be, as in case of some of the necessities of life, of which the world's harvests are short, such as wheat and corn; and in others, the consumption of which has been increased at the reduced prices until it has overtaken demand, such as oats and possibly provisions. Also in those where production is being restricted to allow consumption to overtake it, as in case of iron, woolen, cotton and other goods.

From this list it will be seen that the majority of the staples of commerce, which is another name for the necessities of life, are pretty nearly, and a handsome minority fully, liquidated, while some are depressed by bear speculation below their real values, and lower than they can remain for any length of time. The luxuries of life, among which all purely speculative and even investment property is included, are in a different category; and unless their present owners are willing and able to hold them until the public makes some money with which to speculate or purchase luxuries, they will of course go lower, excepting they are held up by the banks until times get better in order to save advances already made upon them beyond what they can realize or their owners recoup them for. This, of course, includes stocks and bonds, more especially the former, as confidence is so shaken in our railroad management that investors who have the money to buy with, prefer to sell them and let their money lie idle, or drawing two per cent. on call loan, to risking the principal in them. This distrust will, no doubt, if it has not already, carry good stocks as much or more below their real dividend value as it has carried produce. Yet it is time to call a halt in the selling by holders of dividend stocks as well as by bears who have found out that there are people who still hold stocks if they are not buying them, that are strong enough to punish the shorts as badly, and in a much less time than the bears punished the bulls. We refer to the lesson Villard gave the shorts in Northern Pacific Preferred, and Vanderbilt administered to those bears who "jumped" on W. K. and the other Vanderbilt stocks. This is a sign of nearing bottom, and a beginning of the end of the bear craze, and it has been wholesome medicine for those who would wreck other people's property, which is a far different thing from pricking an inflated balloon, such as most speculative staples have hitherto been, for which the public were compelled to pay extortionate prices, or pay extortionate interest for their use. The same wholesome physic has also been given to the bears in wheat as in stocks, though it was given by the public rather than by the one-man power, until they have found there is such a thing as "bottom" to these markets as well as an end to their rope. If they could have had their way and the press had not opposed them, they would have had a panic in the grain trade as well as in the stock market. The press averted the former, and Vanderbilt and Villard the latter.

The close of the month is, therefore, more hopeful in both stocks and produce, and the unchecked bear raids of the earlier part and middle of the month are not likely to be seen again. Partly because values are lower, partly because they have seen that prices can go up, partly because the bears have already lost a good part of what they made, and because confidence is returning after the terrible losses of the bulls by shrinkage in values. While the more conservative and successful bears, who sold before the break and when prices were too high, and got out with their profits and waited till the "selling fever" was over, are now good and strong buyers on all breaks, and they give the markets a constant support and steady undertone.

Outside of the speculative markets trade has no doubt been injured, and the Fall trade lost to a considerable extent by the unseasonable unpleasant weather of this month, which has been quite general in the East. In the West the moisture was needed for Fall seeding, and was a benefit, although the movement of the crops was checked by heavy rains at the close of the month. This movement, however, has been much more free than expected at the low prices ruling, as well as in face of a shortage in the crops both of wheat and corn, as generally admitted. This would seem to indicate that farmers are poor and unable to hold back for better prices, or that their crops are better than supposed. A little of both may be true. This free movement and heavy stocks at all points of accumulation on the seaboard, and in the interior, have had no influence on the money market, as is usual, for the glut of idle money has been increased rather than decreased by the shrinkage in all values and the lack of confidence to invest it. Besides it takes 100 per cent. less to carry and move provisions than a year ago, fifty per cent. less for corn, fifteen per cent. less for oats, and wheat and manufactured goods in same proportion.

Foreign exchange has not been an influence of any importance on the money or other markets. Exports have been light of grain and cotton, and fair of provisions, while a good many of our good stocks and bonds were bought on the break in prices, and before the re-action on shorts covering, which were paid for and shipped. As a result a little gold has begun to come this way.

Our exports have been checked somewhat by lack of ocean tonnage; but more is on the way, both from the East Indian and Californian trade into which so many vessels went in the past year, as to overdo it and break rates fifty per cent. This is now turning them back into the Atlantic trade as well as the Canadian fleet which always comes here during the close of navigation in Canadian waters. This is expected to give us lower freight rates and a larger export movement, especially of wheat after the holidays, by which time Europe will have reduced her heavy stocks and be a larger and steady buyer of our wheat as well as corn and cotton, and probably of our provisions. This will quite likely bring more gold here from Europe after the new year comes in.*

* Our imports for September were $3,197,052 less than our exports, and $117,326,909 less for twelve months ending September 30th, total imports of merchandise being $694,960,036, against $749,704,698 same time 1882; while total exports same time 1883 were $812,286,945.

The call of the Government for $15,000,000 more bonds is without significance as effecting the money market of the present; but were money active it would create fears for the future, as this canceling of the debt is steadily and rapidly reducing the volume of our currency. As it is, there will probably be ample time for Congress to provide a remedy before any trouble results from this contraction.

Simultaneously with this contraction and the distrust of railroad securities, Government bonds have advanced and been very strong amid the general weakness and distrust, showing that the remedy proposed for the contraction of our currency, in the issuance of our entire circulating medium by the Government and the withdrawal of the National-bank notes, would give still greater stability to our finances and commerce in times of liquidation and panic, when even the banks themselves are distrusted and may be unsound, which the Government cannot be under the restrictions proposed.

The cotton market has attracted less attention, and prices have varied this month less than usual, as the trade had discounted a 5,500,000 bale crop in September. The bureau indicated 5,800,000 bales in its first of October estimate, which the trade has refused to accept, and maintains the September basis with light trading. The weather for October has been favorable, and a 6,000,000 crop is possible, in which case prices are on a false basis, notwithstanding the heavy bear failures in Liverpool, which market seems to have been held up by their enormous short interest. These failures, however, do not affect our market, except by sympathy.

Dairy products have had a dull month, and prices have slowly but steadily given way under increasing stocks, and reduced demand as seventy-five per cent. cheaper meats than last year is turning consumption off from cheese in England and the United States, while the Fall make is larger than usual, and butterine or lard butter is usurping the place of all but the highest and lowest grades of butter, the former for the fancy grocery trade and the latter for the export trade. The same mistake as last year is being made of holding the price of butter so high that butterine can undersell it at a profit.

Coffee has had its bull speculation on a short crop in Brazil, and its collapse. The cotton trade have taken more interest in this market and less in its own, as speculation was more lively in the former.

Petroleum has been affected by the general depression, and declined to a level of $110 in face of a decline in production of 10,000 barrels daily during the month, and a stronger statistical position than has been seen in a long time, much stronger than existed last summer when the Wall Street and Pittsburgh Pool put it up to $1.25. At present prices, it is regarded in the trade as good property and safe though it may go lower before higher. Yet the chances are in favor of an advance as we approach winter, with maximum consumption and minimum production.

The outlook for November is not brilliant; but it is better than the realization or the prospects were for October. We do not look for general activity, speculative or otherwise, this side of 1884; but we do think we have seen the worst, as a whole, and that we will begin to mend slowly but

against $737.650,206 the previous year; showing a decrease in imports of $54,744,662, and an increase in exports of $74,636,739, or a balance of trade in our favor of $129,381,401, as compared with year ending September, 1882.

surely this side of the new year. After that and January settlements are made, there would be little doubt of better business generally were it not that we are entering on a Presidential year which is generally an off-year. Even should 1884 not prove an exception, which it quite possibly may, there are many branches of trade, especially our export, which must improve materially.

The reports of the New York Clearing-house returns compare as follows:

1883.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Sept. 29...	$329,764,000	$55,324,400	$24,077,300	$314,107,500	$15,198,500	$874,825
Oct. 6...	326,059,900	56,602,900	23,508,800	312,090,200	15,082,800	2,089,150
" 13...	327,927,700	56,448,500	24,835,900	316,477,300	15,177,900	2,165,075
" 20...	327,718,300	53,544,100	24,637,900	312,796,900	15,266,600	* 17,225
" 27...	324,912,100	52,452,800	24,380,500	308,563,400	15,349,900	* 307,550

* Deficiency.

The Boston bank statement is as follows:

1883.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Sept. 29	$142,668,600	$4,769,600	$4,653,800	$89,654,500	$27,244,800
Oct. 6	142,236,600	5,722,700	4,446,200	90,608,300	27,299,200
" 13	143,741,000	5,815,400	4,512,000	92,335,300	27,178,800
" 20	145,055,800	5,444,000	4,798,700	93,149,000	27,171,200
" 27	143,946,000	5,765,100	5,517,800	93,288,500	27,111,200

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1883.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation*
Sept. 29	$77,971,164	$18,844,155	$69,912,893	$9,292,523
Oct. 6	77,955,944	18,751,772	70,147,589	9,284,823
" 13	77,781,225	18,943,541	70,079,215	9,300,479
" 20	77,781,293	18,703,030	70,252,420	9,266,978
" 27	77,426,187	18,821,055	70,046,819	9,283,001

We append the closing quotations of leading stocks for the month:

Quotations:	*Oct.* 6.	*Oct.* 13.	*Oct.* 25.	*Oct.* 31.
U. S. 4½s, 1891, Coup.	114	114½	114¾	114¾
U. S. 4s, 1907, Coup...	120½	121⅛	122	122
West. Union Tel. Co..	79	79¼	79⅛	78⅝
N. Y. C. & Hudson R.	114½	114⅝	118¼	116¾
Lake Shore...........	98⅝	98¼	100¼	98⅝
Chicago & Rock Island	118¼	120	122	120¼
New Jersey Central...	78⅞	81¼	86⅛	84¼
Del., Lack. & West....	116½	117⅝	116⅝	114⅞
Delaware & Hudson..	106½	105⅛	105½	105
Reading..............	49⅝	50¾	52¼	51
North Western........	120	120½	122¼	122
Pacific Mail..........	38	37½	38¼	37
Erie..................	30⅛	29½	26⅜	27⅞
Discounts............	5½ @ 6	6 @ 6½	5½ @ 6	5½ @ 6
Call Loans............	2 @ 2½	1½ @ 2	3 @ 3½	2 @ 4
Bills on London.......	4.82@4.85	4.81¼@4.84¼	4.81@4.83¾	4.81¼@4.84
Treasury balances, coin	$113,779,179	$115,092,116	$118,334,617	118,822,061
Do. do cur.	$6,930,983	$7,356,659	$6,876,089	6,718,472

DEATHS.

Berry.—On October 22, aged seventy-nine years, Richard Berry, President of the Tradesmen's National Bank of New York City.

Cutts.—On September 1, aged fifty years, Marsena A. Cutts, President of the Oskaloosa National Bank, Iowa.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XXXVIII. DECEMBER, 1883. No. 6.

THE DIMINISHING BANK CIRCULATION.

Another call for bonds intensifies the inquiry, what shall the banks do for a basis whereon to issue notes? Every call narrows the present basis, and the banks are unwilling to buy the fours and the four and a-halfs to supply the vacancy caused by the continued payment of the threes. For a long time the banks have made only a few purchases of bonds belonging to either of these classes. There is a strong objection to buying any bond bearing a large premium, because there is, danger of some event happening whereby the premium will vanish. Much as the change would be regretted it would seem, therefore that the bank-note circulation must be contracted unless the Government can afford some relief to the banks.

One remedy proposed is to so amend the law as to permit the substitution of municipal bonds for those now required. But the difficulty is, the kind of municipal bonds which could be properly used for that purpose bear too high a premium for the banks to purchase. In other words, the same difficulty which perplexes the banks with respect to purchasing the National bonds apply to these. Besides, if the banks were permitted to buy them the price would advance still higher. Again, such bonds would be subject to local taxation. These objections are fatal to the substitution of municipal bonds, and equally so of railroads or any other bonds constituting a first-class security, such as banks ought to have.

Two things, therefore, seem to be clear: first, that the banks cannot afford, for several reasons, to buy either the fours or the four and a-halfs at the present prices; and secondly, that no relief can be afforded by permitting them to invest in other securities which would be sound enough to form a basis for bank-note circulation.

The remedy which finds the most favor with the banks is the issue of a new bond bearing a low rate of interest and running for a long period. But it is evident enough that those who propose this remedy do not consider all the difficulties. Such a bond must have the sanction of Congress, and what that body thinks and wishes about things are not duly considered by those who seem to imagine that if the banks can only work out some plan Congress is quite sure to adopt it. This is a very illusive way of regarding the matter. The Washington correspondent of *Bradstreet's* wrote a letter recently to that journal, a portion of which is worth laying before our readers:

> The following facts are to be considered by the friends of the National banking system in the inevitable discussion of bank matters in Congress the coming winter:
>
> National banks will not be able to continue their circulation at profit after the premium on the four per cents. reaches 125.
>
> Unless some other security is provided National bank circulation will be extinguished with the public debt.
>
> The majority of the next House will not be of the opinion that the chief function of the Government is to provide a cheap income-bearing investment as a security for bank circulation.
>
> There will be vigorous opposition to any proposition to make the National debt permanent by providing a long, low bond in order that the banks may continue their circulation at a profit.
>
> The extinguishment of the National debt is popular; the National banking system is not so popular.
>
> The National Legislature will not be likely to authorize a new long bond for the benefit of the banks.
>
> These are a few of the political realities which will have to be considered in connection with this question.

This information comes from one who has carefully studied the situation. The bankers have two questions before them: first, what do they want? and, secondly, what can they get? We fear that too many of them ignore the latter question. Yet it is not less important than the former. The remedy which the banks must seek to find is, what plan can be accepted by them which Congress is likely to adopt? When seeking for such a remedy the banks evidently should have less faith in the authorizing of a new bond, such an one as they want, than they have now. It is among the possibilities, but not the probabilities. When it is remembered that the National banking system was instituted by the Republican party and has been maintained by them, that the other party have never concealed their opposition to it, and that they have the majority in the next Congress, what reason has the banks for supposing that any legislation can be had favorable to their interests?

We wish we could take a more hopeful view of the situation, but we cannot. It is better to look at things squarely, and not seek to evade the worst. The banks can gain nothing by deceiving themselves.

Elsewhere will be found a plan proposed by Mr. St. John, the President of the Mercantile National Bank of New York, which has received the approval of bankers. It is worth careful study. It is simple, practical, and would doubtless accomplish all that it aims to do. But it does not profess to be anything more than a temporary remedy, and if that were adopted, something further is still needed.

Another remedy proposed is to return to State systems; but the difficulty is not solved by taking this step. Securitities would be required for circulation under those systems, and if sound bonds were purchased a State bank would be obliged to pay just as much for them as a National bank.

One point worth considering, perhaps, is whether excessive security is not required at present; whether, if banks were permitted to issue notes for the full amount of the bonds, and within ten or even five per cent. of the full premium, the security would not be sufficient. Possibly such a requirement would suffice, especially if it were the duty of the Comptroller to require the banks to increase their security or retire their notes in the event of the decline of the premium. But, again, would Congress grant such relief? This question must always be asked in connection with the matter. It must be admitted that the more the subject is considered the greater seem to be the difficulties in the way of the banks maintaining their circulation. Perhaps a way will be opened, suddenly, but for that reason not less eagerly welcomed.

UNLAWFUL CERTIFICATION OF CHECKS.—At the time of the failure of Cecil, Ward & Co., is was found that the Wall Street National Bank had certified checks for the firm to the amount of nearly $200,000. The indorsement was written by the Paying Teller, George P. Graff. With the view of testing the United States Statutes in such cases, United States District-Attorney Root laid the facts before the Grand Jury, and Graff was indicted. The law covering his case was passed July 12, 1882, and provides that, "whoever shall certify to any check before the amount thereof shall have been regularly entered to the credit of the dealer upon the books of the Banking Association, shall be deemed guilty of misdemeanor and shall on conviction be fined not more than $5000 or be imprisoned not more than five years, or both, in the discretion of the court." The indictment charges Graff with certifying the firm's checks when at the time Cecil, Ward & Co. did not have on deposit with the bank "an amount of money equal to the aggregate of the amounts specified in the checks." Mr. Graff appeared before United States Commissioner Osborn on November 19, and gave bail in the sum of $1000 to appear for trial in December.

THE DECLINE IN STOCKS.

The decline in railroad stocks during the last two years, though enormous, was not altogether unexpected. When a large amount of property earning nothing, and not likely to earn anything, is carried at a heavy expense, the time is sure to come when the owners will get tired and seek to relieve themselves of the burden. Of course, the holders of such property never buy with the view of holding it permanently unless they expect gains ultimately to accrue. Their object in buying is to sell again at a profit. They are by no means such patriots and benefactors as to buy for the sake of relieving other persons of a burden. They buy in order to become enriched, and not for a philanthropic purpose. When, therefore, the market turns and prices begin to sag, they are anxious to sell, and this has been the condition of the market with respect to the non-dividend paying stocks for a long period.

Unfortunately, the diminution in the price of these stocks extends to others of a different nature. The dividend-paying ones, though not suffering so much, have declined heavily and in many cases without reason. Doubtless, many of the dividend-paying stocks are worth far more than the price quoted for them to-day, while the others are dear at any price save in a few exceptional cases.

Investors who are holding good stocks which are paid for ought not to be disturbed by present quotations. Perhaps they have not enough philosophy to look on calmly and see the values, as registered at the Stock Exchange, slip away; but they should be assured that the decline will sooner or later be regained. This has always been the case with respect to good stocks, and there is no reason to suppose that it will not happen again. The holders of such stocks, therefore, should not take them out of their tin boxes and begin fooling in the street. If they do they will be pretty sure to suffer by the business. Property is property, and if the world does not know it to-day the fact will be found out before long. The philosophy of patience is needful; it is especially worth cultivating just now, for it will certainly yield a handsome dividend.

But with people who owe for their stocks the situation is changed. Every decline in values makes payment more difficult. After the depression of 1873 set in there were many owners of real estate who found the fifty-per-cent. margins on their land swept away and themselves bankrupt. Debt is a dangerous thing. The debtors in stocks ought to consider not only the future of the market, but also their ability to hold their stocks in the event of a further decline in determining the question of selling or retaining them. Being differently situated from those who have paid for what they have they cannot weigh the probabilities of the future too carefully. One thing is certain, we cannot reasonably hope for brighter times very soon, or for any considerable advance in stocks or commodities whereby debtors can more easily discharge their debts than they can now.

The decline of the entire list to the present figures is most unreasonable, and indicates the little sense and sagacity which prevail among many who deal in such property. It is probably true that the chief reason for the decline is the widespread and deep distrust in the management of railroad properties. The country has been prosperous, money has been plentiful and is now seeking safe investment at lower rates than were ever before known, but how little of it is risked in the stock market? "This distrust on the part of the public," said the Philadelphia *Ledger* several weeks ago, in discussing this question, "is attributable to three causes—First, the vast mass of new securities in excess of all value set afloat by syndicate operations in recent years; second, the extent to which the market has been ruled by operators, who have brought unlimited money and unscrupulous cunning to aid them in putting prices up or down arbitrarily, as their schemes demanded; and, third, to the fact that railroad directors and officers have too often managed the properties entrusted to them not in the interest of the stockholders but to forward their personal speculations in the stocks of the roads. As to the first cause, it is known to everybody that hundreds of millions of stocks, income bonds and other securities have been issued by the promoters of railways and distributed without a dollar going into the treasury of the companies in return. These securities were then listed at the Exchange, so that quotations for them could be published and they could, by various dubious devices, be worked off on confiding investors. We do not recall the stock of a single railroad, listed at the Exchange during the past ten years, to go back no further—which represents money paid into the treasury of the company."

Nothing is more discouraging at the present time than the failure of the people to discriminate between sound stocks and worthless ones. It is true that the inside of no railroad company is fully exposed to the public eye, yet the main facts eoncerning the railroad management of many companies can be easily ascertained, enough to convince those who wish to invest their surplus prudently where to put it. Why do not investors investigate? Why are they so timid and so easily moved by every wind that blows? They can find out in many cases, if they desire, without much trouble, yet there is a decided manifestation to let stocks, the good as well as the bad, alone, and suffer money to lie idle or earn only an exceedingly small profit.

Perhaps there is less excuse for foreigners to abstain from purchasing, because it is not so easy for them to find out the condition of our railroads as ourselves. They may fear to ask others to investigate for them, and cannot do it very well directly. There seems to be no other reason why investors, and especially foreign ones, should keep out of the market, for at the prevailing prices the stocks of the best managed companies are very cheap? How long will this state of things continue?

ELASTIC MONEY.

Before the Civil War, each state, acting independently for itself, was in the habit of chartering as many banks as it pleased, and giving them the power to issue circulating notes. Under that system it was, of course, impossible to fix any limit upon the aggregate bank-note issues of the country. But when the National banking system was established such a limit became practicable, and was fixed at $300,000,000. This limit was afterwards, in 1870, enlarged to $354,000,000. The Resumption Act, passed in 1875, removed entirely any limitation on the aggregate of bank notes, but the volume of them has since been stationary, or somewhat declining, in consequence of the diminishing quantity and rising prices of Government bonds, upon which alone they can be issued. But it is historically certain that the late Secretary Chase, and the other founders of the National banking system, held to no such theory as that of a bank-note currency whose volume, unrestrained by law, should be left either to the discretion of the managers of banks or to the fluctuations of commerce. It is true that in 1875 the legal limit fixed by Mr. Chase and his financial coworkers was removed, but this was after experience had shown that there was an equivalent practical limit fixed by the fundamental condition, upon which alone National-bank notes could be issued at all. What was done in 1875 does not, therefore, furnish any precedent or authority for any such proposition as an unlimited issue of National-bank notes, if the requirement of the deposit of Government bonds is abrogated, and if they can be put into circulation on the mere capital of banks, which can be expanded at the pleasure of those concerned in them, and which is also liable to be largely fictitious in spite of the best vigilance of those who frame and administer laws. And the law of 1875 does not, any more than the laws which preceded it, give any countenance to the theory that bank notes should alternately expand and contract in response to what are called the demands of trade. Whatever elasticity the National bank-note circulation has had since 1875—and it has, in fact, had but little—has in no degree followed the varying changes of the commercial movement, but has been governed solely by the varying profit to be made out of the use, at a fixed annual tax, of currency furnished upon the deposit of Government bonds.

The theory of an elastic currency of bank notes, swelling and shrinking in response to the ups and downs of trade, and with no other regulation than the amount of good commercial paper offered for discount to bank managers, never prevailed in any part of Europe, except Great Britain, and it was abandoned there in 1844, after a long experience of its intolerable mischiefs. While it was still a prevailing British system, it was naturally enough copied by the United States and by Canada, in which last country it now exists, and is the main cause of the unparalleled fluctuations of Canadian trade, and of the frightful and rapidly recurring bankruptcies which disfigure it.

When Adam Smith published his *Wealth of Nations*, in 1776, there had been no experiences of the effect of bank notes. He saw that such notes, if issued by reliable parties, and if always actually redeemed in coin on demand, must be as valuable in the market as coin; and he concluded that if a greater quantity of them was issued, than would, added to the coin still retained in use, be equal to the coin previously in use, the excess would be a superfluous amount, incapable of employment as currency, and therefore certain to be returned for redemption by the issuers. To quote his own words:

> Many people would immediately perceive that they had more of the paper than was necessary for transacting their business, and as they could not send it abroad they would immediately demand payment of it from the banks.

He failed to see what mankind have since learned, that although actually redeemable bank notes, issued by sound banks, must be equal in value to the coin in which they are redeemable, neither such notes, nor the coin itself, after the issue of such notes, can have a value so great as the coin possessed before the currency was enlarged by paper. He failed to see that the more bank notes were issued the higher prices would rise and the greater would be the volume of currency demanded by the wants of trade, so that no part of the paper would ever be incapable of use, and therefore be thrown back upon the issuers.

In their testimony before the Bullion Committee, of 1810, the Directors of the Bank of England agreed in saying that they had always managed their note issues and discounts upon the principle of taking all the good commercial paper which was presented, on the Adam Smith theory, that no more bank notes would be taken out, or kept out, than were wanted. The Bullion Committee, while they did not believe that this was a sound rule so long as the bank remained in a state of suspension, believed that it would become a sound rule after it should resume coin payments. In 1819 neither of the committees of the two Houses of Parliament, in reporting measures for the resumption and maintenance of coin payments proposed any limitation of the issues of the bank, or any proportion between its issues and its metallic reserve, both agreeing that it was quite sufficient that it should make its loans upon sound commercial paper maturing within short dates. The Adam Smith theory still prevailed that the volume of the currency needed no other regulation than that the paper part of it should be kept equal by redeemability to the coin part; that the channels of circulation would only hold as much money as would flow in them if the money consisted exclusively of coin; and that any paper which increased the amount of money beyond that point would return to the issuers for redemption. In short, the theory of an elastic currency responsive to the demands of trade, provided always that it was kept redeemable in coin, was the universally accepted and orthodox doctrine in Great Britain when the Bank of England resumed payments in 1821.

This is not a proper occasion for reciting the terrible experiences which the British people had during the next twenty years under an elastic bank-note currency. It is sufficient to say that in 1844 the system was revolutionized from the foundation; that since then the British circulating paper, not representing coin, has been a fixed quantity; and that now, after forty years in experience, nobody in England proposes to return to an elastic paper, determined as to its quantity by the pressure for commercial discounts. It is to-day the thoroughly settled opinion of all accepted financial authorities in England, and indeed throughout Europe, that the fluctuating demands of trade are the worst possible measure of what the volume of a paper money ought to be.

Lord Overstone (*Management of the Currency*, 1840) gives, as one of the main causes of "the improper fluctuations in the amount of the paper currency of England," the following:

It is issued in the form of advances for commercial purposes. A rise of prices is, therefore, accompanied by an increase of issues, and a fall in prices by a diminution of issues.

To the same effect, McCulloch, in his notes to an edition of Smith's *Wealth of Nations*, says:

So long as any individual, or set of individuals, may usurp the royal prerogative and issue paper without let or hindrance, so long will it be issued in excess in periods when prices are rising and confidence high; and be suddenly withdrawn when prices are falling and confidence shaken.

As already noticed, it was not possible in this country until the Civil War had drawn after it, as one of its consequences, the suppression of State bank-note issues, to introduce any general system of regulating the volume of the bank-note currency. But the mischief of a currency regulated as to its quantity by the demand for commercial discounts, was pointed out in the United States quite as early and quite as clearly as in England. Mr. Crawford, Secretary of the Treasury (*Report on the Currency*, 1820), said:

Every addition made to the currency by the issue of bank notes, changes the relation which previously existed between the volume of the currency and the amount of the commodities which are to be exchanged through its agency. Such an increase will be followed by a general rise in the value of all articles, especially of those which cannot be exported.

Condy Raguet (*Currency and Banking*, 1839,) said:

As soon as time has been afforded for that general rise in the prices of property and commodities, which is inseparable from increased issues of paper after it has become diffused throughout the circulation, the plenty disappears. It requires, *at the new prices*, the whole existing quantity of currency to circulate the commodities, which *at the old prices* were circulated by the original quantity, and a scarcity of money is just as likely to be felt.

Amasa Walker (*Science of Wealth*, edition of 1874), says, of a bank-note currency issued on the demands of trade:

The supply does not satisfy the demand—it excites it. Like an unnatural stimulus taken into the human system, it creates an increasing desire for more; and the more it is gratified, the more insatiable are its cravings.

One reason for this is, that as the currency is expanded prices are raised correspondingly, and more currency is demanded to effect the same exchanges. Thus, the demand for the issue of this kind of currency *is certain to be greatest when it is already redundant.*

No currency can be conceived of, more treacherous and more disastrous, more certain to expand when it ought to contract, and to contract when it ought to expand, and more completely nullifying all the benefits of the substantial equability of the supply by nature of gold and silver, than a currency of bank notes issued in correspondence with the demands of commerce. The existence of such a currency is a greater misfortune than war, pestilence, or famine. It makes no difference whether such a currency is issued by State banks or by National banks, and the mischief is not made sensibly less by provisions which effectually secure its safety in the sense of its solvency and redeemability. All the losses by the failure of banks issuing such a currency are utterly insignificant, trivial, and unworthy to be taken into account, in comparison with the ruinous effects of its expansions and contractions, which strike a deadly blow at all the springs of industry and all the sources of wealth.

The present National banking system has been recently described in a high financial quarter, as having furnished to the country "a sound and elastic currency," which is imputing to it two qualities which cannot possibly exist together. The National-bank currency has undoubtedly been "sound," but it is equally certain that it has not been "elastic," the total quantity of it not having varied sensibly during the last decade. It has, in fact, been "sound," precisely because it has not been "elastic." If any scheme of introducing into it the feature of elasticity, in the sense of responsiveness to the demands of trade, is successful, it will be, in all the most important and vital respects, as mischievous as was the currency of the State banks.

If the present volume of National bank notes is now to undergo a serious contraction, by reason of the calls of Government bonds and of the inability of Congress to agree upon any securities to be substituted for such bonds, it will become necessary for the country to discuss and decide upon some new plan of regulating the volume of our paper money as a whole. It is impossible to foresee all the features of the plan which will finally commend itself to the public judgment, but we feel confident that the subjection of the volume of money to the fluctuating demands of the (so called) "wants of trade" will not be one of its features. To quote the apt words of a living American writer on finance:

> Governments can no more escape their responsibility in respect to the vital object of steadiness in the volume of money, by remitting its magnitude to the capricious chances and changes of prices and commerce, than navigators can escape responsibility for the ships, cargoes and passengers intrusted to their care, by turning them over to the automatic control of the winds and waves.

MUNICIPAL BONDS AS A BASIS FOR CIRCULATION.

Several suggestions have been made in the public journals within the past year, looking to an intervention of some kind by the National Government for the relief of indebted States and Municipalities. The general idea of these suggestions is, that money can be borrowed very cheaply on the National credit, as compared with the rates which are paid on local debts, and that the Government, either by substituting its own bonds for local bonds, or by becoming the guarantor of local bonds, could give a large relief to embarrassed localities by the mere reduction of their interest accounts. It is supposed that the Government could make itself secure by stipulating for a right to impose and collect taxes, if the localities concerned should fail to do their duty in that particular. It is urged in some quarters that the scheme would be specially opportune at this time, inasmuch as it would enlarge the amount of Government liabilities available as a basis for National bank-note issues. And although nothing is said publicly about it, there can be no doubt that the plan is in various ways supported by the persons who have the misfortune to hold such local securities as are somewhat dilapidated in point of credit, and who would be glad to get so good an indorser as the United States is supposed to be.

The objections to the plan are numerous and obvious. It would never answer for the Government to guarantee all the local debts in the country without reference to the solvency of the debtors and including disputed as well as undisputed claims. Manifestly, there must be discrimination, and it is difficult to see where the power to discriminate can be satisfactorily lodged. If it is left to Congress it may be exercised under political influences, or under log-rolling combinations. To leave it to the Cabinet, or to a single Department like that of the Treasury, would be to leave it in a few hands, so that the immense financial interests involved could hardly fail to lead to bribery and corruption.

Furthermore, it is likely enough that under this plan the Government would assume so many liabilities for localities as to cause a serious rise in the minimum rate of interest, at which its own credit would command money To-day its credit will be taken at two and three-fourths per cent., per annum; but four years ago it was the unanimous testimony of New York bankers that it would not be taken at less than four per cent. The rate has improved, mainly because it has less bonds out than it had in 1879; and if it should now change its policy, and add one thousand millions to its debt, it could not borrow without paying more than four per cent.

Undoubtedly, the magnitude of the local debts of this country is a matter of National interest, but we are persuaded that the best service which the Government can render in the premises is to persevere in the policy of paying off its own debts, and thereby making so much more room in the loan markets for municipal borrowing. The rate of interest upon local bonds, believed to be safe, must necessarily fall in about the same proportion in which the rate upon Government bonds falls. As a matter of fact, that is what has happened during the past few years. All the States, counties and municipalities which are now borrowing for the purpose of refunding old debts, are receiving great and decisive relief from the reduction of the Government debt. The resulting average diminution in the rates of interest they have to pay is from one-third to one-half, and this, to some of them, makes all the difference between solvency and insolvency. But for the fact that many local debts are on long bonds, the time for the redemption of which has not arrived, the relief to them would be much greater. In the case of their bonds not yet redeemable, the gain from the lowered rates of interest becomes a profit to the holders of the bonds in the form of their enhanced market price. But when all their bonds have become redeemable and have been refunded, which must happen within a period not remote, the annual relief to municipalities from the reduction of interest resulting from the withdrawal from the market of Government obligations, may be safely estimated at $26,100,000, or three per cent. upon $870,000,000, which is the commonly reputed aggregate of the municipal debts of the country This is a vast relief, and it is the consequence of a perfectly legitimate operation on the part of the Government in the proper performance of its own financial duties. A perseverance in this path is far better than any extra constitutional direct intervention of the National authority in the matter of local debts.

All classes, including the loaners of capital, will be permanently better off, and in a position of greater security, when the rate of interest is left to be determined in the natural way by the profits which borrowers can make out of it, and without artificially enhancing it by the perpetuation of public debts of any kind, not representing capital employed in any productive use, and being merely the evidences of past expenditures, and in too many cases of past waste.

DOMESTIC AND FOREIGN TRADE AND FINANCE.

In October the Lehigh Coal and Navigation Company made an arrangement with Drexel & Co. to take $5,000,000 of four-and a-half-per-cent. bonds, running thirty years, to pay off an equal amount of six-per-cent. bonds soon to mature. The annual saving of interest will be $75,000. The holders of the six-per-cent. bonds are to have the first offer of the new four and a-half per cents., and Drexel & Co. are to have what such holders do not apply for. The wisdom of making a four-and-a-half-per-cent. loan on thirty years may be somewhat doubtful, in view of the apparent tendency of the rates of interest to fall.

The prices of hog products in Chicago, taking the mean between the highest and lowest prices in each of the months named below, fell very largely between November, 1882, and October, 1883:

	Mean price, Nov., 1882.		*Mean price, Oct., 1883.*
Pork, per barrel	$19.13	..	$10.64
Lard, per pound	11½	..	7¾
Ribs, per pound	11¼	..	6½

The principal part of this decline occurred after May, 1883. It has seriously affected the money valuation of our exports of provisions, but the prices of many things which we buy abroad have declined in an equal degree.

According to the *Bulletin* of the American Iron and Steel Association, the decline in price between February, 1880, and September 25, 1883, was from $41 to $22 per ton of No. 1 Anthracite Foundry pig iron in Philadelphia, from 3.5 to 1.9 cents per pound of common bar iron in Pittsburgh, and from $85 to $37 per ton of steel rails at the Pennsylvania mills. The prices of iron have, in fact, got back to what they were during the extreme depression which terminated in the summer of 1879, and steel rails are even lower than they were then, or have ever been.

The production of pig iron may be expanded so rapidly that it soon comes up to the maximum limit of any demand which arises for it. The London *Economist* gives the following as the aggregate production in Great Britain, Germany, and the United States in the years named:

	Tons.			Tons.
1868	7,626,466	....	1877	10,344,916
1873	11,609,466	....	1882	16,842,365

The increase in the United States was from 1,603,000 tons in 1868, to 5,178,121 tons in 1882.

The New York *Financial Chronicle*, of November 10, says, in respect to the state of our exchanges with Europe:

Bankers are remitting for securities, chiefly United States bonds, not only those called, but other issues, the foreign holders being induced to realize by the high prices now ruling. These and railroad stocks sold here on European account, have rather more than counterbalanced the outflow of prime investment properties, which continue to go out in a limited way as heretofore.

The information obtainable in Wall Street as to the question of fact whether, the balance of the flow of our securities is outward or inward, is contradictory. Every dealer knows, of course, how it is in his own particular business; but it is another matter to determine which way the balance is, in the aggregate of all the transactions of buying and selling securities between this country and Europe.

But, independently of any statements made by those who deal with trans-Atlantic customers, the *Financial Chronicle* must be right in the suggestion that the high prices in our markets of United States bonds are drawing, and will draw this way the great bulk of such of those securities as are still held abroad. The pressure of the temptation to foreign holders to part with them will become greater as their prices rise, and will finally become irresistible, except in a very few exceptional cases. The time is close at hand, if the reduction of the National debt is persevered in at any appreciable rate, when United States bonds will not pay more than two and a-half per cent. interest upon the price at which they can be sold.

Foreigners can hardly afford to keep them under such circumstances, and especially where they are subjected to an income tax upon their holdings, which is true of England, and doubtless of some other European countries.

There are special reasons for a rise in this country of the prices of Government bonds, but it is true of all securities which are regarded as unquestionably sound that their valuations in our markets are constantly tending to equal and exceed their valuations in European markets. This is a consequence of the vastly more rapid accumulation of wealth here than on the other side of the Atlantic. The time has gone by for this country to look abroad for capital for any of its enterprises; and the time is not far off when the moneyed men of the United States will be casting about for foreign investments, and indeed they have already begun to do that on the side of Mexico.

It is reported from Washington that the allowed tobacco-rebate claims amount to $ 3,700,000, of which about $ 700,000 to manufacturers have already been paid by stamps. An appropriation of $ 3,000,000 will be asked of Congress to pay the remainder.

During October the decrease of National bank notes outstanding was $ 1,334,334, and the decrease of lawful money deposited for redemption of notes of failed, liquidating, and reducing banks, was $ 1,085,193. This makes a net decrease of $ 249,141. During the year ending October 31, 1883, the outstanding bank notes diminished $ 10,684,555, and the money deposited for their redemption diminished $ 2,325,362. This makes a net decrease during the year of $ 8,359,193. On the second of October, 1883, the silver certificates held by all the National banks amounted to $ 2,630,030.

The Director of the Mint estimates the world's gold production for the last year at $ 103,161,532 (a falling off from the previous year of $ 4,000,000), and the silver production at $ 109,446,586, which is a considerable gain.

From computations made at the Treasury Department, it appears that during the quarter commencing July 1, 1883, the new tariff duties averaged forty-two per cent. upon the value of the dutiable articles, as compared with forty-four per cent. under the old tariff during the corresponding quarter of 1882. It is argued from this that the changes made by the new tariff were very trifling; but it must be considered that in consequence of the fall of prices, that part of the duties which are specific, even if remaining the same, show a higher rate *ad valorem*.

During the Mexican fiscal year ending July 31, 1883, the exports of the precious metals (being nearly all silver) were $ 29,083,293, being an increase as compared with the preceding year of $ 12,844,191.

During the year ending September 30, 1883, the gold (coin and bullion) imported into this country exceeded the export of gold by the sum of $15,412,044. The gold from our own mines during the year, in excess of consumption in the arts, was about $20,000,000.

The Paris journals are discussing the situation of Europe as affected by the increasing magnitude of public debts, and by the enormous cost of their armies and navies. The *Journal des Debats* estimates that their National debts have grown within fifteen years from between sixty-five and sixty-six milliards of francs to between 108 and 109 milliards, or from (about) $13,100,000,000 (to about) $21,700,000,000. It also estimates that their National expenditures, principally military, have grown fifty per cent. within ten years. The *Journal des Economistes* says that Europe, with a population of 320 millions, maintains 3,200,000 soldiers at an annual cost of four and a-half milliards of francs, or $900,000,000. Contrasting these figures with the comparatively moderate sums paid by the United States for military and naval establishments, and as interest on its public debt, the *Journal des Economistes* adds:

The difference is enormous, and it necessarily shows itself in the cost of agricultural and industrial production. How can we escape being vanquished in such an unequal competition, and especially when we remember that an ever-increasing contingent of energetic and industrious men, flying from our heavy taxes and military burdens, emigrate every year from Europe to America?

If the United States adheres to its traditional policy, and perseveres in paying off the debt of the Civil War, it will be found that European capitalists, as well as laborers, will fly from the "heavy taxes and military burdens" which eat up their incomes and profits at home, and seek the better opportunities offered by this country.

The Manchester (Eng.) *Guardian*, of October 13, says that the Latin Union treaty will probably be still further extended, and that Italy is understood to favor that policy, although it regards a decree of the Italian Cabinet, requiring the metallic reserves of the banks to consist of two-thirds gold and one-third silver, as inconsistent with the bi-metallic theory. Of this decree, it says further that it meets with opposition in Italy; that "it has been registered with reservations by the legal authorities;" and that the member of the Chambers who reported the specie resumption law has announced that he shall endeavor to have the decree modified when the legislative bodies re-assemble. It is denounced in Belgium and France as being a violation of the spirit, if not the letter, of the Latin Union treaty, and a Paris correspondent gives it as a report that the French Government will remonstrate against it.

A Manchester correspondent of the London *Economist*, of October 20, says:

Is it not the fact that, during the last seven or eight years, land, buildings and rents have greatly fallen all over the kingdom, except, perhaps, within the metropolitan area? I think it is beyond a doubt. I know that it is so in this neighborhood. So great has been the depression in the value of real estate that the extent of the decline in value cannot be ascertained, from the fact that, practically, there has for some time past been no market for this kind of investment, so difficult has it been to realize.

We published a few months ago a statement from the American Consul at Amsterdam that there had been a great decline in all kinds of real estate in Holland. There are evidences from other parts of Europe, that the present tendency of the preferences of capitalists is towards the purchase of money securities.

In the last number of this magazine we referred to the pendency in Holland of a proposed law, giving the Ministry discretionary power to purchase and melt down silver coins to an amount not exceeding $10,000,000. This plan originated in a recommendation of Messrs. Vrolick and Pierson, the Dutch delegates to the last international monetary conference at Paris. Different versions of the object of the plan have been given, which has induced those gentlemen to publish a card in the London *Economist* of October 20, in which they say:

By the measures we recommended it is intended to secure to the Dutch currency, which at present consists to a large extent of silver, the stability of value it would possess if it consisted wholly of gold, and to attain this end in the least costly manner, that is, by reducing the quantity of our silver coins whenever they become redundant, but only in that case.

It would seem from this statement that they desire to establish as a permanent policy in Holland, what the Latin Union adopted as a temporary policy in January, 1874, viz., the maintenance of the parity of gold and silver coins, without regard to variations in their relative bullion value, by limiting the quantity of the silver coins. Nothing is more common than for measures adopted to meet an emergency, and not expected to last long, to continue in fact indefinitely. The American greenback is an example of that. The Latin Union measure of 1874 is already ten years old, and may last several decades more.

During the last Indian fiscal year, ending March 31, 1883, the Indian Council in London sold bills on India (payable in silver) for sterling money to the amount of £15,380,000, of which sum only £4,080,000 was realized during the first seven months of the year. During the last five months the Council was therefore obliged to sell in London, bills on India, or, in other words, to sell silver to the amount of £11,300,000. During the current Indian fiscal year the Council will be obliged to sell bills on India to the amount of £15,040,000, but having sold during the first seven months to the amount of £8,540,000, it will be obliged to sell only to the amount of £6,500,000 during the last five months. Silver rose in London during the seven months beginning on the first of last April, notwithstanding the unusually large sales of Council bills on India, and the fact that these sales will now diminish will tend to cause a further rise in silver, but it may be offset, or more than offset, by some other fact or facts having a tendency to cause silver to decline.

The only law which imposes any limit to the circulation of the Bank of France is that of July, 1872, passed during its suspension of coin payments. The limit then fixed was 3200 million francs. It is now held that this was a permanent limitation, and is still in force, notwithstanding the resumption of coin payments, and the Finance Minister has inserted in the budget pending before the Chambers, a clause wholly repealing the limitation. The actual circulation at this time is about 3000 millions, and the Cabinet seem to contemplate larger issues. It is said that there will be some opposition in the Chambers to this policy, or, at any rate, an effort to require the bank to increase its metallic reserve in proportion to further enlargements of its circulation. It remains to be seen how far France may go in the way of substituting paper for metal. It has already within three years done that to the extent of about $175,000,000, and may do a good deal more if the Tonquin and other military enterprises prove to be very expensive. The latest report is that the Finance Minister has come to a compromise with the Budget Committee of the Chambers, fixing the maximum limit of the bank circulation at 3500 million francs.

Mr. Sutton, Consul at Matamoras, reports that the silver exported from Mexico during the year ending June 30, 1882, amounted to $15,147,000, and he expresses the opinion that the output of the Mexican silver mines will not increase, except temporarily, in the future, which differs from a good deal of the information received from that country. The most enthusiastic view which we have seen is the following, from the San Francisco *Commercial Herald*, of October 25 last:

> Chihuahua' alone for the calendar year will yield nearly $30,000,000 in bullion, more by nearly $5,000,000 than the whole Republic has averaged during the last sixty years.

The *Herald* believes that within a few years the annual silver production of Mexico will reach $80,000,000. A very different opinion, with the reasons for it, is given by a writer in the *Engineering and Mining Journal* of November 3, who thinks that the rise in Mexican wages, caused by the building of railroads, will lead to the abandonment of some mines, and that the present methods of Mexican mining are so good that the room for improvement is not great.

MANUFACTURES IN INDIA.

An annual review of the foreign trade of India, lately published under official auspices, shows a great increase of the aggregate commerce in recent years, and a rapid advance in the home industries.

The total imports and exports of merchandise and treasure, at gold valuations, which were $392,755,000 during the fiscal year ending March 31, 1874, rose during the year ending March 31, 1883, to $665,990,000, which is an increase of fifty-seven per cent. in nine years. Even this is short of the real increase, inasmuch as gold prices have fallen since 1874, so that the commodities moved must have increased in quantity even more than in money valuation.

The increase of cotton mills in India during the last five years has been as follows:

	March 31, 1878.	*March* 31, 1883.
Number of mills	53	62
" " looms	10,533	14,882
" " spindles	1,289,760	1,583,782
" " persons employed	not stated	52,763

The review states further that ten new mills are being constructed, or are projected, and that it is expected that on the thirty-first of next March 1,750,000 spindles will be in operation.

The manufactures of jute are being multiplied even more rapidly; 60,738,000 gunny bags were exported during the last fiscal year, as compared with 40,073,000 during the preceding year. The increase in the exports of gunny cloths is also large, and it is expected that 1500 new looms will be in operation next year. Woolen mills in the north of India are already competing with importations in coarse woolens. The boot-making industry is being largely developed, although it is stated to be confined to a cheap class of goods and not to interfere at present with imports. This review adds:

The output of coal is increasing, and new fields of great capacity are being opened out; the manufacture of iron is being carried on, and there is some prospect of its being taken up and carried out on a large scale, with that of steel, by English capitalists; the manufacture of paper has taken a new and good departure, while that of leather has largely developed.

About four-fifths of the merchandise imports of India are furnished by Great Britain. It is the opinion of the English, and is probably a well-founded opinion, that they have no occasion to fear any competition in their sales in India, except such as may arise from the development of home industries in that country. Whatever development of that kind there may be in India, it must come without any aid from protective duties, or even from duties imposed for revenue, which happen, also, to involve some degree of protection as an unavoidable consequence. India is governed from London, and in subordination to British interests, although English statesmen are wise enough to see that it is for their own permanent advantage that India should be prosperous. But men easily believe what they wish to believe; and Englishmen find no difficulty in coming to the conclusion that the free admission of British goods is the best possible thing for India itself. It was on that view that they yielded to the clamors of the Manchester cotton-mill owners, and ordered the representatives of British power in India to remove even the small duty of five per cent. on cotton cloths, although it was urgently needed for revenue under the load of wars with Afghanistan and of an expedition to Egypt, a large portion of the expense of which, although ordered by Great Britain and exclusively for British interests, was saddled upon India. But it remains to be seen whether, in the face of an unrestricted British competition, India cotton manufacturers, aided by the fabulous cheapness of Indian labor, may not drive the English not only out of the Indian markets, but out of all the markets of Eastern Asia. A correspondent of the Manchester (Eng.) *Guardian* of September 22, 1883, says:

Ten or twelve years ago we were masters of the situation—now we are not. The cotton consumption of the Continent of Europe now rivals, if it does not exceed, that of Great Britain. The cotton mills of India are also now supplying the local markets largely with cloth liked by the natives, while in yarns they are elbowing us out of the China and Japan trades, where they have no advantage over us in the shape of duties. They simply beat us in the race of competition within the area they can influence.

The world will observe with keen attention this trial, on a great scale and under very favorable circumstances, of the experiment of working the cheap and abundant labor of India, in conjunction, within the territory of India itself, with the most complete European machinery and appliances for manufactures and mining, and under the stimulus of an unlimited supply of British capital. Englishmen feel, at any rate, and are not improbably right in believing, that investments in business enterprises are quite as safe in British India as they are in Great Britain itself, if, indeed, the docile Hindoo is not more easily controllable than the socialistic and sometimes turbulent workingman in English cities and towns. They had as lief make money in India as in England, and a slightly better profit will induce them to change the locality of their operations from the one to the other. It is certainly possible that the flow of manufactures from the Western world to Eastern Asia, which contains fully half of the human race, may be permanently arrested by the industrial development of India under its British masters.

The English press manifest a special alarm in respect to the competition to be feared in Eastern markets from the cotton manufactures of India. The Manchester (Eng.) *Guardian* publishes the following statement of Indian exports during April, May and June, being the first three months of the Indian fiscal year, compared with the same months in 1881 and 1882:

Three months in	*Cotton Yarns. Pounds.*		*Cotton Piece Goods. Yards.*
1881	6,989,574	....	7,751,534
1882	11,728,788	....	10,538,179
1883	12,843,976	....	14,241,624

During the three months in 1883, China took the greater part of the yarns, namely, 10,129,402 pounds, while, of the piece goods, Aden, on the Red Sea, took 6,809,293 yards, and Zanzibar, on the east coast of Africa, took 4,160,607 yards. All this trade has grown up within half-a-dozen years, and that India means to push it vigorously is shown by the fact that the Bombay cotton-mill owners are paying a voluntary assessment, of one rupee upon every hundred spindles, to employ an agent to visit all the promising markets on the Indian Ocean, and report upon the best methods of introducing into them the cotton yarns and cloths of India. Their theory is, that wherever on that ocean, or in Chinese waters, British coarse cottons can go, India cottons of as good quality can be furnished as cheaply, and probably more cheaply.

Less than a century ago India cotton goods, spun and woven with the rudest appliances, commanded the European markets. They were driven out, and the markets of India were themselves invaded, by the cheaper products of the spinning jenny and power loom. But these wonderful aids to industry are now imported into India, where they are worked by the nimble fingers of an innumerable population, whose circumstances have habituated them to the lowest wages which will support human life. That is the competition, and it is manifestly a most formidable one, which the cotton men of Great Britain see they must confront at every point in the Eastern Hemisphere. And they know, too, that there are many indications that China, with a labor equally abundant and cheap, and probably more vigorous and persistent, will soon subject them to the same competition, by buying and using the spinning and weaving machinery of the western world.

In this race between England and India, of cheapness and low prices in supplying the eastern world with cotton goods, the advantage as respects capital, and as respects coal as a motive power for cotton mills, is with England. But the advantage is with India as respects the raw material, and still more decisively as respects labor. If China enters the lists, as is believed to be probable and near at hand, it will be on an equality with India in abundance and cheapness of labor and in producing the raw material, and will equal England in coal if it works the vast coal fields which it possesses with the modern appliances. Other nations, including the United States, are free to participate in the contest, if they can see any prospect of either laurels or profits from it. Of the two things, glory is more possible of obtainment than money in a struggle between manufacturing nations for supremacy in supplying the wants of mankind. "Dominating the markets of the world," in the language of an American economist, "is, in the rhetorical aspect, a brilliant and imposing phrase. But a contest of sellers in any market is nothing but a contest in reducing prices. Except when the natural or artificial advantages of the contestants are unequal, it is a contest in which those only can succeed who have the capacity and willingness to accept the least profit, and even they are sometimes outstripped by others who may be ready to make positive sacrifices."

THE BRITISH HOUSE OF COMMONS.

The August 11 issue of the London *Economist* declares that it is "often said," and in the opinion of that journal, "with some apparent ground," that the hold of the British House of Commons "upon the respect and confidence of the country is being loosened," and it thereupon proceeds to discuss the probable causes of its "diminished reputation."

It does not believe that the body has deteriorated, but has rather improved, in the ability and knowledge, social standing, and freedom from venality of its members. It declares that never before during this century has it contained so many persons of "great knowledge, great experience, and great capacity for every kind of business;" that as respects purity, the common belief is, that of the 652 members not more than twenty are within the reach of pecuniary bribery; and that socially, while a less proportion is connected with the nobility and gentry, at least as great a proportion as ever consists "of wealthy men, or the eldest sons of wealthy men," and that "in modern England it is wealth and not birth that gives rank and social status." Of their attention to legislative business, as compared with previous times, the *Economist* says:

> Formerly many did not attend, and few spoke. Now the great majority attend pretty closely. Nearly half speak now and then, and about a sixth speak, or try to speak, pretty frequently.

Upon all the above statements one would suppose that the House of Commons was entitled to and must receive at least as much of the confidence of the British people as it ever did. That it does so as a matter of fact, we have no manner of doubt. This is proved by its constantly increasing political weight in the actual working of the British Government. The points which the *Economist* makes to the contrary are idle, shadowy, and inconsequential to the last degree. It thinks that the House of Commons has "lost some of its best traditions," and "behaves with less dignity," all of which may mean very little, and perhaps nothing. Its statement that the House "shows less public spirit than in the days of Canning and Peel" has no foundation in fact. As to its statement that the House "transacts business with more delay and more friction," it can mean nothing more than that the members pay more attention to what is being done, and that more of them take part in discussing what is being done, which is to their credit, and is a circumstance which cannot fail to inspire public confidence.

According to the *Economist* the members in former times "nearly all belonged" to what was called "good society," whereas now—

> Not more than one fourth—perhaps one hundred Conservatives and sixty Liberals—belong to the same social group which is frequently gathered in the same houses on the same occasions.

As a result of this change, in the view of the *Economist*, there has been a loss of "the old social check on the bitterness of political feeling," and of the "unwritten courtesies" which used to be observed in the House. The greater or less extent to which "courtesies" may be practised in it may affect its being to the members of it an agreeable or disagreeable body to belong to, but can hardly affect its standing and weight with the country.

A more real cause of the existence now of a more serious bitterness of feeling in the House than was known in the palmier days of "unwritten courtesies," when nearly all the members belonged to "good society," is described in the following sentence from the article of the *Economist*:

> From 1848 to 1868 few questions were raised which really affected the dominance of the upper classes, and, in particular, the intere of the landholders. The disestablishment of the Episcopal Church in Ireland, the reforms in the army, and, most of all, the Irish Land Act of 1881, are measures of a new category: measures which, especially the last, strike deep at the root of established institutions, and alarm as well as irritate the class which has hitherto controlled legislation. . . . The debates of the House will be more and more embittered by struggles between the democratic party and the wealthy classes, who are now more generally Conservative than at any epoch within recent memory.

There can be no doubt that the political issues in Great Britain are more real and serious than during the century and a-half of contest after the Revolution of 1688, between the Whigs and Tories, both of them being essentially and equally aristocratic factions. But we are quite incredulous as to any increase since 1848 of any element in British politics likely to cause alarm as being arrayed against the rights of property. The menace of that kind was much more serious during the thirty years preceding 1848 than it has been during the thirty subsequent years. Chartism in England died out in 1850, in consequence, as Englishmen say, of the prosperity following the free-trade measures of Peel, but really, as all the rest of mankind know, in consequence of the gold discoveries in California and Australia, the impetus being as decisively marked and conspicuous in commercial countries adhering to, or newly adopting, the protective policy, as it was in Great Britain which abandoned it.

POLITICAL ECONOMY IN GERMANY.*

Under this title we shall review an important work, entitled the *Handbuch der Politischen Oekonomie*, prepared by several of the most distinguished professors of the German universities, under the direction of Professor Gustave Schönberg. Only a few of those who have made themselves a name, as Messrs. Schmoller and Gustave Cohn, are wanting from this list, where we find such scholars as Messrs. Nasse, Rümelin, Ad. Wagner, Brentano, Neumann, Lexis, Meitzen, Sax, and many others whom we shall have occasion to name. This work is a sort of manifest of what has been called the school of socialism of the chair (Kathedersocialismus). Ten years ago, when this school separated publicly from the classic economical school, still the only one at that time, its principal representatives maintained that the science was not ripe for a *treatise*, that nothing more than monographs must be undertaken. Passion proposes and necessity disposes. A few years were enough to induce some adherents of the new doctrines to write treatises, and now a majority of the dissidents recognizes that a general statement is indispensable. We rejoice at this change of opinion, and receive the *Handbuch* with all the honors due to it. We shall have to praise and criticise, but we shall have, above all, to see how the new doctrines differ from ours, and in what measure the German economists have contributed to extend the limits of economic science, or to explore its domain.

I. THE NATURE OF POLITICAL ECONOMY.

Not without reason do we begin with the question—What is political economy? The answer given will allow us a glimpse of the solutions which most of the problems will receive that we shall see coming up afterwards. By imagining new definitions, the

* This is translated from an article in the *Journal des Economistes* by Maurice Block.

German dissenters have separated from the doctrines established by their predecessors, and it would not be difficult to show that these new definitions have been influenced by preconceived ideas which they desired should prevail. It is really painful to me, having before me a work composed of good and bad chapters, to be obliged to begin with the bad, and even with the worst. It is a necessity, for, firstly, the question I treat before the others is the pivot of the whole system I am studying; and, secondly, this question is at the very beginning of the *Handbuch*. There would be no complete understanding of what is to follow if I did not commence by throwing a strong light upon this starting point. Besides, I begin with the beginning, and only follow Mr. Schönberg upon the ground he has himself chosen, for from the first chapter he attacks us, and I may say calumniates us without shame.

It will be of use to present at once a concise view of the difference between the two doctrines, which is evident from the two following quotations. J. B. Say says: "Political economy is based entirely upon facts; for the nature of things is a fact, as well as the event resulting from them." (*Traité*, preliminary discourse.) On the other hand, M. de Laveleye thus expresses himself: "The laws with which political economy is concerned are not the laws of nature; they are the laws made by the legislator." (*Eléments d' Economie politique*, p. 17.) M. de Laveleye is known as an eminent representative of socialism of the chair, and I have preferred to quote him, because his book is in French and may be consulted. It follows from the preceding that for us political economy is founded upon human nature, whose manifestations of an economical order we must study if we wish to become economists, while for the socialists of the chair, political economy is the work of man, and they like to add—what man has made he can unmake. And, to express it more concisely: we consider political economy as a science, and in applying it, feel ourselves limited by the nature of things; they take political economy for an art, which must show us the way to realize our economic ideal, even though the impossible must be striven against.

Let us take up the *Handbuch*. Mr. Schönberg is the author of the first chapter, which is entitled, *The Essence, or Nature, of Political Economy*. We will analyze this chapter, since it is of great doctrinal importance, and will furnish us with matter for ample reflections.

The economic life* is one of the chief elementary subjects of the history of humanity. This economic life has been very differ-

* The economic life is the sum of man's efforts to satisfy his material wants; it is also the manner of satisfying them, whether poorly or with abundance, grossly or with all the refinements of consummate art, following more or less the inspirations of reason and sentiment. I believe this is a broad definition of *das wirthschaftliche Leben*; one may say simply, the material life.

ent in different times and places. It is a product of man, and marks the grade of culture attained at any given period by humanity, whose task it is to give to this life the form best adapted to the general welfare. This task is so much the more difficult as the economic life is more developed and the people greater. It became, in time, so difficult that it called into being a whole science, political economy (or economics). This came at quite a late period, and passed through several transformations; the most important is of recent date, and is due to Germany. "This transformation, which consists in a change of fundamental views on the nature of society and of the economic science, on the method, mission, and signification of economic studies, on the principles and practical measures of social policy and rational economy, this transformation may be formulated as a breaking away from the absolutism and cosmopolitism of an abstract, atomistic, materialistic, and individualistic theory that has reigned hitherto. The (economic) science became an exact, realistic, historico-ethical science."

Let us dwell on this passage a moment. I do not deny the Germans are the authors of this transformation; but to change is not to improve. They have broken with a theory composed of absolute and cosmopolitan formulas, which means merely that they are trying to contest certain general economic laws, though, indeed, they do not succeed very well. Would you believe it, dear reader, that some of these learned men have accomplished prodigies of dialectics and subtlety tending to contest the law of supply and demand, simply because the universality of this law threatened to invalidate some of their arguments. The word *atomistic* is here the synonym of individualistic; only, if the author had put but this latter word, he would have appeared to be without passion, as befits a scholar seeking the truth without reservation. But the new school is "ethical" before everything else, therefore it must manifest pious indignation. I say pious, for the author has inserted the word materialistic, which is not in its place in political economy; we are dealing here neither with philosophy nor with theology. But when the author goes on to say that the Germans have made of economics "an exact, realistic, historico-ethical science," he transcends the measure of error allowable in a scholar, and talks nonsense. The sequel will show clearly that this judgment is not too severe; for the moment I can only justify it summarily. The author pretends to set up antitheses by attributing to us the opposite of the qualities he claims for himself and his friends. Assuming that here *ethical*, which is often a simple euphemism for socialism, is the contrary of individualism, of what is "exact" the opposite? Is it of the "absolute" law that the economists endeavor to deduce from the observation of facts? With regard to the word "realistic," it has a singular effect coming from those who reproach us with being "materialistic," or at least without elevated views, while they pretend to be in pursuit of "the ideal, the ethical idea, and other transcendental, vaporous, ethereal, analogous things. They think themselves *re-al-ists*, with emphasis on every syllable. In substance, one of the points sought to be made out is to dispute there being any general economic science: there is an economy for each country in particular. It they would only say so plainly, it might be openly attacked; but no, they use the word *Volkswirthschaft* (economy of the people) in a double sense: First, economy of an abstract people, which is equivalent to economy of all peoples or economic science (the same for all); and, second, economy of one definite people. This double acceptation allows of their saying, like the bat:

> "I am a bird, just see my wings!
> I am a mouse: long live the rats!"

Before approaching the following paragraph, entitled *action*, or *economic activity*, I am forced to insist on the influence exercised by words upon doctrines, and especially upon systems. I shall have occasion to note more than one example of it. Here we have the word *Wirthschaft*, which we are obliged to translate sometimes by household, at other times by economy, then again by inn, and occasionally the exact equivalent is wanting. There is much abuse made of this word of multiple signification in German treatises on economy, as will be seen. and this word allows of many abstractions forbidden to us. The Germans, however, accuse us of being abstract. It is the thief crying: Stop thief! The half of one of the modern German treatises on political economy is untranslatable on account of its excessive abstraction. But let us return to Mr. Schönberg's work. "The economic activity" of man, he says, "is that directed towards the satisfaction of his material wants." This is true enough, only in the preceding paragraph he had said with reference to this activity: "Its permanent end is to become for each individual and for the whole people a means of exercising the moral functions of life." In analyzing the first paragraph I had neglected this passage, considering it a mere ornamental phrase, like the trills of a song; I see my opinion of it was correct, since, on getting deeper into his subject, the author is obliged to state expressly that people work to satisfy their material wants.

In this activity the author distinguishes that which acquires, and that which employs or utilizes. The acquiring activity is not identical with labor; labor is an attempt to produce something useful, but one may acquire also by gambling, begging, collecting taxes, etc. The author makes a distinction also between the isolated man and the man living in society, between a society of savages and a society of civilized people; finally, between economic labor and technical labor, details and distinctions which seem to have no other object than the creation of new words. If ideas are not very much renewed, the terminology, at least, is rejuvenated.

I have reserved a fundamental passage, which is this: "*Als menschliche Thätigkeit ist sie in ihrem Wesen und ihrer Erscheinung bedingt durch das Wesen* des Menschen,*" . . . that is to say, economic activity, "being human activity, it is naturally and in all its manifestations subject to human nature." . . . Which means that it is subject to its conditions (*bedingt*), to its laws. What is here laid down as a fundamental principle is almost always forgotten by the socialists of the chair, and often even openly denied. It is the very knot of our discussions. We say, "Economic activity" *is subject to the laws of human nature.* Now, man being in nature, this activity is ruled by natural laws. It is this deduction they will not admit (see above M. de Laveleye's opinion).

They lay stress upon the "historical development," and argue that the man who wore the toga is not the man who wears the modern coat, forgetting that both have the same wants to be satisfied. There is a difference, however: the man in the toga would have come from the Tiber to the Seine on foot or on horseback, while the man in the modern coat makes the journey by railroad. But in what respect does this change the nature of man? It will be answered, however, that to admit man is influenced by natural laws is to sustain that man has no free will. This inference does not follow; nature makes man hungry, and yet some individuals have refused to eat. Now, if in reality we were not free, we should have to admit it; by denying a fact it is not destroyed. But again, free will is not in question here. Natural law teaches you that you will earn more in six hours than in five, and with regard to this sixth hour your free will chooses between the pain to be escaped and the gain to be derived. One might show by other examples that liberty is not in question, for at every moment we seize upon one law to use it in contesting another; and this is the most characteristic liberty.

Let us consider paragraph three; it is one of those that led me to say they were calumniating us. This paragraph three is devoted to the "economic motive." Formerly, says Mr. Schönberg, there prevailed upon this point "error, want of clearness, dispute." It was at the time Adam Smith "established as a dogma" this proposition, that "man's economic acts are determined solely by personal interest, and that selfishness and selfishness are the only economic motive." It will be rather surprising to see selfishness here twice, it is because the author has put *Eigennutz und Selbsucht.* I have looked through Adam Smith and not found the passage; but is it probable that Smith expressed himself in the fashion rep-

* *Wesen* is translated by *essence* and by *nature*: here these two words have the same meaning.

resented by Mr. Schönberg? I do not think so, he would have been content to say—"personal interest;" one expression was enough, he would not have accumulated three synonyms; I take the author, therefore, in the very act of showing passion, and passion is the opposite of science, it is *unwissenschaftlich*. The author continues: "Other economists, without presenting this as the sole motive, consider it as the dominant one, and put the other motives in a secondary rank. Smith's most radical adherents went so far as not only to admit, in fact, that selfishness is the most energetic motive, but also that it is the sole legitimate one, and its free expansion can alone establish the best economic situation. *This axiom is the fundamental base of the Manchester doctrine.* This judgment recoils like a stone upon the whole school of the socialism of the chair. You have seen that Mr. Schönberg said that such is the opinion of the "most radical (*radicalsten.*)" Consequently, it is from the exaggerations of the *most radical* that you judge the whole school? The "most radical" means for every serious man the most reckless adventurers, whose unreasonable opinions are not accepted by the majority of the school. But why did not Mr. Schönberg name them, as was his duty, since he attacks them? Then his judgment might be better appreciated.

Now let us quote some of our principal economists, those recognized as masters, even though we do not assent to all their opinions. I begin with J. B. Say, and am obliged to take him at random a bit—"Personal interest," he says, "is always the best judge of this sacrifice and of the amount of the recompense that may be promised from it; and although personal interest is sometimes mistaken, it is still the least dangerous judge, and the one whose judgments cost the least. But personal interest no longer offers any indication when particular interests do not act as a counterpoise to one another. The moment an individual, a class of individuals can make use of authority to emancipate themselves from competition, they acquire a privilege at the expense of society; they may be assured of profits not flowing entirely from the productive services they have rendered, but a part of which is a real tax imposed for their profit upon consumers." . . . For J. B. Say, therefore, personal interest is not that infallible agent Mr. Schönberg speaks of, and no trace of selfishness is to be seen. (*Traité d' Econ. pol.* 7e édit., 1861, p. 152, édit. Guillaumin.)

After having spoken of activity, sensibility, pain, Bastiat continues: "All is *personal* in these phenomena, both the sensation preceding the effort and the satisfaction following it. We can not doubt, therefore, that *personal interest* is the grand spring of humanity. It should be well understood that this phrase is here the expression of a universal, incontestable fact, resulting from the organization of man, and not a critical judgment, as the word *selfishness* would be. The moral sciences would be impossible, if in advance the terms were perverted that they are obliged to use." (*Harmonies*, p. 40. Paris, Guillaumin, 1850.)

It must not be forgotten that Bastiat only speaks of *legitimate interests;* he says himself, on the first page, that it is the predominant idea of his book. The chapter may be read also in which he speaks of the social motor.

Here now is an author who is looked upon as particularly orthodox, as even radical perhaps, Joseph Garnier; take his *Traité d' économic politique* (5e édit., Paris, Guillaumin, No. 23), you will see that individual interest is "that natural interest born of necessity, which presides over the preservation of the individual and of his family, and which, maintained by *justice* (respect for the interests of others), is the universal motor of the human race, and forms by its multiplicity the general or social interest, without excluding duty, benevolence or sympathy, or pity, which are also to a certain extent social bonds and human motives, *able some times to prevail over the individual interest.*"

These three quotations ought to suffice; but as Manchester has been mentioned, and I have at hand the *The Life of Richard Cobden*, by John Morley, I have turned over this volume; I will cite only one of the passages that chance has presented to my view. Bright thus expresses himself at a public meeting: "*I cannot find a trace or a word in the most private correspondence, betraying on the part of any prominent actor in the League a symptom of petty or ignoble egotism.*" To defend Cobden, moreover, it is enough to refer to a recent publication of Mr. Nasse, the most eminent of Mr. Schönberg's collaborators.

I have not, however, lost sight of the *Handbuch*, but it was necessary to quash an accusation so often repeated by the socialists of the chair and others. Mr. Schönberg says that the errors above mentioned (the errors "of the most radical" without doubt) have disappeared from the science, and he thus formulates the economical motives as he understands them himself:

1. All men have the instinct* of self-preservation, urging them to act in their own personal interest. This internal force is in human nature, and its action is morally legitimate.† . . . This instinct, or this internal force, this motive (*Trieb*) is not contrary to the love of the neighbor or of the general interest, nor to any of the other moral forces.

2. But this *Trieb* may degenerate, and does degenerate only too often into selfishness. Selfishness exists when man puts his personal interest above all other considerations, and this feeling must be combated by all possible means, although it may be a stimulant of

* In German *Trieb* is a word meaning motive, instinct, but more frequently force of impulsion. It is consequently an active and energetic instinct.

† Here Mr. Schönberg talks like our "radical" economists.

great power, and may render considerable economic services. But on the whole, it is more harmful than useful.

3. Human actions of an economic order have also moral motives: the love of the neighbor, gratitude, the sense of duty, etc.

At the bottom,' the economists, whom Mr. Schönberg has been pleased to attack, teach nothing else. When, after explaining economic facts, clearly and precisely, they think best to add some moral observations, they speak of duty, of justice, and of the most commendable virtues. Adam Smith reserved for a separate work what he had to say about *sympathy*. He thought, and most of his disciples have been of the same opinion, that to understand the subject most thoroughly studies should be specialized. Mr. Schönberg does not seem to have followed this example; also, he has not perceived that personal interest is an agent far more widely diffused in nature than the love of the neighbor. Does he know many people, who have numbered in their life as many hours of love of their neighbor as hours of personal interest? But let us not insist upon these statistics, and let us inquire rather whether political economy is called upon to study the virtues or the production of the objects necessary to our wants, a painful production that might remain insufficient without the stimulus of wants, that is, of personal interest. The time for applying the moral comes only when you have thoroughly examined political economy; a premature mixture of different kinds of thoughts confuses the view and causes sonorous phrases to be taken for real ideas.

[TO BE CONTINUED.]

ENGLISH LOCAL DEBTS AND TAXES.

The eleventh annual return of local debts and taxes in England (exclusive of Scotland and Ireland) covers the British fiscal year ending March 31, 1881. Converting pounds into dollars, at the rate of $5 to the pound, the statement shows that at the end of that year the debts chargeable upon rates were $569,095,655, and the debts chargeable upon tolls, rents and articles of consumption were $152,580,535, making an aggregate indebtedness of $721,676,190. There was an increase during the year of $19,139,080 in the debts chargeable upon rates, and of $16,302,680 in the debts chargeable upon tolls, &c., thus making a total increase of $35,441,760. It is well known that there has been a further and large increase during the last two years.

The local revenues during the year were $172,614,650, from the following sources:

Rates	$134,041,125
Tolls and rents	25,985,760
Duties on articles of consumption	2,143,730
Grants from the Imperial Treasury	10,444,035

Nearly the whole of the duties upon articles of consumption are collected by the city of London, and principally upon coals. Its right to collect a coal duty expires in 1885 but it is proposed to extend it indefinitely, and make the resulting revenue, which is nearly two million dollars, one of the guarantees of a new loan of about fifty million dollars for the construction of new docks on the Thames.

The local revenues, as will be seen, are nearly all derived from rates. As it is only upon real estate that rates are imposed, the owners of that species of property complain that they are disproportionately taxed for local expenses. That is not denied, but the answer made is, that land does not contribute at all as it ought to towards National expenditures, and that the wrong of over-taxing it locally is merely a rough rectification of the wrong of taxing it too little nationally. A permanent settlement of the land tax for National purposes was made at the end of the seventeenth century, at about two millions sterling. It has not been changed since, notwithstanding the enormous increase of land rents since that date. When the landowners complain in the House of Commons of the oppression of their local rates, as they do frequently and vehemently, they are told that the system of land taxes must be revised as a whole if it is revised at all, and for that they do not as yet seem to be ready. But they have succeeded in getting a partial relief in the shape of imperial grants for local purposes, which, so far as they go, shift the burden of local expenditures from the shoulders of the rate-payers upon the excise and customs revenues, which mainly supply the National treasury.

All the probabilities are in the direction of a continued increase of local debts in England. The loanable capital of that country is superabundant as compared with the opportunities for its profitable or even safe investment. The holders of it, who are a numerous, and still more, an influential class, are a powerful and always active political force on the side of perpetuating and enlarging public debts of all kinds.

REPUDIATION.—The farmers of Pickens County, S. C., have risen *en masse* and held a convention, in which they solemnly declare their inability to pay their debts, owing to the failure of the last crop and the drouth of the present season, which will reduce this year's crop one-half. Upon this state of things they base a resolution requesting the fertilizer companies, merchants and others making advances to make a reasonable reduction on all such charges, and asking for another year's indulgence for the payment of advances where payment cannot now be made or a satisfactory compromise reached. The Charleston *News and Courier*, while it sympathises with the unfortunate predicament of the farmers, does not favor this proposition, and says quite frankly: "The merchants and factors are not in any sense copartners with the farmers. If they were they would claim a part of the profit in good years to compensate them for the loss in bad years. They sell their commodities at a fixed and fair price, and the farmers are bound to pay in full what is due, whenever they are able. We have not heard that the farmers intend to allow a hard time discount to those who owe them money, and it is a poor rule that will not apply to all creditors alike."

THE PUBLIC WELFARE AND THE IMPERILLED NATIONAL BANKS.*

At the outset let us concede that the public welfare is the sole consideration at issue. It then remains to discover what is good public policy and, when discovered, to pursue it.

To avoid one point of controversy, we shall also concede that if our National banking system is to depend for ever upon the existence of a National debt, the National bank is doomed.

We may safely assume that the public can not dispense with the business of banking. The banking business of the country should therefore be conducted with the greatest possible safety to the public. In the United States three systems for this conduct exist, *i. e.*, the National bank, the State bank, and the private banker.

On behalf of the National bank we submit that among the more than 2000 National banks in existence during the two and a-half years to November, 1882, employing in all an average capital and surplus of about $600,000,000, there have been only three failures. Of the 2752 National banks organized for business during the twenty years to that date, the failures among them have numbered, all told, but eighty-seven. Among these insolvent banks forty have paid their creditors seventy-five per cent., and twenty-one have paid their creditors in full. In no instance, of course, has the National bank-note failed of payment. To this element of public safety, in the method prescribed by National charter for the conduct of this indispensable business, add the advantages which an everywhere-existing, uniform and easily understood system of banking must confer upon the public, and it would appear wise, in the public behalf, to preserve the National bank, if it can be done at no great public cost.

But recount the features of this prescribed conduct to which in largest measure the infrequency and non-disastrous nature of failures among the National banks is due, and it will be discovered that the effect of these features upon the minds of those who contemplate the system, with a view to organize or continue business under it, is repellent rather than attractive.

The method prescribed for the conduct of National banks includes the provision of a central control for all, at Washington, and involves the right to visit and examine at unexpected intervals.

* The first portion of this article containing a plan of legislation for the relief of the banks was read by its author, Mr. William P. St. John, President of the Mercantile National Bank of New York, at the recent Bankers' Convention. He has revised the paper, and added an argument in support of his plan.

It provides for public displays of actual condition upon demand of the Comptroller, and at dates of his own selecting; the requirement of a lawful money reserve against deposits, and the requirement as to accumulating surplus capital; the restriction as to amount and the securities for loans, and as to the payment, of unearned dividends; the prohibition as to loaning on pledge of any of the circulating medium of the country, and as to the over-certification of checks; the prescribed minimum of capital permitted any bank, and the additional liability of stockholders for all debts, contracts and engagements to an extent equal to the par value of their stock; and, further, the penalties attached to misdemeanor and malfeasance in office, with the fact patent that the whole power of the general Government is at command to enforce them.

The upright, of course, are in no dread of law, but it may be assumed that men will not be eager to organize or continue, under this National system for any personal gratification which officers and directors and shareholders can discover in all these provisions, though these same provisions are found to constitute the public safeguard. It would thus appear that in this, as in every other business, *inducement* must be permanent if the National banks are to be preserved and multiplied.

The prevailing inducement to organize and continue under National charter has been the profit on the issue of circulating notes. This is evidently true of the National banks of the non-reserve cities—the so-called "country banks." The National charter requirement of reserve against deposits, a portion of which reserve may be placed on cash deposit in National banks of the reserve cities, is of no special avail to these said "country banks." Let these country banks withdraw from the system, and then the National banks of the seventeen reserve cities, other than New York, will no longer be indebted to their National charter for what country bank balances they may thereafter employ. Next, let these seventeen reserve cities' banks withdraw, and then the National banks of New York City also will owe nothing to this reserve requirement for any out-of-town banks' balances which they may thereafter have the use of, the profitable employment of which is now their prime inducement to continue under National charter. That the inducement of profit on note issue should prevail hereafter is, therefore, of public importance, because vital, perhaps, to the future of the National banks. But the public has another and more immediate interest in the preservation of this system, now in measure threatened by the continued retirement of the three-per-cent. bonds. Last year's surplus revenues applicable to the reduction of the public debt amounted to about $ 155,000,000. This year's applicable surplus is safely estimated at $ 120,000,000. At this latter rate of Government income the entire $ 300,000,000 of three per cents. might be retired within three years, and $200,000,000 of these bonds are on pledge for the circulating notes of National banks. The present high prices for the fixed-date bonds appear to preclude the hope that the banks will purchase them to replace their pledged three per cents. as called. If none shall be replaced by purchase, two-thirds in amount being pledged for the bank-note issue, the public must prepare for a currency contraction of some $60,000,000 within the year.

At this point we ask attention to certain circulars, emanating from a highly respectable firm of Government-bond dealers, displaying profit on the circulation at present prices for fixed-date bonds. These circulars used to issue on the basis of a six per cent. employment of money. They now appear on a five-per-cent. basis, and when next they issue a lower rate may be assumed as a satisfactory employment of money, in order that everything additional may appear as "profit on circulation." The unusual investment assumed for the calculation—$1,000,000—is also noteworthy. The result, of course, is a goodly array of figures. If, however, they be accurate, these figures merely serve to show that the investment, for "circulation," in the better-paying bonds of all, the four per cents, at present market prices, 122 per cent., will furnish something over five per cent. per annum as the entire earning on any sum thus invested; further, that with the present tax on circulation removed the entire annual earning on the money thus employed is but six and eighty-eight-one-hundredths per cent.

But imagine a National bank possessed of $1,000,000 capital, being authorized to issue $800,000 of circulating notes at a purchase and pledge of $889,000 of bonds, and buying four per cents at 122 per cent. There must then appear at debit of premium account the startling sum of $195,000. In recognition of the conservative element in its community of dealers, the bank is a rarity indeed, that would issue and circulate its reports of condition at such a showing, for the temptation of a five per cent., or fifteen per cent. per annum employment of its means.

This view, with the likelihood of enhanced market prices, were any general purchasing movement for the fixed-date bonds begun, would seem to dispose of the suggestion that the removal of the present tax on circulation would afford the sufficient inducement required. But better than theory to support our view, we observe that for the year, to October, 1883, the increase of National-bank holdings of the high-priced four per cents has been about $1,000,000, against the increase of $7,500,000 of the four and a-half per cents; the four per cents all the time offering the much better profit on cirulation.

With this aversion to a premium account thus manifest, let it be further observed that the newer localities, smaller cities and country towns, offer the highest interest rates for the employment of money; then, in this connection, to question the profit inducement to take out or to continue circulation, attention is directed to the last annual report of the Comptroller of the Currency, from which it appears that of the $315,000,000, National-bank notes outstanding, $227,000,000 were the issues of the country banks. If there be no sufficient inducement at something over five per cent. per annum to these banks to purchase the fixed-date bonds, then if not at once, yet at the first advance in market, there may appear sufficient temptation to those of them who now pledge four per cents. and four and a-half per cents. to sell their bonds for the better employment of their means. If this selling movement were begun and persisted in, we should have, in addition to the fairly estimated $60,000,000 currency contraction reasonably to be counted upon, a thus made *sudden* contraction of the currency, the possibilities of which are appalling.

But these selling banks are not in jeopardy. They profit if they sell. This apprehension, if warranted, is thus a *public* peril.

It is in the public behalf, therefore, that we ask immediate relief.

It has been proposed that the Government income be diminished. Some advocate tariff amendment for this purpose; others demand the total repeal of internal taxation; others, again, denounce any attempt to impede the steady reduction of the National debt, and are ready to treat any such attempt as a step to antagonize the public and the banks.

Therefore, whether or not it be wise to continue our past, or present, rate of debt-reducing, it would at least appear certain that the questions of tariff reform and internal-revenue repeal may wisely be avoided for the moment, if it be possible to accomplish our purpose by a method distinct from either.

The demand for immediate results further prohibits the hope that attention can be had for anything new in theory, at present, aimed at the perpetuation of the National banks. Within two and a-half years the banks have been required to substitute their five per cents. and six per cents. for three and a-half per cents., and next for three per cents., until now these three per cents. have become the basis of $200,000,000 of the circulation. It need thus occasion no surprise that in these numerous substitutions the rapidity of the change should promise us a crisis when suddenly these three per cents. are now to be retired. Multitudes can not be educated in a day. Therefore, with the endeavor to discover a plan of relief along the line with which the public is familiar, we offer the following suggestion for the Government proceeding, viz:

To the National banks now pledging three-per-cent. or four-and a-half-per-cent. bonds as security for their circulating notes, issue in exchange at par, if desired, twenty-year two-per-cent. bonds, and upon the ninety per cent. of notes allowed on pledge of these two per cents. remit the tax on circulation.

Next, extend this privilege of exchange, when desired, to banks now pledging four per cents. or currency six per cents. for this purpose, the Government to purchase these bonds at prices which shall amply provide these banks in the exchange their present annual earning on circulation, for the period of twenty years; provided that this exchange shall be made only when and so long as the surplus revenues applicable will admit.

Next, extend this privilege, if desired, to owners in general of the fixed-date bonds; for the four and a-half per cents. at par, and for the four per cents. and six per cents. at prices determined for the aforesaid banks, and only when and so long as the surplus applicable will admit.

Thereafter apply any remaining applicable surplus to purchases of fixed-date bonds, or to the retirement of three per cents. while any remain and as may appear expedient in the discretion of the Secretary of the Treasury. And thereafter let debt-reducing proceed with all convenient despatch by purchase of outstanding bonds.

Then all these proposed two-per-cent bonds must bear the same date of issue, that all may mature at one time, and the act must provide the assurance that the privilege of an untaxed note issue against these bonds, to the extent of ninety per cent. of their face, shall continue in force during the entire twenty years.

For the three per cents. the exchange proposed, on the terms named, would be desirable on any possible estimate of the remaining life of these bonds. For the four and a-half per cents. at par and the four per cents. and six per cents. at purchase prices required, the following will display the measure of the inducement to exchange. Assuming an interest rate for the calculation—say six per cent. per annum—and $10,000 of bonds, without allowance for redemptions, it will appear that the

Twenty-year two per cent., for *untaxed* note issue, is worth a present premium of..................................	$1,618 03
Six-and-a-half-year four and a-half per cent., *tax on* circulation is worth..	1,595 26
Longest date, fifteen-year, currency six per cents., *tax on*, is worth..	4,021 45
Twenty-three-and-a-half-year four per cents., *tax on*, is worth..	3,128 15

Thus the four and a-half per cent. may be surrendered in the exchange at par at a saving of premium of $22\frac{77}{100}$ per $10,000, say at a quarter per cent. profit. The longest date currency six per cents. must be bought at the difference of premium between $4021.45 and $1618.03, say $2403.42, *i. e.*, at 124 per cent., the market price being 138 per cent. The four per cents, at $3128.15, less $1618.03, say $1510.10, must thus be purchased by the Government in the exchange at 115[1] per cent., the present market price being

122 per cent. In view of the three and a-half years longer life of the four per cents. than of the proposed two per cents., 115½ per cent. might be paid for the four per cents. in the proposed exchange. The fact that there is no promise of the continuance of the privilege of note issue against these four per cents. during all the life of the bonds will further serve to make the exchange attractive. And, besides, their refusal to exchange would thereafter leave these four-per-cent. and six-per-cent. holders to face the contingencies of the future as a small minority among the National banks. An additional incentive, applicable also to both, is the release of premium to the extent of the price of the Government purchase of these bonds. These prices for purchases of four per cents. and six per cents. must of course be lowered as the bonds approach maturity.

To estimate the Government's profit or loss in these several transactions for the proposed exchange, it will be fair first to assume that if the Government is a borrower at all for the term of twenty years, two per cent. per annum is preferable to a three, four, four and a-half, or six per cent. rate of interest for its loans. Therefore the issue of a two-per-cent. bond at par in substitution and retirement of a bond bearing a higher rate of interest would appear profitable to the Government without doubt.

For the longest-date currency six per cents the estimate would appear as follows:

Present Government obligation is fifteen years' interest, at six per cent	$9,000	
Less fifteen years' *tax* on circulation	1,350	
		$7,650
Face of the bond		10,000
Present total obligation to pay		$17,650
Against premium to be paid on $10,000 bond at 124 per cent	$2,400	
Twenty-year interest payments at two per cent	4,000	
Face of the bond at maturity (twenty years hence)	10,000	
Total proposed obligation		$16,400
Net cash gain to the Government by the purchase and exchange		$1,250

For the four per cents. the estimate would appear as follows:

The existing obligation for $10,000 of these bonds is interest at four per cent. for twenty-three and a-half years	$9,400	
Less twenty-three and a-half years' tax on circulation	1,800	$7,600
Face of bond at maturity		10,000
Total obligation to pay		$17,600
Against premium on the four per cents. at 115½ per cent., say	$1,550	
Twenty years' interest at two per cent	4,000	
Face of the bond at maturity	10,000	
Total proposed obligation		$15,550
Actual gain to the Government		$2,050

If the suggestion that the Government purchase any of its bonds from banks at a premium is obnoxious to some, it may be replied that the present rate of annual income, if it should continue, would insure the complete retirement of the three per cents. within three years, as already stated. Thereafter debt-reducing must proceed by purchase of outstanding bonds, and without the influence upon the market price which our plan provides in the remaining $100,000,000 of the three per cents. left outstanding and subject to Treasury calls. Besides, this plan would afford the opportunity to retire these bank-held four per cents. at seven per cent. less, and the six per cents. at fourteen per cent. less than current market prices for these bonds. This, in view of the probable enhancement of price to take place when the Government must needs become a purchaser, would seem finally to silence this objection.

There is a second objection which might weigh with some, *i.e.*, a seeming discrimination against owners of three per cents other than National banks. This, however, would appear free from the taint of injustice, their present status considered, and the result of our plan might serve even to profit these other holders by a longer deferred retirement of their bonds. And supposing there be no real delay in this retirement for these holders, then the objection, at its worst, must disappear in the public gain to be secured by the important results achieved.

In suggesting twenty years as the life of the proposed two-per-cent. bond, we have been influenced, first, by the recent Congressional enactment of provision for charter extension of the National banks, which was for this period of twenty years; second, the bank-held four and one-half per cents are thus sure to be attracted to the exchange *at par;* third, this being the case, no purchase of bank bonds at a premium at all need be made in order to forestall all present danger of currency contraction, or to preserve the National banking system for twenty years to come. So much of our plan as provides for the purchases of bank-held bonds, is therefore in the public behalf primarily. The Government would profit by the transaction. Secondarily, however, this part of the plan is important, in order to attract to a single basis of security for their note issues the whole number of the National banks. Thereafter all would be prepared to discuss new theories for the perpetuation of the system from the point of a common interest in results to affect them all alike.

As to the effect on debt reducing, let it be observed that the proposed exchange of fixed-date bonds for the twenty-year two per cents. on the terms named, though profitable for the purpose of an untaxed note issue, as against the present taxed note issue, would not be profitable to the ordinary investor at the purchase prices proposed. Then the entire ownings of National banks, for security of their circulating notes, are in all only $360,000,000 of bonds, out of the total of $1,200,000,000 Government bonded debt remaining.. Further, it may be said that while the profit on circulation, which our plan provides, will tend to attract those about to organize for the banking business to select the National system, there is no sufficient profit provided to induce organization for the sole purpose of issuing circulating notes.

To recapitulate, then, we would advocate this plan of Government proceeding:

First.—Because it distinctly waives the issues of "tariff amendment" and whiskey-tax repeal," and thereby affords the hope of *prompt* relief from present perils of currency contraction.

Second.—It imposes no actual impediment upon the steady reduction of the public debt.

Third.—It appears to offer attraction to the whole community of the National banks. It would thus, if adopted, induce them all to a single basis of security for their note issues, as a common ground of interest in any measure thereafter proposed pertaining to the future of the National banks.

Fourth.—It provides for the preservation and multiplication of the National banks for the period of twenty years, the time limit of their original charter.

Fifth.—It offers the inducement of profit to organize and continue under this system in preference to the other systems of banking named.

Sixth.—It offers to the banks this sufficient inducement of profit on circulation without actual cost to the Government.

Seventh.—It affords this profit without the objectionable necessity of a high premium on the bonds required.

Our plan, if adopted, will thus serve to retire some $200,000,000 of three per cents.; $100,000,000 of four per cents.; $40,000,000 of four and a-half per cents.; $3,000,000 of currency six per cents., and instead the United States will have issued the like amount of its twenty-year two-per-cent. bonds at par, and sure to be maintained in market at never less than par. No diminishing of the public revenue will have been required. No impediment uopn the steady reduction of the public debt will have been imposed, and we shall have dispelled all fears of currency contraction by means which ffect, for twenty years, the preservation and multiplication of the National banks.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

The twenty-first annual report of the Comptroller of the Currency shows that two hundred and sixty-two banks have been organized during the year ending November 1, 1883, with an aggregate authorized capital of $28,654,350; circulating notes have been issued to these new associations amounting to $7,909,190. This is the largest number organized in any year since 1865.

The following table gives the number of banks organized in each State and Territory, with their aggregate capital and circulation:

States and Territories.	*No. of Banks.*	*Capital.*	*States and Territories.*	*No. of Banks.*	*Capital.*
Texas	23	$1,741,000	Tennessee	2	$630,000
Ohio	22	2,850,000	Massachusetts	2	400,000
Iowa	21	1,560,000	Connecticut	2	350,000
Pennsylvania	20	1,317,200	Vermont	2	300,000
Illinois	18	5,050,000	Montana	2	300,000
Nebraska	17	950,000	Virginia	2	100,000
Kansas	15	785,000	Mississippi	2	100,000
New York	14	1,405,000	Arkansas	2	100,000
Dakota	12	600,000	Idaho	2	100,000
Missouri	10	880,500	Rhode Island	1	225,000
Kentucky	10	672,650	Louisiana	1	200,000
Michigan	9	2,410,000	Alabama	1	100,000
Minnesota	8	2,910,000	Utah	1	100,000
Washington Ter.	8	400,000	Delaware	1	80,000
Indiana	7	500,000	Maryland	1	60,000
Wisconsin	5	400,000	West Virginia	1	55,000
Oregon	5	260,000	North Carolina	1	50,000
New Jersey	4	253,000	Georgia	1	50,000
California	3	250,000	Arizona	1	50,000
Colorado	3	110,000			
			Total	262	$28,654,350

Forty banks, with aggregate capital of $7,736,000 and circulation of $4,137,033, have voluntarily discontinued business during the year; twelve of which were succeeded by other banks, located in the same places, with nearly the same shareholders. Two National banks, with an aggregate capital of $250,000, during the year, have been placed in the hands of receivers, making eighty-nine in all since the establishment of the system.

The shareholders of ten banks in all have permitted their corporate existence to expire, and these associations are in liquidation under section seven of the Act of July 12, 1882. National banks are organized in every State of the Union and in every organized Territory. The total number in operation on November 1 was 2522, the largest number that has been in operation at any one time.

The capital of the 2308 National banks in operation on December 30. 1882, was $484,883,492, not including surplus, which fund at that date amounted to more than 135 millions of dollars. The average capital of all the State banks, private bankers, and savings banks, for the six months ending November 30, 1882, was $232,435,330.

The table below exhibits the capital and net deposits of the

National banks on December 30, 1882, together with the aggregate average capital and deposits of all classes of banks other than National for the six months ending November 30, 1882:

Geographical divisions.	*State banks, savings banks, private bankers, &c.*			*National banks.*			*Total.*		
	No.	*Capital.*	*Deposits.*	*No.*	*Capital.*	*Deposits.*	*No.*	*Capital.*	*Deposits.*
		Mlns.	*Mlns.*		*Mlns.*	*Mlns.*		*Mlns.*	*Mlns.*
New England States.	556	14.62	475.35	560	166.23	193.15	1,116	180.85	668.50
Middle States.... ...	1,356	103.66	849.03	691	173.19	556.55	2,047	276.85	1,405.58
Southern States......	546	32.23	69.90	214	34.80	68.84	760	67.03	138.74
Western States and Territories..........	2,682	81.93	388.42	843	110.66	301.28	3,525	192.59	689.70
United States ...	5,140	232.44	1,782.70	2,308	484.88	1,119,82	7,448	717.32	2,902.52

The total number of banks and bankers in the country at the date named was 7448, with a total banking capital of $717,318,822, and total deposits of $2,902,522,245.

STATE BANKS AND TRUST COMPANIES.

The returns from 24 States show the resources and liabilities of State banks and trust companies for the years 1880 and 1883:

RESOURCES.

	1880. 650 *Banks.*		1883. 788 *Banks.*
Loans and discounts........................	$281,496,731	..	$462,380,585
Overdrafts..............................	597,699	..	1,493,636
United States bonds........................	26,252,182	..	22,725,596
Other stocks, bonds, &c........................	35,661,792	..	52,405,724
Due from banks......	40,340,345	..	68,270,664
Real estate..............................	19,489,086	..	20,160,547
Other assets..............................	7,374,037	..	14,190,044
Expenses..............................	979,492	..	1,131,586
Cash items..............................	11,176,502	..	35,206,862
Specie..............................	6,905,977	..	18,255,300
Legal tenders, bank notes, &c..............	51,500,226	..	28,259,069
Total..........................	$481,774,159	..	$724,479,613

LIABILITIES.

Capital Stock..............................	$109,318,451	..	$125,233,036
Circulation..............................	283,308	..	187,978
Surplus fund..............................	25,008,431	..	34,575,461
Undivided profits..............................	10,774,731	..	18,076,610
Dividends unpaid..............................	486,094	..	465,011
Deposits..............................	298,759,619	..	500,374,217
Due to banks..............................	18,613,336	..	20,918,936
Other liabilities..............................	18,530,189	..	24,648,364
Total..........................	$481,774,159		$724,479,613

The foregoing table was prepared from returns from all the New England States, except Maine; from four Middle States, not including Delaware, and from all the Western States, excepting Illinois, Kansas, and Nebraska. The only Southern States from which reports have been received were South Carolina, Georgia, Louisiana, Texas, Kentucky, and Missouri. The only Pacific States were California and Colorado. There are no State Banks in Maine, but one in New Hampshire, six in Vermont, and none in Massachusetts. There are, however, six trust and loan companies in the latter State, one in Rhode Island, and six in Connecticut.

SAVINGS BANKS.

The following table exhibits the aggregate resources and liabilities of 629 Savings banks in 1880 and 630 in 1883:

RESOURCES.

	1880. 629 *Banks.*	1883. 630 *Banks.*
Loans on real estate	$315,273,232	$328,197,858
Loans on personal and collateral security	70,175,090	155,874,522
United States bonds	187,413,220	219,017,313
State, municipal, and other bonds and stocks	150,440,359	190,629,915
Railroad bonds and stocks	20,705,378	41,695,701
Bank stock	32,225,923	36,587,817
Real estate	39,038,502	37,224,601
Other assets	27,053,452	53,235,771
Expenses	216,423	144,223
Due from banks	22,063,091	43,184,629
Cash	17,072,680	12,998,594
Total	$881,677,350	$1,118,790,944

LIABILITIES.

	1880.	1883.
Deposits	$819,106,973	$1,024,856,787
Surplus fund	51,226,472	72,784,155
Undivided profits	4,740,861	15,738,223
Other liabilities	6,603,044	5,411,779
Total	$881,677,350	$1,118,790,944

The foregoing table includes the returns from six New England States, from four Middle States, not including Delaware; from the States of Ohio, Indiana, California, and the District of Columbia. The aggregate of loans in the New England States is $272,112,554, and of deposits $453,890,090. In the Middle States the aggregate of loans is $169,101,770, and of deposits $4,499,044,206. Some of the largest Savings banks in the city of Philadelphia, organized under old charters, are not required to make reports to any State officer. Returns received directly from four of these banks, having deposits amounting to $32,347,733, are included in the returns from the State of Pennsylvania.

The Savings-bank deposits, given in the foregoing table for 1883, based upon reports made to State authorities, are $1,024,856,787, and the deposits of the State banks and trust companies were $500,374,217. These returns do not include bank deposits. The deposits of the National banks on October 2d, 1883, exclusive of those due to banks, were $1,063,601,156. These deposits of the National banks bear to those of the Savings banks the proportion nearly of 51 to 49, to those of the State banks and trust companies the proportion of 68 to 32, and to the combined deposits of both the proportion of 41 to 59.

The total population of New England, according to the census of 1880, was 4,010,529, and the number of open deposit accounts of the Savings banks in the year 1883 is 1,368,997, which is equa to 34.1 accounts to each 100 of the entire population. The average amount of each account is $331.55, and if the total deposits were divided among the entire population the average sum of $113.17 could be given to each individual.

The deposits of the Savings banks in the State of New York were $412,147,213, while the population is 5,082,871, showing that an equal distribution of the Savings-bank deposits among the entire population of the State would give $81.0 to each individual.

In the appendix tables are given showing the resources and liabilities of the Savings and other banks separately by States, and also the number of savings depositors and the amount belonging to each in 1882 and 1883.

The Comptroller has, for the last eight years, compiled the returns received by the Commissioner of Internal Revenue from the State and Savings banks and private bankers for purposes of taxation, showing the average amount of their capital and deposit for each six months and the amounts invested in United States bonds. The law requiring such returns to be made has not been repealed, but as the tax on capital and deposits ceased on November 30, 1882, it is not expected that such returns will hereafter be transmitted. The Comptroller must, therefore, depend exclusively for this information upon the returns to be received from the officers of the different States hereafter, and he has, therefore, prepared an elaborate bill which he desires shall, if possible, be passed by the Legislatures of those States which are without laws requiring returns to be made to a State officer.

PRIVATE BANKERS.

The first official information ever published in regard to the private bankers of the country was contained in a table in the Comptroller's report for 1880; and the law requiring these returns to be made having now been repealed, a similar table for the six months ended November 30, 1882, when the tax on capital and deposits ceased, is given, which is the last table of this kind which can be presented. Information in reference to the private bankers in 16 of the principal cities is given in the following table:

Cities.	*Number of Banks.*	*Capital.*	*Deposits.*	*Investe in U. S. bonds.*
Boston	61	$5,439,580	$3,621,863	$878,590
New York City	506	51,758,575	55,565,884	7,926,545
Albany	3	91,000	17,592	——
Philadelphia	44	2,206,728	6,738,522	73,914
Pittsburgh	8	755,312	2,922,571	54,878
Baltimore	35	1,126,738	3,057,709	183,365
Washington	8	428,450	4,611,745	324,037
New Orleans	11	85,667	692	——
Louisville	3	181,000	732,766	——
Cincinnati	11	673,096	2,600,855	143,083
Cleveland	5	52,000	1,359,130	11,525
Chicago	22	1,473,408	10,660,525	153,249
Detroit	9	205,708	1,192,947	5,933
Milwaukee	4	160,000	2,433,026	3,614
St. Louis	9	220,412	18,729	35,838
San Francisco	10	1,509,162	8,910,782	149,637
Total	749	$66,366,845	$104,445,338	$9,944,208

In the City of New York the average amount of capital is $102,-289, and deposits $109,814 for each private banker, and the bankers in that City also held $7,926,545 of United States bonds, or over one-half of the amount of such bonds held by all of the private bankers of the country. The average capital of these private banks is $89,942, and the average deposits $139,446.

There are 2611 private bankers in thirty-four States, exclusive of the cities in the above table, the average capital being $14,758, and the average deposits $69,809.

The following table gives the amount of deposits in each of these States.

States and Territories.	*Number of Banks.*	*Capital.*	*Deposits.*	*Invested in U. S. bonds.*
Pennsylvania	189	$4,248,463	$24,174,291	$218,107
Iowa	321	4,200,584	14,580,124	210,551
Ohio	215	4,135,845	22,482,648	557,442
Illinois	337	3,654,239	24,591,579	640,121
Indiana	117	2,910,130	12,151,432	516,305
Texas	123	2,881,555	8,251,624	16,675
New York	166	1,742,889	15,556,555	446,821
Michigan	152	1,424,515	7,064,720	131,803
Kansas	161	1,323,412	5,595,708	36,685
Missouri	83	1,195,067	6,052,073	121,165
Nebraska	149	1,044,974	3,369,134	35,512
Minnesota	116	1,000,781	4,770,307	14,997
Oregon	17	868,709	2,752,552	270,000
Colorado	47	774,735	2,423,305	——
Wisconsin	87	764,904	4,405,467	92,439
Georgia	29	652,177	1,117,969	6,000
Dakota	79	567,104	1,299,323	——
Montana	17	525,727	1,540,824	——
Alabama	22	514,500	1,530,913	——
Washington	13	466,414	1,221,654	——
Mississippi	11	423,615	949,095	——
Rhode Island	7	406,539	577,740	7,486
Kentucky	22	395,386	2,244,248	28,167
Virginia	17	381,991	2,934,803	20,000
California	27	364,260	1,701,252	7,967
Connecticut	13	217,833	1,519,857	7,052
Utah	9	216,103	2,274,675	56,124
Wyoming	5	214,965	1,061,398	——
Nevada	7	191,434	724,683	105,000
South Carolina	9	177,297	58,122	——
Louisiana	4	158,536	55,907	——
Florida	9	153,874	962,202	——
Arkansas	16	118,568	249,633	2,500
Tennessee	5	111,591	344,952	19,500
Arizona	10	105,248	679,988	——
Total	2,611	$38,533,964	$181,270,757	$3,568,419

Massachusetts has only three private bankers outside the City of Boston, with an aggregate capital of $68,333, and aggregate deposits of $572,673. Maryland has but three private bankers outside of the City of Baltimore. The State of Maine has nine private bankers, North Carolina but five, New Jersey four, Delaware and Vermont only one each. The following table shows, by geographical divisions, the number of private bankers in the United States, with the aggregate amount of their capital, deposits, and investments in United States bonds, for the six months ending November 30, 1882.

Geographical Divisions.	*No. of Banks.*	*Capital.*
New England States	94	$6,215,637
Middle States	967	62,418,206
Southern States	289	6,334,090
Western States and Territories	2,062	30,308,300
Total in United States	3,412	$105,276,233

Geographical Divisions.	*Deposits.*		*Invested in United States Bonds.*
New England States...........	$6,568,310	..	$963,958
Middle States.................	112,690,656	..	9,227,728
Southern States............ ..	20,675,301	..	107,167
Western States and Territories..	149,023,311	..	3,298,990
Total in United States.....	$288,957,578	..	$13,597,843

REPORT OF THE UNITED STATES TREASURER.

The following is a summary of the more important points in the report of the United States Treasurer, Mr. Wyman, for the past year. It is replete with instructive facts and figures:

There has been a decrease during the past fiscal year from the figures for the preceding year in the receipts from customs of $5,704,233, from internal revenue of $1,777,226, and from miscellaneous sources of $958,932, and an increase in the receipts from the sales of public lands of $3,202,724. The total net revenue received during the year was $398,287,581, which is $5,237,668 less than the amount received last year.

The net expenditures amounted to $265,408,137, an increase over those of 1882 of $7,426,697, and this increase added to the amount of the decrease in receipts makes a reduction in the amount of surplus revenue applicable to the reduction of the public debt of $12,664,366. The principal increase in the expenditures was on account of civil and miscellaneous expenses, which amounted to $11,458,271, the expenditures on account of interest on the public debt falling $11,917,075 below those for the same purpose during the preceding year. The collections on account of semi-annual duty on the capital, circulation and deposits of National banks amounted to $4,611,252 in the first half of the fiscal year, and the collections on account of duty on circulation in the second half to $1,564,521. Since the National banking system went into operation the collections on this account have been $124,181,479.

The amount of United States currency outstanding at the close of the year was $362,403,315, and the redemptions during the year amounted to $130,180,759. The redemptions since the first issue of currency aggregated $2,407,590,868. There were issued during the year silver certificates amounting to $35,040,000, and gold certificates of the issue authorized by the Act of July 12, 1882, amounting to $86,710,000. The redemptions of silver certificates aggregated $12,519,879, and of gold certificates $7,834,900, leaving, nominally, outstanding at the close of the year $88,616,831 in silver certificates and $82,378,640 in gold certificates. Circulating notes of National banks amounting to $102,699,677 were received for redemption during the year, of which $23,552,279 were in notes of failed, liquidating and reducing banks. The aggregate of bank notes received for redemption from the passage of the Redemption Act of 1874 to the close of the year was $1,278,278,153. The amount of the National bank notes assorted during the year was $98,904,518, at a cost of $147,592, which is equivalent to an average cost of $1.55 634-1000 per $1000 assorted.

The receiving of deposits of gold coin with the Assistant Treasurer at New York, payable in silver certificates by other assistant treasurers, authorized by the Department circular of September, 1880, was suspended from October 15, 1882, when the limit of issue was reached, until March 2, 1883, when it was resumed and now continues. The amount of deposits thus made during the year was $13,095,000, payment for which was made in certificates as follows: By the Chicago office, $15,000; the Cincinnati office, $925,000; the New Orleans office, $6,140,000, and the St. Louis office, $6,015,000. The total amount of these deposits June 30, 1883, was $42,949,500, and to September 30, 1883, $45,814,500.

The bonds held in trust for National banks at the close of the year represented a face value of $373,712,500, of which $356,596,500 were held as security for circulation (a decrease of $4,126,200 from the amount so held at the close of the previous year), and $17,116,000 as security for public moneys deposited with National-bank depositories. During the year $268,035,400 in bonds were deposited for these several purposes, and $270,970,600 deposited were withdrawn, the total movement of bonds amounting to $539,006,000. Bonds of the United States to the amount of $134,009,750 were redeemed during the year, $44,850,700 of which amount was applied to the sinking fund. There were also retired by exchange into three-per-cent. bonds, authorized by the Act of July 12, 1882, $304,252,000 of the bonds formerly bearing three and one-half per cent. The total amount of bonds retired by purchase, redemption, conversion or exchange, from March 11, 1869, to June 30, 1883, is $2,587,811,000. Bond coupons amounting to $9,562,689 were paid at the various offices of the Treasury during the year, the decrease from the figures of last year being due to the redemption of loans and the conversion of coupon bonds into registered bonds. Two hundred and ninety-eight thousand three hundred and eighty checks, representing a face value of $48,003,130 were issued during the year, in payment of interest on registered bonds. The number of checks issued last year was 321,623, and the decrease for the year is due to the redemption of loans and the gradual decrease in the number of holders of bonds. The number of the holders of the four-per-cent. registered bonds decreased from 50,850 in October, 1882, to 48,154 in October, 1883, while the amount of interest on that loan, paid by checks, increased from $5,659,710.50 in October, 1882, to $5,794,721 in 1883. The number of foreign holders of registered bonds diminished during the same period from 1131, representing $30,060,000, to 495, holding $17,198,900. Of the $304,204,350 of three-per-cent. bonds issued under the Act of July 12, 1882, in exchange for bonds continued at three and one-half per cent. $209,683,850, more than two-thirds of the entire amount, were held in trust for National banks at the close of the year. On this point the Treasurer says: "A reference to the statements at different times for the past twelve years of the bonds held in trust for the National banks shows that they have held $337,000,000 of the bonded indebtedness of the Government which has been called in and paid or exchanged during that period, and that they have been compelled to make withdrawals and exchanges of securities so held as the calls matured."

In September, 1883, the first call for the three per cents issued under the Act of July, 1882, of which the banks had $209,000,000 on deposit at the close of the year, was made, and as further calls follow, the banks holding them will be required to retire the circulation issued thereon, or substitute bonds of other loans, all of which are at a high premium. This may result in a substantial reduction of bank circulation. Bonds are held by the Treasurer's office for account of the Pacific Railroad sinking funds, for the Union Pacific Railroad Company, $650,100, and for the Central Pacific Railroad Company, $1,359,800. The bonds and stocks of the Indian Trust Fund at the close of the fiscal year in the custody of the office amounted to $1,808,016. Of this $280,000 was in bonds issued to the Pacific Railway's currency sixes, and the remainder in State and corporation stocks and bonds.

The public funds deposited with National-bank depositories during the fiscal year amounted to $145,974,256, making the total deposits of such moneys since the establishment of the National banking system, $3,958,696,844. The balance remaining with them at the close of the year, to the credit of the Treasurer, amounted to $10,030,698, and the amount held to the credit of disbursing officers of the United States was $3,418,195, a total of $13,448,894. The deposits made by the National banks for the retirement of their circulation from July 12, 1882, to June 30, last, amounted to $21,415,993. Of these deposits $15,546,098 were made for the reduction of circulation, and $5,869,565 for the retirement in full of circulation of National banks. In voluntary liquidation of the first-mentioned amount $9,411,938 was lawful money, and $6,134,160 proceeds of "called" bonds. The largest amount of lawful money deposited in any month on these accounts was $1,455,900. The Treasurer recommends an appropriation to continue the distribution of fractional silver and minor coin, the appropriation made for that purpose by the Act of March, 1883, having been exhausted about the first of October. He also recommends the redemption and retirement by recoinage into five-cent nickels of the three-cent pieces of the minor coinage.

SAVINGS' BANK IN PENNSYLVANIA.—It is a most unfortunate thing that the encouragement given to the laboring man to save his earnings is so small here and that the facilities are so inadequate. The banking machinery for the use of the large capitalist and the active business man is admirable, but the laborer, unversed in matters of finance, has not where to lay his dollar. A few years ago there were a number of Savings banks in this city which secured large deposits, but they were loosely and dishonestly managed. The depositors lost their money and there has been no confidence in such institutions since. The distrust is so great that it is a common practice among that class of people now to rent boxes in safe deposit vaults and leave funds there drawing no interest. Thus it happens that, while the large capitalist gets an income on his money, the savings of the poor man are an actual bill of expense to him. The success of the Savings banks in the East has been so marked that it would seem wise to encourage similar institutions here. Yet Massachusetts has a number of Savings banks, any one of which has more money represented in its deposit account than all the Savings banks in so thrifty a State as Iowa or Illinois. And it cannot be that the rate of four per cent. paid by these institutions is an obstacle to the accumulation of savings in that way, since the demand for Government bonds and other securities paying little more is large at the West,—*Philadelphia Press.*

THE ANNUAL MINT REPORT.

The annual report of the Director of the mint, Mr. Burchard, shows that the receipts of gold bullion fell off from those of the previous year, owing to diminished gold imports, but the receipts of silver bullion for bars and coinage slightly increased. The coinage of the year consisted of 98,666,624 pieces, of the value of $66,-200,705—11,500,000 more pieces than in any other year since the organization of the bureau. The total coinage of gold was $35,-936,927, and of silver $28,835,470, of which $28,111,119 was in standard silver dollars. Of the latter, but $8,470,000 were coined at San Francisco and Carson, the coinage at those mints being reduced on account of the slight demand for silver dollars in the Pacific States, and of the large amount, over $40,000,000, held in the mint and assistant treasurer's office at San Francisco. Of the minor coins 20,455,488 five-cent pieces and 40,467,419 one-cent pieces were struck and issued. In addition to the coinage operations, bars (for depositories and for transmission to the mints) were made —principally at New York—to the value of $26,319,807, of which $18,269,205, were in gold, and $8,050,602 in silver. The purchases and receipts of bullion for the coinage of the standard silver dollars were 25,432,490 ounces, at a cost of $25,577,327. The average cost was $\$1.11\frac{7}{10}$ cents per ounce fine; the average market price being $\$1.11\frac{8}{10}$ cents. The accumulation in the Treasury of silver three-cent pieces and the other uncurrent and mutilated silver coins, amounting to $619,198, was recoined into dimes and a loss of $34,698 thereby incurred. The profits on the coinage of standard silver dollars during the year were $3,701,332, and on fractional silver $9160. From this $73,189 were paid for transmitting silver coin, and $23,996 for wastage and bullion sold. The balance was deposited in the Treasury. The net silver profits for the last five years paid into the Treasury were $16,860,310. Under the provisions of the act of 1878 requiring the coinage of $2,000,000 worth of silver bullion per month, $154,370,899 have been coined prior to October 1, 1883, and that amount, together with the $81,000,000 of fractional silver in the country, making a grand total of $235,000,-000, is, in the judgment of Director Burchard, in excess of the requirements for silver circulation. This, he remarks, is apparent from the fact that there are in the vaults of the Treasury $39,000,000 standard silver dollars over and above the outstanding silver certificates, and in addition to nearly $27,000,000 in fractional silver coin—a total of $66,000,000. The Director says that his previously expressed views upon the coinage of silver dollars remain unchanged, and adds:

While believing that the equal coinage of both metals by all nations is desirable, in order to give greater stability to the values of commodities and credits, yet, in view of our inability to continue the increase of our silver circulation at the present rate without ultimately expelling a large portion of the present stock of gold, as well of the waning hope for the co-operation of leading commercial nations in securing the general use of silver and its unlimited coinage as money, and of the present abundant paper and increasing gold circulation in this country, the question again presents itself for the consideration of legislators, whether the law directing the monthly coinage of not less than $2,000,000 of silver bullion into standard dollars should not be modified or repealed.

At the beginning of the fiscal year the mints had on hand 35,365,672 standard dollars; the coinage amounted to $28,111,119; and at the close of the year there were remaining in the mints $43,304,590. For the support of the mints and assay offices during the year $1,198,082 was specially appropriated, and from that amount $1,158,371 was expended. In addition to this $161,509 was expended from the appropriation provided by the act authorizing the coinage of the standard silver dollars. The earnings of the mints during the year were $5,125,509, and the expenses $1,726,285. The total value of the gold and silver wasted at the four coinage mints was $30,084, while there was a gain from surplus in bullion recovered amounting to $62,658, showing a net excess over the entire amount of bullion wasted of $32,574. The earnings of the refineries were $279,024, of which $250,280 were expended. The coinage of the year was remarkably close to standard, except the gold coinage at New Orleans. Several tests at that mint showed a deficiency in fineness, and of one delivery all the pieces remaining in the superintendent's custody were ordered recoined.

The Director recommends that the coinage of the gold dollar and of the three-cent nickel piece be discontinued. The gold dollar has been found too small for ordinary monetary use, and is virtually out of circulation. The only calls for many years upon the mints for this coin have been for cabinet specimens, or by jewelers for conversion into personal ornaments. The three-cent. nickel piece has never been a popular coin, and the number in the Treasury has remained largely in excess of the demands for circulation. It was originally authorized by the act of 1851, reducing the rate of letter postage to three cents, and as now the rate of letter postage is but two cents the necessity for its coinage for postage purposes no longer exists.

The repeal of the act authorizing the coinage of the trade dollar is also recommended. A considerable number had probably gone into circulation prior to its demonetization in 1876, and probably from five to seven millions are now held in the country, mostly in the mining and manufacturing regions of Pennsylvania, and in the vicinity of New York. While the United States has incurred no legal liability, nevertheless by the act of the Government these coins were at first put into circulation and given compulsory currency, and many remain in the hands of those who can ill afford to suffer from the depreciation. He says it would therefore seem to be only an act of justice to them to permit these coins to be sent to the mints and exchanged for other silver coins into which they could profitably be recoined. The Director believes that no cause exists for the apprehension that a large number of exported trade dollars would be returned to this country, for those sent to China have, on account of their greater value as sycee silver than as coin, been melted or disappeared into the interior of that country.

The Director estimates the production of gold for the current calendar year at $500,000 less than in 1882, and that of silver at least $2,000,000 greater, which will make the production $32,000,000 gold and nearly $49,000,000 silver. He estimates that arts and manufactures have consumed $12,000,000 gold, about the same as last year, and $6,500,000 silver, an increase of $500,000. The estimated total coin circulation of the United States July 1, 1883, was $765,000,000, of which $537,000,000 was gold and $228,000,000 silver. The estimate of the circulation of United States coin October 1, 1883, is $544,512,699 of gold and $235,291,323 silver. The Director has prepared tables relative to monetary statistics and financial affairs of foreign countries. The production of gold in twenty countries is placed at $103,161,532, and of silver $109,446,586—a decrease from the previous year of $400,000 in gold, an increase of $600,000 in silver. The coinage of twenty-four countries was $99,906,986 gold and $107,997,952 silver. The paper and specie circulation is given for thirty-eight countries, of which the paper circulation is $3,832,920,903, the gold circulation $3,333,433,000, and the silver circulation $2,712,226,000.

ANOTHER PLAN FOR SUSTAINING THE BANK CIRCULATION.

One of our subscribers, who signs himself "Country Banker," sends the following plan for sustaining the bank circulation. In reading it over the thought occurs to us that the banks, the Government, and other persons, have quite different modes of calculating the profits on bonds which yield varying results. In setting forth plans for relief, therefore, based on the issue of new bonds, there should be a more particular statement of the mode for calculating the profit. Several of the plans proposed are very faulty in this regard. The profits disappear, or are greatly modified, when calculated by other modes, which are regarded, of course, as correct, by the persons who make them.

I have noticed in the financial journals that some of the Treasury officials are in favor of allowing the banks to take circulation to the amount of the market value of the bonds deposited, and repealing the tax on circulation, thereby hoping to prevent a contraction of the currency.

In my opinion a contraction of the currency will not be prevented should this course be followed. In all the estimates which I have seen bearing on this point, a bank of $1,000,000 has been taken as an example, showing the profit on circulation with four-per-cent. bonds at 122, as compared with the interest on the capital invested at five per cent. Now, there are few country banks which do not receive six per cent. at least on their loans, and many of them seven per cent., and they can make more money at these rates than in keeping their circulation, if secured by four-per-cent. bonds, at the present high premium.

The profit on four-per-cent. bonds at 122 as figured by leading bankers, who deal in the bonds, and for whose interest it is that the high-priced bonds should be taken by the banks as a basis for circulation, is $87,762 on a capital of $1,000,000, provided that circulation should be issued on the market value of the bonds and the tax removed. The interest on the capital at 122 (the supposed cost of the bonds), at five per cent., is $61,000, leaving an apparent profit in favor of taking out circulation of $26,762 to a bank of $1,000,000 capital, a small percentage of profit under the most favorable conditions above the interest on the invested capital figured at five per cent.

Figure the interest at the rate of six per cent. per annum, and the majority of country banks can loan at this rate, and the difference in favor of circulation would be $3,640 on a capital of $250,000. Many country banks receive seven per cent. on their loans; in these cases the profit on circulation in excess of what would be received by loaning upon commercial paper would be $590 per year. How many banks will suffer the inconvenience of issuing circulation and the risk of carrying a heavy premium ac count for a quarter of a century for this trifling profit?

My own plan would be to issue bonds bearing interest at the rate of two, or two and one-half per cent. per annum, payable in forty years, but redeemable at the pleasure of the Government after ten years, repealing the tax on circulation, but issuing ninety per cent. of circulation on the par value of the bonds as at present. Such bonds would be redeemable in 1894, and as the four and one-half per cents. mature in 1891, they could be extended for three years and a new bond issued, if thought best at that time, covering the whole amount of the proposed bonds and the four and one-halfs. This would meet the objection raised by some with regard to perpetuating the National debt, as all but the four per cents could be paid, or provided for in some other way, if thought necessary.

The issue of the new bond would, of course, prevent the anticipated contraction of the currency, while the issue of circulation on the four per cents. at their market value, with a repeal of the tax, would not, as country banks with small capitals lending at a fair rate of interest could not afford to take out circulation.

In a postscript he adds that he did not allow for the one or two per cent. extra as interest on circulation above five per cent. as he should have done, which was allowed in the item of interest received if loaned otherwise. He did not think the difference would be sufficient to tempt the country banks to buy the long bonds, for there were other objections, one of which was that should any depreciation take place in the bonds, it must *forthwith* be made good without regard to a sinking fund, so that a bank might be called upon to reduce its premium account several per cent. at the outset.

COMPARATIVE WEALTH OF THE UNITED KINGDOM AND THE UNITED STATES.—According to figures compiled by Mr. Mulhall of the Royal Society of London, the property of the United States, as represented by houses, furniture, manufactures, railways, shipping, bullion, lands, cattle, crops, investments abroad, etc., is $42,000,000,000, which, adding roads, public lands, etc., valued at $7,700,000,000, gives a grand total of $49,770,000,000. This he states to be more than $9,000,000,000 in excess of the aggregate wealth of Great Britain. The wealth proper of the latter he estimates to be $38,948,000,000, and the value of English roads, public lands, etc., $1,700,000,000, making a grand total of $40,640,000,000. The wealth per inhabitant is $1,160 in that country against $995 in this. It has been objected to Mr. Mulhall's figures that the prices of fixed property are largely based on fictitious and inflated values.

COUNTRY COLLECTIONS.

The making of country-bank collections with greater rapidity and at less expense has been long regarded as a matter of no little importance among bankers. Up to this time there has been adopted no satisfactory improvements upon the existing system. In Boston, especially, this subject of late has received the careful attention of bank managers. The following plan, devised by Mr. C. B. Patten, Cashier of the State National Bank of Boston, and which first appeared in the form of a letter to the Boston *Advertiser*, is worthy of attentive perusal. Those who are familiar with the old Suffolk-Bank system will the more readily appreciate the advantages of this plan.

The Boston banks are now being called upon to consider and settle a question of a good deal of interest and importance, which question we here propose to discuss in the briefest and most direct manner possible. It is a common custom for our banks to give immediate credit for all out-of-town demand checks and drafts left with them by their depositors and to make no charge whatever for collecting the same. And in many instances this course is followed where high rates of interest are paid upon the balances which are thus in part made up. The number and amount of these checks have been rapidly increasing during the last twenty-five years.

In the times of the State banking system it was the almost universal custom for the merchants in the interior to pay their bills in Boston; that is, to pay them by sending the money to the city, or by sending a check on a Boston bank which they had obtained by calling upon their nearest country bank, paying for the same the necessary exchange cost. Now the trader in the country town pays his city jobber's bill *in* the country town; that is, he sends his Boston creditor a check upon the country bank where he keeps his account, says nothing about the risks or costs of collection, and looks for an immediate return of a squarely receipted bill. The country banks have, of course, good reasons for being satisfied with the methods of settlement in question, since they have the double advantage of the use of the deposits, against which the round-about checks are drawn, and the charges they are accustomed to make the city banks when they send these checks home for collection. These charges have a high range, the tariff on the smaller-sized paper being generally from one-quarter to one-half per cent.

Very few are aware of the magnitude of the business of collecting checks on interior New England banks that is now done by the Boston banks, nor of the rapidity with which this work, which in many instances is work done for nothing at one's own expense, is and has been increasing. In an able report, drawn up in 1877 by Mr. George Ripley, President of the Hide and Leather Bank, it was stated that the outstanding balances of the Boston banks on account of country collections amounted to $2,100,000, and the yearly expense of making these collections was then estimated at

$229,000. The annual cost of this business at the present time has been set down at about $400,000, and the outstanding amounts of the Boston banks' uncollected checks now foots up over $4,000,-000. This is the situation. Now what can be done in the premises to improve these collection matters? We have before us a valuable report of a committee appointed by the Boston Clearing-House Association to consider the subject of New England collections, which presents for the consideration and acceptance of the Boston banks a plan which is one answer to the question raised. The plan of this intelligent and experienced committee looks to the establishment of an agency in many respects quite like the present Clearing House, which shall have no capital, and which shall nominally make no charge for its services, but whose expenses shall be borne by the banks in proportion to the business done. Without entering into detailed explanation or discussion of the methods and machinery proposed by this committee, we propose to present what may possibly appear to be a more practicable and more economical scheme for doing by the wholesale this country-bank-collection business, which the banks of Boston are now doing, in a retail way, under many disadvantages and at large expense.

In 1824 the banks of Boston found themselves encumbered with the labor, risk and expense of sending home for redemption those country bills of New England banks with which the city was flooded. After enduring for a time the retail method of attending to this work, they finally hit upon the wholesale idea, and inaugurated the Suffolk-Bank system, the methods, machinery and complete success of which are so familiar to our bankers. And as to-day the situation of the Boston banks in the matter of country-check collections is relatively the same as it was sixty years ago, when they had on their hands the problem of country bill redemption, let them adopt the same sort of remedy.

Instead of organizing an independent agency for doing the work in hand, let them contract with some one of their number to take on the business. Any well-managed Boston bank will find little dlfficulty in the work of simply extending its collection department by putting on a good staff of corresponding and assistant collection clerks, and of assuming the entire country-collection business of all its neighbor banks. It has now in full operation all the methods and machinery for transacting this larger work; all that is needed is an increase of power. To-day, if it is a large and active bank, with a heavy individual collection business, it may have to mail collection of letters of its own to all parts of New England. If it takes on the country-collection business of its neighbors, it will only have to make these regular collection letters longer and larger. And the larger business will enable this wholesale-collection bank to make better terms with corresponding banks in the country, which corresponding banks will also reap very evident advantages from the concentration and centralization proposed. Seventeen hundred collection letters are to-day sent out from our Boston banks every twenty-four hours, although there are only 277 towns in New England which have National banks. Two hundred and seventy-seven daily letters would do all the business under the plan proposed ,at a saving of 1400 daily letters.

The economy of the plan we have suggested must be very evident, since in addition to the saving in the matter of clerk hire, postage, stationery, etc., there would be a saving in the point of expense of the executive management of the business, a department which under the plan proposed by the Clearing-House committee would of necessity be costly. There would, in fact, be no question about the economic advantages of the plan of giving the collection business to some established bank, since such a bank is already in possession of the "plant" necessary for the transaction of such business, and could make money out of it, with a charge for exchange which would not support an independent Clearing-House. We do, of course, expect to hear it said that our "ideal plan" is all very well, but that we cannot find any bank ready to take the labor and resposibilities of collecting all the country checks for all the Boston banks; but we are by no means sure of this, and believe in a vigorous hunt for such an institution. As regards the risks of the business, all that can be expected of any bank in city or country, or any collecting Clearing House, is that they will consider themselves responsible for the exercise of due care and diligence in the matter. The individual banks sending in the collections, or the individual owners of the checks who deposit them, will, under any system of collection, have to bear the risks that are in addition to those we have named.

There are many incidental points of advantage in the wholesale system of collection advocated by us and the Clearing-House committee, which might be pointed out, had we the space. We have only time to note one of these: In case of large aggregates of collections on central points, it might be advantageous for the city collecting bank to despatch special messengers, who should draw such checks at the counters of the banks upon which they are made, returning by evening express trains with their heavy invoices of Boston funds ready for the ensuing day's clearing. We have often heard the late Jeffrey Richardson tell how, in the early days of the Suffolk system, he and the late William Lawrence had taken a carriage and pair, loaded up with country bank bills which were to be redeemed, put aboard some pistols, and driven to Newburyport, Portsmouth, etc., fetching up at Groton at Mr. Lawrence's old home, and finally making State street. To-day there are many interior central points in New England which could be reached for collection purposes after morning deposits in Boston, and which could not give returns in season for next morning's clearing.

C. B. P.

BRITISH EMIGRATION TO AUSTRALIA.

Australia is coming to be a very formidable competitor of the Dominion for the emigration of Great Britain. In the month of July the total emigration of British origin was 26,426, against 22,589 in the corresponding month last year, and of these the United States received 13,569, against 13,273 in 1882; Canada 4,976, against 4,163, and Australia 7,188, against 3,911. These figures indicate that the excess of emigration from the United Kingdom is finding its way mainly to Australia; and the figures for July are not exceptional, for taking the seven months of the year the emigration to those colonies has increased from 18,582 to 37,788, while to Canada the increase was only from 28,080 to 32,686, and to the United States from 120,816 to 128,341. Taking the nationalities of the people, it is found that the English and Scotch principally prefer to seek a new home in the far distant colony, while the bulk of the Irish select the United States and Canada.

LOAN BY A BANK ON THE PLEDGE OF ITS OWN STOCK.

UNITED STATES SUPREME COURT.

First National Bank of Xenia v. *Stewart.*

A National bank made a loan on the pledge of its own shares, and afterwards sold the shares to obtain payment of the loan which exceeded the amount realized from the shares. *Held*, that the owner of the shares could not recover from the bank the amount realized from the sale of the shares, on the ground that the statute forbids a National bank to take its own shares as security.

The plaintiffs are administrators of the estate of Daniel McMillan, deceased, and the defendant is the First National Bank of Xenia, a corporation formed under the National Bank Act of the United States. The action is brought to recover the sum of $4200 with interest; the complainant alleging that in October, 1876, the bank was in possession of thirty shares of its capital stock belonging to the deceased; that it then unlawfully converted them to its own use and sold them, receiving, therefor, the sum mentioned, which it refuses to account for or deliver to the plaintiffs, although a demand for it has been made. The bank, in answer to the complaint, avers that in April, 1876, the deceased was owing to it a debt previously contracted, greater in amount than the value of the shares of capital stock; that it being necessary to secure the bank from loss, he delivered to it certificates of the shares with other property, as collateral security for the debt; that in October, 1876, the debt being unsatisfied and overdue, the bank sold the shares at their full market value, and applied the proceeds as a credit upon it; and that after such application a large amount remained due to the bank, which is still unpaid.

Field, J., in delivering the opinion of the court, said: Section 5201 of the Revised Statutes declares that "no association shall make any loan or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith, and stock so purchased or acquired shall, within six months from the time of its purchase, be sold or disposed of at public or private sale, or in default thereof, a receiver may be appointed to close up the business of the association."

While this section in terms prohibits a banking association from making a loan upon the security of shares of its own stock, it imposes no penalty, either upon the bank or borrower, if a loan upon such security be made. If, therefore, the prohibition can be urged against the validity of the transaction by any one except the Government, it can only be done before the contract is executed, while the security is still subsisting in the hands of the bank. It can then, if at all, be invoked to restrain or defeat the enforcement of the security. When the contract has been executed, the security sold, and the proceeds applied to the payment of the debt, the courts will not interfere with the matter. Both bank and borrower are in such case equally the subjects of legal censure, and they will be left by the courts where they have placed themselves.

There is another view of this case. The deceased authorized the bank, in a certain contingency, to sell his shares. Supposing it was unlawful for the bank to take those shares as security for a loan, it was not unlawful to authorize the bank to sell them when the contingency occurred. The shares being sold pursuant to the authority, the proceeds would be in the bank as his property. The administrators, indeed, affirm the validity of that sale by suing for the proceeds. As against the deceased, however, the money loaned was an offset to the proceeds. In either view the administrators cannot recover. The judgment of the court, therefore, must be reversed, and the case remanded for a new trial; and it is so ordered.

THE TRANSFER OF NEGOTIABLE PAPER.

UNITED STATES CIRCUIT COURT, ILL.

Osgood's Administrators v. *Artt.*

By the rules of the law merchant, the purchaser of negotiable paper, payable to order, unless it be indorsed by the payee, takes subject to any defence which the payor has against the payee. He becomes, in such case, only the equitable owner of the debt or claim evidenced by the security.

As a general rule the legal title to negotiable paper, payable to order, passes only by the payee's indorsement, on the security itself, or on a piece of paper so attached to the original instrument as in effect to become a part of it, or incorporated into it.

Words of assignment and transfer, contained in a separate instrument executed for a wholly different and distinct purpose, is not equivalent to an indorsement within the settled rules of the law merchant.

A subsequent indorsement, made after notice of the payor's defence, although the paper was purchased without notice of defence, will not relate back to the time of purchase, so as to cut off the equities of the payor against the payee.

HARLAN, C. J. On the fourteenth day of May, 1856, the defendant, Artt, executed and delivered to the Racine & Mississippi Railroad Company, his note, whereby, for value received, he promised to pay to that company, or order, at the expiration of five years from May 10, 1856, the sum of $2500, together with interest at the rate of ten per cent. per annum, payable annually on the tenth day of May of each year—principal and interest payable at the office of the company in the City of Racine, Wis. At the same time Artt, to secure the payment of the note, executed to the company his mortgage upon certain real estate in Carroll County, in this State.

Subsequently the company made its bond, under date of June 10, 1856, whereby it acknowledged that the company was justly indebted to, and promised to pay Charles Osgood, or bearer, $2500, on the tenth of May, 1861, at their office in the City of New York, together with interest from and after the tenth day of May, at the rate of ten per cent. per annum, payable semi-annually on each tenth day of November and May, upon the presentation and surrender of the interest coupons at the said office. That bond contained these clauses: "To the payment whereof the said company hereby bind themselves firmly by these presents; and, for the better security of such payments being made to the holder thereof, the said company have assigned and transferred, and by these presents do assign and transfer to the said holder of this bond, a certain note for the sum of $2500, executed by Robert Artt, of Carroll County, together with a mortgage given collateral to and for the purpose of securing the payment of the same, dated on the fourteenth day of May, 1856, payable in five years from the tenth day of May, 1856, with interest at the rate of ten per cent. per annum, which said note and mortgage are hereto appended, and are transferable in connection with this bond, and not otherwise, to any parties or purchasers whomsoever. And the said company do hereby authorize and empower the holder of this bond at any time, in case said company shall fail to perform any of the foregoing stipulations, by neglecting to pay either principal or interest on this bond when the same shall become due, to proceed and foreclose the said mortgage, or take such other legal remedy on said note and mortgage against said mortgagor, or against this company on this present bond, or on both, as shall seem proper and expedient to said holder hereof."

Some time in the summer of 1857 the railroad company sold the bond, delivering therewith the note and mortgage to plaintiff's intestate—the bond, note and mortgage being attached firmly together with eyelets in the order in which they are named, the bond on the top, next the note and then the mortgage. The bond, note and mortgage, each bears the number 1964 written thereon in ink. At the time of such purchase and delivery, Osgood had no notice of any defence to the note, nor of any of the matters alleged in defendant's third plea. That plea states facts which are conceded to show a good defence as between Artt and the railroad company, viz: an entire failure of consideration, and also fraud upon the part of the company, in procuring the execution of the note and mortgage. The note, bond and mortgage, after their delivery to deceased, remained attached in the manner just stated. Upon the back of the note are the words "Racine & Mississippi Railroad Company by H. S. Durand, president," which is the indorsement of the railroad company, placed thereon by its authority. It had not, however, been placed there when Osgood purchased and received the note, bond and mortgage, but was made at some date subsequent to June, 1859. Before the indorsement was, in fact, made on the note, but after the purchase by Osgood, he had notice as well of the fraud practiced by the railroad on Artt, as of the failure of consideration in the note, as set out in the defendant's third plea.

These facts have been specially found by a jury, and the sole question for determination is whether, upon this finding, the plaintiffs are entitled to judgment. The only issue of fact made on the third plea is whether Osgood, prior to the indorsement of the note, had notice of the alleged fraud and failure of consideration.

1. It is a settled doctrine of the law merchant that the *bona fide* purchaser for value of negotiable paper, payable to order, if it be indorsed by the payee, takes the legal title unaffected by any equities which the payor may have as against the payee.

2. But it is equally well settled that the purchaser, if the paper

be delivered to him without indorsement, takes, by the law merchant, only the rights which the payee has, and, therefore, takes subject to any defence the payor may rightfully assert as against the payee. The purchaser, in such a case, becomes only the equitable owner of the claim or debt evidenced by the negotiable security, and, in the absence of defence by the payor, may demand and receive the amount due, and, if not paid, sue for its recovery in the name of the payee, or in his own name, when so authorized by the local law.

3. As a general rule the legal title to negotiable paper, payable to order, passes, according to the law merchant, only by the payee's indorsement on the security itself. The only established exception to this rule is where the indorsement is made on a piece of paper, so attached to the original instrument as, in effect, to become part thereof or be incorporated into it. This addition is called, in the adjudged cases and elementary treatises, an *allonge*. That device had its origin in cases where the back of the instrument had been covered with indorsements or writing, leaving no room for further indorsements thereon. But, perhaps, an indorsement upon a piece of paper attached, in the manner indicated, would now be deemed sufficient to pass the legal title, although there may have been, in fact, room for it on the original instrument.

4. But neither the general doctrines of commercial law, nor any established exception thereto, make words of mere assignment and transfer of such paper—contained in a separate instrument, executed for a wholly different and distinct purpose—equivalent to an indorsement within that rule which admits the payor to urge, as against the holder of an unindorsed negotiable security payable to order, any valid defence which he has against the original payee.

5. The transfer of the note in suit, by words of assignment in the body of the railroad company's bond, did not, in the judgment of the court, amount to an indorsement of the note, although the bond, note and mortgage were originally fastened together by eyelets. The facts set out in the third plea, and sustained by the special finding, constitute, therefore, a complete defence to the action, unless, as contended by plaintiffs, the subsequent indorsement, in form, by the railroad company, after Osgood was informed of Artt's defence, has relation back to the time when the former, without notice of such defence, purchased the note for value then paid. If, at the time of Osgood's purchase, it had been agreed that the company should *indorse* the note, but the indorsement was omitted by accident, or mistake, or fraud, upon the part of the company, a different question would have been presented. In such case, the company might, perhaps, have been compelled to make an indorsement which would have been deemed effectual as of the time when, according to the intention of the parties, it should have been made. But no such case is presented by the special finding. It is entirely consistent with the facts found that the indorsement by the company was an afterthought, induced by notice of Artt's defence, and was not within the contemplation or contract of the parties when Osgood purchased the bond. Moreover, and as a circumstance significant of an intention to restrict, in some degree, the assignability of the note and mortgage, it is expressly stipulated, in the company's bond, that they are transferable in connection with the bond, and not otherwise,

I am of opinion that the facts which came to Osgood's knowledge prior to the indorsement, and which, in substance, constitute the defence set out in the third plea, furnished notice that the company had, by reason of fraud and failure of consideration, lost its right to demand payment of the note from Artt. By the indorsement, after such notice, Osgood could not acquire any greater rights than the company possessed. He did not become the holder of the note by *indorsement*, as required by the law merchant, until after he had notice that the company could not rightfully pass the legal title, so as to defeat Artt's defence.

While the adjudged cases are not in harmony upon some of these propositions, the conclusions indicated are, in the opinion of the court, consistent with sound reason and are sustained by the great weight of authority: *Chief Justice Marshall, in Hopkirk* v. *Page*, 2 Brock. 41; *Sturges' Sons* v. *Met. Nat. Bank*, 49 Ill. 231; *Melendy* v *Keen*, 89 Ib. 404; *Haskell* v. *Brown*, 65 Ib. 37; *Lancaster Nat. Bank* v. *Taylor*, 100 Mass. 24; *Bacon* v. *Cohen, etc.*, 12 S. & M. 522; *Grand Gulf Bank* v. *Woods*, Ib. 482; *Clark* v. *Whitaker*, 50 N. H. 474; *Haskell* v. *Mitchell*, 53 Me. 468; *Franklin* v. *Twogood*, 18 Iowa 515; *French* v. *Turner*, 15 Ind. 59; *Folger* v: *Chase*, 18 Pick. 63; *Whistler* v. *Forster*, 14 C. B. 246; (108 E. C. L. 248;) *Harrob* v. *Fisher*, 10 C. B. N. S. 196; *Gibson* v. *Minet*, 1 H. Bl. s. p. 606; *Story on Notes*, § 120; *Story on Bills*, § 201; *Chitty on Bills*, (12th Amer. from 9th Lond.) 252; 2 *Parsons on Notes and Bills*, 1, 17 and 18; 1 *Daniel on Neg. Inst.* (3d edit.) §§ 664*a*, 689*a*, 690, 741, and 748*a*.

The facts specially found do not authorize a judgment for the plaintiffs.

MEMBERSHIP IN PRODUCE EXCHANGE AN ASSET LIABLE FOR DEBTS.

UNITED STATES CIRCUIT COURT—NEW JERSEY.

Matter of Werder.

Membership in the New York Produce Exchange held to be an asset of a bankrupt available to creditors.

McKENNAN, J. The bankrupt is a certificated member of the New York Produce Exchange, and the only question presented by his bill is, whether his membership in that institution is an asset, available to his creditors, through his assignee, or not. If it is, the order made by the District Court, of which the bankrupt complains, was right. I regard the question as conclusively settled by the opinion of the Supreme Court in *Hyde* v. *Woods*, 94 U. S. 523. Mr. Justice Miller, speaking for the court, there says:

"There can be no doubt that the incorporeal right which Feun had to this seat when he became bankrupt was property, and the sum realized by the assignees from its sale was valuable property. Nor do we think there can be any reason to doubt that, if he had made no such assignment, it would have passed, subject to the rules of the stock board, to his assignee in bankruptcy, and that if there had been left in the hands of the defendants any balance, after paying the debts due to the members of the board, that balance might have been recovered by the assignee."

It is futile to contest the authoritativeness of this statement by the criticism that it was unnecessary to the decision of the question before the court, and therefore was only the individual opinion of the judge who spoke for the court. But it was not only proper, but necessary, to ascertain and determine the nature and character of the interest claimed by the plaintiff that the court might pronounce judgment upon the merits of the controversy between the parties. The plaintiff was the assignee of a bankrupt member of the San Francisco Stock Exchange. If the bankrupt's membership in that institution was a mere personal privilege, and in no sense property, then it did not pass under the assignment, and the plaintiff could not maintain any action touching it for want of title. But to consider the merits at all, and to determine the legal rights of the parties in reference thereto, it was necessary for the court to define the character of the subject of the controversy, and so to pass upon the validity of the claim of the defendants to the proceeds of its sale; they therefore held it to be property, which passed under the assignment in bankruptcy, subject to the rules of the exchange, which provided for the prior appropriation of the proceeds of its sale to debts due to its members; and hence that such appropriation was not within the scope of the provisions of the bankrupt law against preferences.

Regarding the opinion, then, as authoritative, it rules this case, and it is therefore ordered that the bill be dismissed with costs.

LEGAL MISCELLANY.

STOCK TRANSACTIONS; GAMBLING.—When the magnitude of purchases of stock made by a broker is out of all proportion to the money advanced by the principal to pay therefor, the transaction is stamped with the character of a gambling enterprise, and the law will not enforce payment amongst thereto. [Patterson's Appeal. Penn. Sup. Ct., S. C. of Penn.]

NEGOTIABLE INSTRUMENT—UNCERTAINTY AS TO RATE OF INTEREST.—An instrument reading as follows: "For value received, I promise to pay to Elijah Pierce or bearer, five hundred dollars with interest, the same as Savings banks pay." *Held* not a negotiable instrument. There is no certainty in a promise to pay interest at the rate of the dividends of Savings banks. *Whitwell* v. *Winslow*, Mass, Sup. Ct.

BANK—TITLE TO DEPOSIT OF CHECKS AND CASH—INSOLVENCY—COUNTERCLAIM—USAGE.—The doctrine that whenever a banking association gives credit upon its books to a depositor for the amount of a check or negotiable paper deposited for collection, the title to the check or paper immediately passed to the bank, and it became the holder of the same for value, is not true, without qualification. When the deposit was made and credited in order to make good an overdrawn account of the customer, or where the amount thus credited was immediately drawn against, the bank is undoubtedly to hold the check, at least, until the overdraft of the account is made good from other sources, or the cash drawn on the strength of the credit has been returned. The first of these conditions existed in *Titus* v. *Mechanics' National Bank*, 6 Vroom, 592. Unlike checks, cash deposited by customers with the bank ceases to be the property of the depositor, and becomes the property of the bank, creating at once the relationship of debtor and creditor. The indorsement by the customer of a check, deposited for collection, is only intended to put the paper in such shape that the bank may collect it, and not to thereby pass the title to the bank. The practice which has grown up among banks to credit deposits of checks at once to the account of the depositor, and to allow him to draw against them before the collection, is a mere gratuitous privilege, which does not grow into a binding legal usage. In this case the plaintiffs seek to offset the amount of their credit on the books of a defunct bank, against the promissory notes received by the bank for discount before its failure. *Held*, that if the bank held the notes at the time of its failure and was entitled to receive the amounts due thereon when they matured, such offset might be made; but an offset of this kind cannot be allowed where it appears that the notes were not the property of the bank at the time of its failure, but had been indorsed away for value. No knowledge by any of the officers of a bank, of its insolvency, is sufficient to avoid transactions between the bank and its customers, on the ground of fraud, unless the evidence clearly shows that the directors, who represent the corporation, also had such knowledge. *Balback* v. *Frelinghuysen*, New Jersey, U. S. Cir. Ct.

THE COLLECTING OF COUNTRY BANK CHECKS.

The following criticism from the cashier of a country bank points out very properly the root of a trouble with which banks are obliged to contend. So long, however, as in the competition for business such checks are taken, whether at par or subject to the proper discount, it is well that every facility for collecting them easily be utilized. To this end it seems to us that the Uhler-check plan may be found of advantage.

To the Editor of the Banker's Magazine:

We are this day in receipt of a circular from Uhler & Bro., accountants of your city, inclosing a sample check of "Improved form for facilitating the collection of country checks."

This scheme, like all I have seen, starts from the wrong end of the trouble. The object is to save time and expense in the collection of country checks, but they all expect the country banks to establish the system and save the expense, while the city banks are to reap the benefit.

The city banks should deduct sufficient exchange when the checks are deposited to cover the expense of collection, and then send the checks direct to the paying bank, and so obtain remittance directly back.

The system this firm advocates would require each country bank to pay ten dollars for the privilege of informing holders of checks how they could collect the same without paying that same bank a fair collection fee.

Let the city banks discourage the receipt of country checks by imposing a charge for collection.

Let the city merchants discourage the practice of country merchants in sending their checks on interior banks by receiving them only at a discount.

Then the practice of sending only bank drafts or money orders will prevail, which will be safer, cheaper, and more expeditious.

F. P. B.

ENGLISH AND AMERICAN RAILROADS.

The British Board of Trade has issued a report upon the railroads of the United Kingdom for 1882, which is suggestive of some comparisons regarding the profitableness and prospects of railroad investments in the two countries. The number of miles of road in the whole Kingdom in 1882 was 18,457, more than half of which distance was laid with double track, and the amount of capital invested, £767,898,665, or, approximately, $3,833,000,000; while in the United States there were 113,329 miles of road, mainly single track, at a capital of $6,895,664,359. The former, therefore, represents a valuation of about $200,000 and the latter about $60,000 per mile. The net earnings on the British roads were near $9000 a mile, and on the roads in this country about $2700 per mile; which, on the basis of the respective valuations, is about four and a-half per cent. in each case. Concerning the development of railroads in the two countries, no comparison can be made as to mileage, because the improvements in Great Britain in the past ten years relate chiefly to the doubling and perfecting existing lines. But a fair comparison may be made between this kind of progress and ours by means of the increase in the capital invested. In 1872, this, in British railways, was £569,074,346. There was, therefore, an increase of about thirty-five per cent. in the past ten years; while in the United States the increase in capital in the same period was over 100 per cent., the capital in 1872 being $3,159,423,057. The comparative progress during the past year may be seen in the following statements:

UNITED KINGDOM.

	1882. *Miles.*	1881. *Miles.*	Increase in 1882. *Miles.*	Increase in 1882. *P. cent.*
Miles opened.......	18,457	18,175	282	1.6
Of which d'ble lines	10,044	9,873	171	1.7
	(000's omitted.)			
Capital.............	£767,899	£745,528	£22,371	3.0
" per mile....	41	41	....	1.4
Total receipts......	69,377	67,155	2,222	3.3
Working expenses..	36,170	34,000	1,270	3.6
Net earnings........	£33,207	£32,255	£952	3.0

UNITED STATES.

	1882. *Miles.*	1881. *Miles.*	Increase in 1882. *Miles.*	Increase in 1882. *P. cent.*
Miles opened..... .	113,329	101,738	11,591	11.3
	(000's omitted.)			
Capital.............	$6,895,664	$6,115,540	$780,124	6.8
" per mile.....	58	59	1	Dcr.
Gross receipts......	770,358	703,342	67,066	9.5
Expenditure........	459,675	417,581	42,094	10.5
Net earnings.......	$310,683	$285,761	$24,922	8.7

The largest ratio of increase in both cases was in the working expenditure. Our increase during the past year was greater in expenditure and earnings than in capital, but not so large as in the number of miles built; showing that more miles were built at a decreased cost, and more earnings were had in proportion to capital than in the year previous. The most interesting part of the comparison to investors is in the dividends paid upon the capital; and in this particular the showing, as a whole, is very favorable to the British roads. The following were the dividends declared in 1882:

Rates of dividend.	*Am't of capital.*		*Rates of dividend.*	*Am't of capital.*
From 2 to 3 per cent.....	£6,954,912	..	From 6 to 7 per cent.....	£20,780,690
From 3 to 4 per cent.....	16,176,942	..	From 7 to 8 per cent.. ..	37,748,186
From 4 to 5 per cent.....	60,630,765	..	From 8 to 9 per cent.....	22,688,412
From 5 to 6 per cent.....	53,297,530	..		

In the United States the per centage of net earnings to capital was 4.5 in 1882, and about five per cent. in 1872; but the dividends declared in the past ten years have averaged a very small per centage on the investment, being about 1.5 in 1882 and but a little over two per cent. in 1872. Nevertheless many roads declared dividends that showed as good an investment as in English roads. Much of the earnings of roads in the United States, as well as new capital, goes into extensions and improvements that are not expected to yield a dividend for many years, the profitableness of building them coming largely out of the increased valuations of other property.

CURRENT EVENTS AND COMMENTS.

PEARL FISHING.

A pearl fishery of great promise has been opened up in the Gulf of Mexico. Among many smaller gems, the fishermen have discovered several large and very valuable pearls. One taken from the shell of a pearl oyster in December last is believed to be the largest on record. It weighs 75 carats and was purchased by a jeweler for $14,000, though that sum was very far below its real value. Another of 47 carats has also been found. It is perfect in form and finely tinted, and is valued at $5000. A third very beautiful pearl of 40 carats has been exhibited at La Paz, where a bid of $3000 for it was declined. It is thought from these and other examples that there are extensive deposits of pearl-bearing oysters, and there is a great excitement on the shores of the Gulf.

SORGHUM SUGAR.

The practicability of the production of sorghum sugar in the United States, says the Boston *Commercial Bulletin*, as a commercial success is already demonstrated, and in three different locations, widely separated in latitude and longitude, the industry is already established. Rio Grande, N. J., made 350,000 pounds of sugar last year, and will this year double the product. At Champaign, Ill., there was a product of 160,000 pounds last year, which will this year be doubled. At Hutchinson and Sterling, Kansas, there are factories which have already demonstrated the practicability of the industry as well, and there is nothing to prevent the establishment of one thousand sugar plants during the next ten years, and the production of $25,000,000 worth of sugar. This is no visionary matter; the product may quite likely be $50,000,000 in that time, and the value of machinery and capital employed fully $150,000,000, even if in that time we are not producing the entire $100.000,000 worth of sugar now imported. Further experiments are making at Washington to further elucidate the results of former experiments, and new machinery and new processes are being tested.

SEAL SKINS.

The Philadelphia *Times* says that the best seal skins come from the Antarctic waters, principally from the Shetland Islands. New York receives the bulk of American skins, which are shipped to various ports. London is the great centre of the fur trade of the world. In our own country the sea-bear of the north has the most valuable skin. Since 1862 over 500,000 have been killed on Behring island alone. In 1867 there were 27,500 sea bears killed; in 1871 there was a very large decrease, only 3,614 being killed. There were 26,960 killed in 1876, and in 1880 the number killed was 48,504, a large increase. Sea-otter fur is about as expensive as any, and some 48,000 skins are used yearly. Over 100,000 martin or Russian sable skins are annually used. Only about 2000 silver foxes are caught every year, and about 6500 blue foxes. Other fox skins are used more or less. About 600 tiger skins are used yearly, over 11,000 wild-cat skins. and a very large trade is being carried on in house-cat skins; about 350,000 skunk and 42,000 monkey skins are utilized annually. The trade in ermine skins is falling off, as is also the trade in chinchilla. About 3,000,000 South American nutrias are killed every year, and a very large business is carried on in muskrat skins; about 15,000 each of American bear and buffalo skins were used last year. There are also used each year about 3,000,000 lamb, 5,000,000 rabbit, 6,000,000 squirrel, and 620,000 filch skins; also 195,000 European hamster, and nearly 5,000,000 European and Asiatic hares.

COTTON PICKING BY MACHINERY.

It was the dream of one of the most original writers of France that "the earth would in time be ploughed, planted and harvested by a few well dressed young men knowing how to read, write and vote;" and as a most important step in fulfillment of this prediction comes an invention, by Mr. C. T. Mason, of Charleston, S. C., of a machine for picking cotton from the boll in the field. The experiment has succeeded to the extent that a bale of cotton picked by this machine was recently on exhibition at the Cotton Exchange in Charleston. "It is impossible," says the New Orleans *Prices-Current*, "to anticipate the economy or effect of this machine until it shall have been perfected and tested. There will be, as in all similar cases, a dispute whether the machine picker, if successful, will be of advantage to the planter. It will be contended that the market will be 'glutted' by the immense quantity to be produced under such economical conditions. We have no such fears. The machine would reduce the cost of production, as the steam reaper has done in the case of wheat. Suppose the cost of picking cotton could be reduced from one dollar to twenty-five cents per hundred; the planter would spend so much less in the production of the crop that he could bear a reduction in the price without embarrassment, since it is the advance outlay in the production of a crop which must be reimbursed, the failure of which may brfng ruin to the planters. It is, moreover, plain that the capacity to consume cheap cotton increases in a ratio so much greater than the crop itself, that even if cotton were cultivated and harvested by machinery the world would only have to duplicate its shirts and chemises to make the compensation of the planter about the same, while his risk would be greatly reduced."

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. CHECK PAYABLE TO A B OR BEARER.

A check is drawn payable to George H. Wilson, or *bearer*. Wilson indorses it, "Pay Woodson & Co., or order," who in turn indorse it, "Pay to the order of Meyers & Son." The check is presented through the Clearing House without the indorsement of Meyers & Son. The collecting bank claims that the check came to them in the ordinary course of business from Edwards & Leroy, who have indorsed it in blank, and that being payable to bearer the check does not require the indorsement of Meyers & Son. Will you kindly oblige us with your opinion?

REPLY.—The law upon this point is so familiar that we wonder any question of the right of the collecting bank was made in this case. A check payable to A B, or bearer, is, in legal effect, the same as if payable simply to bearer, and no indorsement is necessary to pass the legal title. When such a check is indorsed, the holder may prove his title either as *bearer* or as *indorsee* at his election; but, although he may establish his title as indorsee, and must, as against the indorsers, if he proposes to hold them liable, he is not obliged so to do. He may disregard the indorsements altogether, and claim payment of the check as bearer. The law does not permit the negotiability of a check to be restricted in this manner. To do so, would be to allow the payee to alter the order given by the drawer to the bank, when he drew the check, which would be contrary to first principles. The rule is similar in the case of a bill or note once indorsed in blank (and so become payable to bearer), which, though afterwards specially indorsed, will still, as against the drawer, acceptor, maker, payee, the blank indorser, and all indorsers before him, be payable to bearer, though as against the special indorser himself, title must be made through his indorsee.

II. RESPONSIBILITY FOR FORGED CHECK.

A check is drawn by A on a bank in a neighboring town, payable to B, or bearer. B gets the money on the check at bank C. C sends the check to us for credit, and we forward the check to the paying bank for our credit. The paying bank reports the same as paid, and to our credit. Two days later they discover that the signature to the check had been forged, and returned the check to us with that explanation. We present the check to C who refuses to accept it on the ground that the paying bank had paid the check and charged it to the maker's account, thereby saying the signature is genuine and the account good. We would like to know whether the paying bank or C is responsible?

REPLY.—The paying bank is responsible. We have recently had occasion to call attention to the rule laid down in the case of *Oddie* v. *National City Bank*. 45 N. Y. 735, that when a check drawn upon a bank is presented by the holder for deposit to his credit at the same bank, and the amount is credited to the holder, the legal effect is precisely the same as though the money were first paid out to him, and then by him deposited in the bank. The act of the drawee, in reporting the check as paid and to the credit of the inquirer, therefore amounted to a payment of it. In the next place the paying bank was bound to know the signature of its depositor who drew the check. *Levy* v. *Bank of the United States*, 4 Dall. 234; *Bank of the United States* v, *Bank of Georgia*, 10 Wheat, 333; *National Park Bank* v. *Ninth National Bank*, 46 N. Y., 81; and having paid the check, it cannot recover back the amount so paid upon discovering the check to be a forgery. We have given above what we understand to be the correct rule as to the right of a bank to recover money paid on a forged check, but it should, perhaps, be added that this rule is not entirely uncontroverted. See *Morse on Banking, and Daniel on Negotiable Instruments*, §§ 1359, 1361, 1655, et seq.; and *National Bank of North America* v. *Bangs*, 106 Mass. 444. Perhaps the question may be still open for discussion in the courts of Nebraska, from which State the inquiry comes to us.

III. Protest of Sight Drafts for Non-Acceptance.

In this State three days of grace are allowed upon all drafts. Suppose that this bank receives for collection a sight draft upon A drawn by B to order of C and sent by C to us, with instructions to protest and return if not paid. If this draft is presented to A upon the day of its receipt by us, and A refuses to accept or pay it, should this bank protest at once for non-acceptance and on the third day for non-payment, or hold until expiration of the third day of grace and protest for non-payment?

Reply.—Upon this point the law is stated by Judge Story in his work on *Bills of Exchange*, § 228, as follows: "Upon all bills payable *at sight*, or at so many days after sight, or after any other event not absolutely fixed, or after demand, a presentment to the drawee is absolutely necessary in order to fix the period when the bill is to be paid. This is sufficiently obvious in the cases of bills payable at so many days after sight, or after demand, or after a certain event. The like rule prevails in the French law. But it is equally true in our law (although not in the French law) as to bills payable at sight, which are not, in fact, payable upon presentment, but which have the ordinary days of grace allowed them for payment after presentment." He here treats bills and notes payable at sight as entitled to grace by the general law merchant, and such is the law of Texas, where the case arises. A sight draft, therefore, is, in effect, payable three days after sight, and it is obviously proper and necessary that what is sight should be fixed in a formal and authentic manner, so that there may be no mistake about it. Hence the reason of the rule requiring a sight draft to be presented for acceptance. This was also the law of England, (See *Mullick* v. *Radakissen*, 9 Moore's Privy Council Cases 65), until the passage of a recent statute making bills and notes payable at sight payable immediately without days of grace, like those payable on demand. Presentment for acceptance being necessary, a refusal to accept is an act of dishonor, for which it is, of course, the duty of the collecting bank to protest at once.

IV. Liability for Letter of Introduction.

A writes for B the following recommend to C, in order that B may obtain a loan of money from C. C makes the loan to B, and takes a note of B, secured by a collateral note of D to B, said note of D to B secured by mortgage on real estate. Now, said collateral note of D to B, together with mortgage to secure same, proves to be of no value, and B proves to be a dead beat. Query: Can A be held for the money so loaned by C to B?

COPY OF RECOMMEND.

Mr. C: *Sir*—This will be handed to you by Mr. B. of M., Kansas. You will find him a reliable gentleman in every respect, perfectly responsible, and any thing you can do for him will be appreciated by Mr. B. and myself. Yours, A.

Reply.—We do not think that A can be held liable to make good the money loaned B, by reason of any contract so to do, because it is plain that the letter of recommendation contained no contract. If he is to be held liable at all, it must be on the ground of fraud. The letter contains one distinct statement of fact, viz., that B is "perfectly responsible." If this statement was known to be false when made, or if it was made by A, as of his own knowledge, when in truth he knew nothing about B's responsibility, and C made the loan, relying upon the statement, then a fraud has been committed upon C, for which he has a right of action against A to recover the damages suffered by reason of the fraud. Whether A can be held liable upon this ground must depend upon facts not disclosed by the inquiry.

V. Responsibility of Indorsers.

A note having three indorsements was when due protested. The drawer and first indorser are worth nothing, are the other two equally held, or can it be collected off of the second indorser, and release the third?

Reply.—The rule of law upon this subject is as follows: When several persons indorse a negotiable note in succession, the legal effect is to subject them as to each other in the order they indorse. The indorsement imports a several and successive, and not a joint, obligation. Each indorser places his name upon the instrument, knowing that he renders himself conditionally liable to every subsequent and successive indorser, and that he has recourse against every antecedent party for the whole amount which he may be liable to pay. When there are several indorsements in blank the holder may fill up the first one to himself, or he may deduce his title through all of them. He may also strike out any number of several indorsements, subject to the exception that if he strikes out any intermediate one he releases all who indorsed subsequently, as he deprives them of their recourse against him whose indorsement is stricken out. In this case, therefore, the note may be collected of the second indorser without calling upon the third.

Sentence of a Defaulter.—Kirtland M. Fitch, defaulting cashier of the Warren, O., Second National Bank, on November 7, pleaded guilty of embezzling $80,000, and was sentenced to five years' imprisonment.

BANKING AND FINANCIAL ITEMS.

NEW YORK CITY.—Augustus M. Scriba has been appointed National Bank Examiner for the City of New York. Mr. Scriba was for twelve years the Assistant of Bank Examiner Charles A. Meigs, recently deceased.

CENTRAL PARK AND PEOPLE'S SAVINGS BANKS.—The Central Park Savings Bank and the People's Savings Bank, New York City, became insolvent in 1875, and Mr. Isaac B. French was appointed receiver of both. The only property that Mr. French took possession of as receiver of the Central Park Bank was the building in which the bank did business and the lot on which it stands, a safe and some fixtures, and some worthless notes and checks. When Mr. French died, Mr. Marcus T. Hun was appointed as his successor. The latter prosecuted suits against the directors of the bank to recover damages, on the ground that they had violated their duties. Through these suits he obtained $17,000 in cash, and had a mortgage of $11,500, held by one of the defendants, cancelled. The cash assets of which he obtained possession amounted to $19,181.45, out of which he has already declared, and paid almost in full, a dividend of twenty-five per cent. to the depositors and holders of general claims against the bank. His accounts have now been examined and passsed by a referee, on whose report Judge Donohue, holding Supreme Court Chambers, has made an order allowing him as fees $959.07, that is, five per cent. on the assets he has received, and directing him to be discharged from his trust after he has paid out certain counsel and referee's fees, and distributed the remaining sum of $2,006.92 as a final dividend, among the depositors and creditors.

Before Receiver French died he had obtained possession of $114,140.74 as assets of the People's Savings Bank, and had distributed $86,791.71 among its depositors, whose claims amounted to $200,288.57. Mr. Hun, on succeeding to the duties of receiver, was handed $10,452.67 by the executors of Mr. French, but, under the order passing the latter's accounts, was compelled to pay out $3919.11 for fees, &c. He prosecuted suits against directors of the bank, charging them with liabillity for its losses through the investment of its money in North Carolina bonds. Messrs. A. V. Stout and Joel W. Mason compromised the suits agatnst them by paying $10,000 and $6000 respectively, but the other directors fought the matter and finally won. Altogether Receiver Hun got possession of $23,421.37. Of this sum Judge Dohohue allows him five per cent. as a fee, which gives him $1171.06. After the payment of other fees, disbursements, &c., from the amount now in his hands there will remain $10,528.10, which he is directed to distribute among the depositors. When he has completed the distribution his bond will be cancelled and he will be discharged from his trust.

SAVINGS BANKS IN MAINE.—An abstract from Bank Examiner Richard's forthcoming report, shows that the present number of Savings banks in Maine is fifty-four, and the depositors number 101,822. The total deposits amount to $31,371,868. The undivided profits on November 1, were $860,-981.

MISSISSIPPI.—The Mississippi Valley Bank, of Vicksburg, Miss., on November 22, made an assignment to George S. Irving. The bank has been established about thirteen years, and had an excellent standing. It was a private corporation, the principal owners being George M. Klein, the President, and John A. Klein, Jr., Cashier, both men of large means, their real estate in Vicksburg being assessed for $200,000, besides which they owned other real estate in Virginia, Louisiana, and Iowa. The Messrs. Klein were regarded as among the wealthiest men in the city, and were estimated to be worth from $400,000 to $500,000. The bank had a perpetual charter, but was not acting upon it, hence the real and personal property of the stockholders is liable for the business of the bank. The liabilities are estimated at nearly $1,000,000. A list of preferred creditors is published, whose claims aggregate nearly $400,000.

A Feature in Western Travel.—It is a noteworthy fact that the bulk of railway travel between the Atlantic and the Pacific States is chiefly enjoyed by certain lines, because of their superiority in equipment, time schedule and train service. Among the roads occupying this commanding position from Chicago and St. Louis to Council Bluffs, Omaha, and Kansas City, may be mentioned the Chicago, Burlington and Quincy Railroad, the line under one management through from the two cities first named to Denver direct. Owning and operating a long and yet direct line to and through the most populous cities of the West, running trains over the solidest roadbed, equipped with the latest appliances for safe, speedy and comfortable traveling, there would seem to be no ground for surprise in the fact that the Grand Burlington Route is one of the most popular in the West. The company's most important terminal marts in Illinois are Chicago, Peoria, Streator, Freeport, and Clinton; in Iowa: Burlington, Des Moines, Keokuk, Council Bluffs and Fontanelle; in Missouri: St. Louis and Kansas City; in Kansas: Atchison; in Nebraska: Omaha and Columbus; and in Colorado, Denver. Among the main cities otherwise than terminal, are Quincy, Rock Island, Mendota, and Galesburg in Illinois; Hannibal and St. Joseph in Missouri; in Nebraska: Lincoln, Nebraska City, Hastings, and other places along the line, making in all 1000 in number, and having a population of about 2,500,000 souls. For comfort, speed, safety and scenery, the Burlington is an excellent route.

A New Source of Gold Supply.—Attention is being drawn to the United States of Columbia as another possible source of gold supply. The Panama *Star and Herald* remarks that the rapidity with which coin is disappearing from circulation in that Republic is resulting in a general attempt to induce the Government to take measures for facilitating mining enterprise in the Atrato Valley, where some of the richest gold fields in the world are known to exist, and where numberless other natural products are lying about, because there is nobody to collect them.

The river which gives the valley its name receives numerous gold and platina-bearing tributaries, yet less metal is obtained from it now than in the time of the Spanish dominion, in spite of the improvements in the methods of extraction. Many "prospecting" and working parties from the United States and Europe have, from time to time, visited the region, but all such efforts have hitherto failed to lead to any practical result, partly in consequence of the ignorance of the promoters and leaders respecting the topography of the country, and partly because the visitors have been burdened too frequently with cumbersome machinery which could not be transported to the auriferous streams, the navigation of which is difficult and perilous. Hence many thousands of dollars have been expended uselessly, and the explorers have abandoned the enterprises without even reaching the districts which promise the richest returns.

Another drawback has been the fact that all goods to be landed require first to pass the Custom House at Carthagena, which is 250 miles away—an obstacle which is known to have caused the breaking up of at least one expedition. It is urged that the Government should without delay remedy this defect, and open a port at the mouth of the Atrato. Meanwhile, a company is being formed in the United States to work a concession of about 625,000 acres of land in the mountains lying between the State of Antioquia and the Atrato River, throughout the whole of which regions alluvial and quartz deposits are said to exist, as well as supplies of nearly every other valuable mineral. The company, we believe, propose to people the conceded lands with immigrants. The opening up of the Atrato Valley by means of a more convenient port than Carthagena would have other advantages, as there are small villages on the Atrato and its tributaries which could send food and other supplies to the Isthmus, where there is a demand, in consequence of the considerable influx of population in connection with the canal works.

CANADIAN SAVINGS BANKS.—Canada has always been favored with excellent Savings banks for the masses. In Upper Canada the people first made use of building societies, one for each district, such as the Gore, Home, Huron, &c., which allowed varying rates of interest for savings. Prior to confederation, Lower Canada savings were mainly deposited in two institutions, managed by trustees; one in Montreal, called the City and District Savings Bank, and the other in Quebec, called La Caisse d'Economie de Notre Dame de Quebec. Besides these two, which were mainly supported by the Irish and French Canadians, there were the Montreal and Molsons' bank, which received savings at usually four per cent. interest. I do not know if there were any Savings banks in the maritime provinces before 1867. Then the Dominion Government instituted a Savings-bank branch of the Post Office Department of the Federal Government. Each post office in the larger towns opened a Savings bank, which, having the guarantee of the Dominion Government, became largely patronized in the maritime provinces, where there were no competing institutions. Upper and Lower Canada have remained faithful to their own local building societies and banks, though in Ontario the building societies have become changed into loan and mortgage companies. Nova Scotia is the principal creditor of the Government, having more money deposited in the Government Savings bank than any other province in the Dominion, and New Brunswick comes next, with $3,500,000. The Pacific province is next to New Brunswick, and the Island province follows. The entire interest paid by the Dominion Government during the fiscal year to the depositors in the Savings banks reached over half a million dollars, but of course the greater part of this sum remained with the Government, being added to the principal.—*Correspondent of N. Y. Commercial Bulletin.*

NOTE CIRCULATION OF THE BANK OF FRANCE.—The French Government is endeavoring to abolish the limit of the note circulation of the Bank of France. In the "rectified" budget of M. Tirard a distinct proposal to make this change is put forward. An article recently published in the *Debats* suggested that the motive for the abolition was the desire of the Government to prepare the way for unlimited borrowings on the part of the Treasury. The amount beyond which the note issue must not go is at present fixed by law at £128,000,000. This limit has not yet been reached, but the issue has within the past few years been steadily approaching it. On October 30, 1879, the amount of the notes outstanding was £87,500,000. On the 25th of last month it had increased to £119,800,000. At any moment this large amount of circulation may be further augmented to an important extent. The Minister of Finance recently informed the budget committee that the bank had consented a few weeks previously to discount long-dated Treasury bills to the extent of £2,500,000. This sum the Treasury holds as a reserve, and it has not been drawn upon. In the absence of other resources, however, it is clear that the bank can only meet such demands as the Treasury may make under this arrangement by increasing its circulation, and thus pushing it further towards the legal limit. Writing in the *Economiste Francais*, M. Paul Leroy-Beaulieu warmly opposes the alteration at which the Government is aiming. He holds that the very great expansion in the Bank of France note currency during the past five years has been occasioned solely by the ever-increasing wants of the Treasury, and he also expresses the belief that it is not for the purpose of serving the wants of the business community, but rather those of the Government, that the proposal to abolish the limit has been put forward.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from November No., page 397.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
ARK....	Magnolia......	J. G. Kelso..............	Boatman's Sav. B'k, *St. Louis.*
DAKOTA	Bismarck......	Mellon Bros..............	Bank of America.
" ..	La Moure.....	"Lloyds"................	Continental National Bank.
" ..	Mayville.......	Bank of Mayville........	Gilman, Son & Co.
FLA....	Tampa........	Ambler, Marvin & Stockton	American Exchange Nat'l Bank.
ILL.....	Jerseyville......	J. A. Shephard & Co....	Metropolitan National Bank.
"	Peoria.........	German-Amer. Nat'l B'k.	Mercantile National Bank.
	$100,000	Valentine Ulrich, *Pr.*	William Oberhauser, *Cas.*
IOWA...	Greene........	First National Bank......	National Park Bank.
	$55,000	A. Slimmer, *Pr.*	C. H. Wilcox, *Cas.*
KANSAS.	Clay Centre....	First National Bank......	Continental National Bank.
	$50,000	H. H. Taylor, *Pr.*	F. H. Head, *Cas.*
" ..	Topeka........	Central National Bank...	American Exchange Nat'l Bank.
	$100,000	P. I. Bonebrake, *Pr.*	Edwin Knowles, *Cas.*
KY.....	Carrollton.....	Carrollton National Bank	Cincinnati National Bank.
	$60,000	Henry M. Winslow, *Pr.*	David N. Vance, *Cas.*
MASS...	Ayer..........	First National Bank.....	N. B, Commonwealth, *Boston.*
	$75,000	Andrew Atwood, *Pr.*	James R. Gray, *Cas.*
MICH...	Bronson......	L. Rudd & Son.........	Chase National Bank.
MO.....	DeSoto........	DeSoto City Bank........ (E. H. Bradbury & Co.)	Valley National Bank, St. Louis.
"	Windsor.......	Citizens' Bank...........	National Park Bank.
	$11,000	Wash. Stark, *Pr.*	Ben. R. Single, *Cas.*
MONT ..	Bozeman......	Gallatin Valley Nat'l B'k.	....
	$100,000	Nelson Story, *Pr.*	James E. Martin, *Cas.*
NEB....	Beatrice........	Beatrice National Bank...	....
	$50,000	Erastus E. Brown, *Pr.*	C. N. Brown, *Cas.*
"	Syracuse.......	First National Bank......	Chemical National Bank.
	$50,000	Nicholas A. Duff, *Pr.*	Charles E. Cotton, *Cas.*
OHIO...	Kinsman......	Kinsman National Bank..	....
	$50,000	Allen Jones, *Pr.*	George W. Birrell, *Cas.*
S. C....	Sumter........	National Bank of Sumter.	....
	$50,000	R. M. Wallace, *Pr.*	Charles E. Bartlett, *Cas.*
TEXAS..	Wichita Falls..	John G. James..........	Importers & Traders' Nat'l B'k.
VT.....	Factory Point..	Factory Point Nat'l Bank	Continental National Bank.
	$50,000	Robert Ames, *Pr.*	Allen L. Graves, *V. P.*
WASH'N	Colfax.........	First National Bank......	....
	$50,000	Martin S. Burrell, *Pr.*	John H. Bellinger, *Cas.*

FINANCES OF MICHIGAN.—The last annual report of the Treasurer, Mr. Butler, for the fiscal year ending September 30, shows that there was a balance of $1,757,933.21 on September 30, 1882. Of this fund $585,186 61 is held in a general fund applicable to current disbursements. The appropriations for the calendar year still undrawn amount to $477 197.27. During the year the bonded indebtedness of the State has been reduced by the payment of all the two-million loan bonds, so-called, amounting to $591,000, and of $1000 of the war-bounty loan bonds due in 1890. The outstanding unmatured bonded indebtedness of the State is now confined to the war-bounty loan bonds, amounting to $297,000 for the payment of which United States four-and-a-half-per-cent. bonds, amounting to $297,000, are provided.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from November No., page 399.)

	Bank and Place.	*Elected.*	*In place of*
N. Y. CITY.—	United States Nat'l B'k...	Logan C. Murray, *Pr.*..	H. V. Newcomb.
"	American Savings Bank........	Granville B. Smith, *Tr.*..	....
CAL....	Bank of Chico................	William D. Heath, *Pr.*...	J. Conly.*
"	Merced Security Savings Bank..	G. H. Fancher, *Pr.*.......	E. Perkins.*
CONN ..	Guilford Savings Bank	Beverley Monroe, *Pr.*.....	E. R. Landon.*
" ..	Hartford Trust Company......	Henry Kellogg, *Pr.*......	W. Faxon.*
ILL.....	Washington Co. B'k, Nashville.	T. B. Needles, *Pr.*.......	J. Huegely.
IND	First National Bank, Martinsville.	Harvey Satterwhite, *Pr.*	T. H. Parks.
		A. E. Graham, *Cas.*.....	H. Satterwhite.
IOWA...	Farmers and Citizens' Savings Bank, Clinton.	R. C. VanKuran, *Cas.*...	B. Gage.
KANSAS.	Cloud Co. Bank, Concordia....	V. H. Branch, *Cas*......	F. J. Atwood.
MD....	Third National Bank, Cumberland.	W. E. Weber, *Pr.*.......	J. M. Schley.
		John Schilling, *Act. Cas.*..	....
"	Westminster Savings Inst......	E. O. Grimes, *Pr.*........	B. W. Bennett.
MASS...	Merchants' Nat'l B'k, Boston ..	Franklin Havens, jr., *Pr.*	F. Havens.
" ...	First National Bank, Malden...	Arthur T. Tufts, *Cas.*....	C. Merrill.
MICH...	First National Bank, Paw Paw..	E. Smith, *Pr.*...........	A. Sherman.
MO.....	Hermann Savings Bank.......	John Scherer, *Pr.*........	O. Monnig.
MONT ..	Donnell, Clark & Larabie, Butte City.	Alex. Johnston, *Cas.*....	J. Ross Clark.
NEB....	Nebraska National Bank, Omaha.	H. W. Yates, *Pr.*........	S. R. Johnson.
		Kent K. Hayden, *A.C.*..	....
N. Y....	First National Bank, Ithaca..	D. Boardman, *Pr.*.......	J. B. Williams.*
		E. S. Esty, *V. P.*........	D. Boardman.
" ..	National Bank of Malone......	John C. Pease, *Cas.*.....	G. Hawkins.
" ..	First National Bank, Moravia..	Terry Everson, *Pr.*......	H. H. Tuthill.*
OHIO....	Second National Bank, Warren.	Chas. A. Harrington, *Pr.*	D. J. Adams.
		R. W. Ratliff, *Cas.*.......	K. M. Fitch.
OREGON	First National Bank, Baker City.	Walter Fernald, *V. P.*...	J. H. Parker.
		J. H. Parker, *Cas.*........	R. J. Reeves.
TEXAS..	Colorado National Bank.......	A. Pruit, *Act. Cas.*......	....
" ..	Dallas National Bank..........	S. G. Bayne, *Pr.*........	....
" ..	Waco National Bank........	J. K. Rose, *Cas.*..........	L. B. Black.
		R. G. Pidcocke, *A. C.*....	J. K. Rose.
VT.....	People's Nat'l B'k, Brattleboro.	Oscar A. Marshall, *A. C.*	....
"	National Bank of Rutland....	Charles W. Murray, *Cas.*	J. C. Pease.
QUEBEC	La Bank Jacques Cartier, Beauharnois.	J. A. Cooke, *Agent*......	A. Clement.
"	Bank of Brit. North Amer., Quebec.	T. Corsan, *Mgr*........	....
N. S....	Merch. B'k of Halifax, Pictou...	A. C. DeMille, *Act. Cas.*..	

COST OF COLLECTING INTERNAL REVENUE.—The cash collected and deposited by collectors of internal revenue for 1883 amounted to $137,622,842, as against $138,926,779 for 1882. In New York it cost $1 to collect $55, and in Pennsylvania $1 to collect $25. The most expensive place to collect was in South Carolina, where it cost $1 to collect $3. The average cost for collections throughout the country was $1 for every $34 collected.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from November No., page 399.)

NEW YORK CITY		Davis, Tileston & Co.; now Davis & Tileston. D. P. Morgan, Jr., retiring.
"	"	Jesup, Paton & Co.; dissolved. New firm. Same style.
"	"	Marquand, Parmly & Foster; now Marquand & Parmly.
"	"	Wilson, Whitmore & Co.; dissolved.
CAL.	Los Gatos	Kirkland & Conklin; now Bank of Los Gatos. Incorporated Nov. 9. Samuel Templeton, *Pr.* W. W. Kirkland, *Cas.* $50,000.
"	Stockton	Stockton National Bank; succeeded by Stockton Bank. Same officers.
COL.	Irwin	Bank of Irwin (M. Coppinger); to be succeeded Jan. 1, 1884, by S. S. Metzler.
GA.	Forsyth	W. H. Head; succeeded by Myrick, Proctor & Co.
ILL.	Chicago	Corn Exchange National Bank; voluntary liquidation Nov. 10, 1883.
"	"	Felsenthal & Kozminski; to be succeeded January 1, by Felsenthal, Gross & Miller; Mr. Kozminski retiring.
"	Freeport	Stephenson Banking Co. (James Mitchell & Co.); closed Oct. 15.
"	Peoria	German Banking Co.; now German-American National Bank. Same officers.
IOWA	Greene	Shell Rock Valley Bank; now First National Bank. Same management.
"	Odebolt	Bank of Odebolt; assigned.
KANSAS.	Clay Centre	Republican Valley Bank; succeeded by First National Bank.
"	Topeka	Central Bank; now Central National Bank. Same officers and capital.
KY	Carrollton	John Howe & Sons; succeeded by Carrollton National Bank.
MICH.	Cadillac	Rice & Messmore; suspended.
"	Petoskey	Merchants' Bank (Shirk Bros.); business transferred to Curtis, Wachtel & Co.
"	St. Ignace	W. A. Burt; now W. A. Burt & Co.
MISS.	Vicksburg	Mississippi Valley Bank; closed and assigned Nov. 21.
NEB.	Syracuse	Farmers' Bank; now First National Bank. Same officers.
N. J.	Rahway	National Bank of Rahway; suspended.
N. Y.	Glens Falls	Sherman & Johnson; expect to retire about Jan. 1, 1884.
OHIO	Clyde	Clyde Bank; suspended.
"	Woodstock	Woodstock Bank; reorganized Oct 1. George Lincoln, *Pr.* True Martin, *Cas.*
TEXAS.	Whitney	S. R. Carruth; now S. R. Carruth & Co.
WYOM.	Evanston	Pioneer Bank (E. S. Whittier); removed to Soda Springs, Idaho.
N. B.	Richibucto	Agency Merchants' Bank of Halifax; closed.
P.E.I.	Montague and Summerside	Union Bank; Pr. Edward Island; now Bank of Nova Scotia.

BANK SUSPENSION.—The Rahway National Bank, at Rahway, N. J., closed its doors on November 22, and announced to depositors that payments were suspended for the present. A subsequent investigation by the Bank Examiner has directed an assessment of fifty per cent. upon the stockholders. They have the option of surrendering one-half of their stock. If the stockholders respond promptly to this demand it is expected that the bank wlll be reorganized and resume.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from November No., page 398.)

No.	*Name and Place.*	*President and Cashier.*	*Capital.*
3070	German-American Nat'l Bank... Peoria, ILL.	Valentine Ulrich, William Oberhauser.	$100,000
3071	First National Bank............ Greene, IOWA.	A. Slimmer, C. H. Wilcox.	55,000
3072	First National Bank............ Clay Centre, KANSAS.	H. H. Taylor, F. H. Head.	50,000
3073	First National Bank............ Ayer, MASS.	Andrew Atwood, James R. Gray.	75,000
3074	Carrollton National Bank....... Carrollton, KY.	Henry M. Winslow, David N. Vance.	60,000
3075	Gallatin Valley National Bank.. Bozeman, MONT.	Nelson Story, James E. Martin.	100,000
3076	First National Bank............ Colfax, WASH. TER.	Martin S. Burrell, John H. Bellinger.	50,000
3077	Kinsman National Bank........ Kinsman, OHIO.	Allen Jones, George W. Birrell.	50,000
3078	Central National Bank.......... Topeka, KAN.	P. I. Bonebrake, Edwin Knowles.	100,000
3080	Factory Point National Bank.... Factory Point, VT.	Robert Ames	50,000
3081	Beatrice National Bank......... Beatrice, NEB.	Erastus E. Brown, C. N. Brown.	50,000
3082	National Bank of Sumter....... Sumter, S. C.	R. M. Wallace, Charles E. Bartlett.	50,000
3083	First National Bank............ Syracuse, NEB.	Nicholas A. Duff, Charles E. Cotton.	50,000

NATIONAL-BANK AND LEGAL-TENDER CIRCULATION.

STATEMENT of the Comptroller of the Currency on December 1, 1883, showing the amounts of NATIONAL-BANK NOTES and of LEGAL-TENDER NOTES, outstanding at the dates named, and the increase or decrease:

NATIONAL-BANK NOTES.

Amount outstanding June 20, 1874	$349,894,182
" " January 14, 1875	351,861,450
" " May 31, 1878	322,555,965
" " at date*	350,175,977
Decrease during the last month	1,088,826
Decrease since December 1, 1882	11,616,192

LEGAL-TENDER NOTES.

Amount outstanding June 20, 1874	$382,000,000
" " January 14, 1875	382,000,000
" retired under Act of January 14, 1875, to May 31, 1878.	35,318,984
" outstanding on and since May 31, 1878	346,681,016
" on deposit with the Treasurer U. S. to redeem notes of insolvent and liquidating banks, and banks retiring circulation under Act of June 20, 1874	36,152,101
Increase in deposit during the last month	395,793
Decrease in deposit since December 1, 1882	2,238,313

JNO. JAY KNOX, *Comptroller of the Currency.*

* Circulation of National gold banks not included in the above, $737,184.

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of November has borne out our good opinion of it, as expressed in our last number, and has gone out like a genuine Bull, whereas it came in like a gaunt and hungry Bear. The conditions which have caused this general commercial and financial transformation scene existed in October, and were pointed out at length in our last. Upon them we based what then seemed a bold prediction, namely, the general reaction and advance in prices, especially of the speculative staples of produce, or the necessities of life, which has been experienced the past month, in extreme contrast to the condition of things in October, which the public then expected would continue for the balance of 1883, at least. This sudden and general change has been a glad surprise, however, to all but the Bears, who were badly caught, and have not yet all come to the conclusion that the Bear year has ended and a Bull year come in. The change had begun to develop during the last of October, but had not taken decided shape except in the stock market, where the turn was more sharp and sudden, and hence sooner over, than in other speculative markets, due to the fact that it was chiefly the result of manipulation by the great railroad managers to protect their stocks and not to any legitimate or even speculative demand from the public. It was simply speculative demand, to cover shorts only, from the professional speculators of the street, who were so badly caught and punished that they have not dared to Bear stocks since to any extent. Equally have they, as well as the public, refused to buy, and hence this market since the early part of the month has been more neglected and lifeless than before the Bull flurry. Yet it has remained wonderfully steady in the face of rate cutting, breaking up of pools, and freight and passenger wars, East and West, during the whole month. It acts like a held market without manipulation or even "pegging," but by common and tacit consent not to try to sell stocks on the part of the big operators, and the banks which are back of them, and more or less loaded with their securities, which are now unsalable, and must be carried till there is a market for them. This can as well be done by maintaining present prices as by lowering them. In fact, better, for a steady market will not induce selling of the few remaining stocks held by the public, while a lower range of prices would, without bringing in any corresponding demand.

Hence the Stock market may be considered in suspense, or in hospital until better times shall restore confidence and enable it to walk alone. Yet this state of affairs does not stop the continuous issue of new bonds, for which there is still an occasional purchaser whom it would not do to miss.

But the chief use to which these are put is for collateral with banks, which, in absence of public demand, lend the public's money upon securities which the public will not buy, and therefore lets its money lie idle in the banks. Thus these railroad magnates and stock jobbers get all the money they want to carry their loads, from the public, till the public will, as they hope and expect, take them off their hands at an advance, when general prosperity shall have restored confidence and enabled the general business as well as the investing public to buy.

This is the situation in Wall Street without prospect of any immediate or radical change for better or worse.

The Money market continues as easy as ever, and exerts no influence on finance or commerce, except, perhaps, to encourage a Bull feeling and the current reaction in prices. Neither is there prospect of much, if any, change in this respect.

Foreign exchange is equally an unimportant factor in the money situation. Our exports are not large, nor increasing as yet, but they are still ahead of our imports, and promise to run still further ahead after the New Year, when Europe shall have worked off her old stocks of food supplies, which have hitherto been so large as to depress our markets and keep our exports below their normal average.

The demand for Government bonds has been fair, and prices firm in view of another call of $15,000,000 for redemption by the Government on February 1st. But there is not so much activity on the eve of the assembling of Congress, and probable action on its part, to stop the rapid contraction of our currency by these continued bond calls which is the only use to which the Treasury can now apply its surplus revenues. But upon the return of commercial and industrial activity, we are confrouted with a money stringency that might materially delay our business recovery.

Outside of Wall Street the situation, as indicated above, has not only improved materially, but generally in the past month the improvement being apparent, of course, in the speculative markets, where such movements generally begin by anticipating the legitimate situation, or going with it so soon as it shows signs of a changing tendency. Hence there is scarcely a speculative article of produce that has not advanced the past month, and most of them very sharply.

The Wheat market was the first to advance as it was then the centre of speculation and activity. But it was so much in advance of the other produce markets in the reaction that it did not hold, especially as the men in the trade who were "long," when the advance began, sold out before it had half spent itself and went "short" for a downward reaction, which did not come until Chicago had advanced 9c. from the bottom and New York 6c. On the last half of this advance, therefore, the whole trade, as a rule, were not only out of wheat, or "short," but continued to "short" the market until they had put out such enormous lines, which the investing public had absorbed, that both Bulls and Bears in the trade were compelled to make common cause against the public to get back the wheat they had sold out, or sold "short," or lose from 5c. to 9c. per bushel.

This was done, and by dint of hard talking and constant "hammering" with small sales at less than the market, they succeeded in forcing prices back over half the advance, but brought out no large lines held by the public, who continued to buy on the decline all that was offered. This alarmed the temporary Bears, who were all Bulls at heart, and they stopped selling, and tried to "tire out" the public they could not "shake out." Meantime, their customers—the public—wanted to do something, and as they would not sell anything, and the trade would not let them buy wheat and put it up on them, they transferred the trading over into corn and provisions, for which the demand proved so great that the trade in these staples also were caught heavily short, and carried up bodily "big men," packers and all, in this Bull whirlwind of public buying. Pork was lifted nearly four dollars per barrel from the bottom, at which the packers were short on the expectation of getting hogs down to 4c. in Chicago. Lard advanced about 1½c. per pound and ribs the same, and the packers were compelled to go into the market in a body and "cover" at the advance. The cash demand for the product was so great at these low prices that no stocks accumulated, while they were compelled to Bull the hog market and force it to a 5c. basis in order to keep their trade supplied. About the same time a thaw or warm spell in the West developed a bad condition of the new corn crop, especially in the frosted areas. This delayed the movement, caused light receipts with a good trade demand and small proportion up to grade, at which the short interest—which was enormous—as in everything else, took fright, and a regular stampede followed, until prices advanced nearly 10c. per bushel from the bottom in Chicago. Then oats moved up in sympathy, and on covering of shorts, until they advanced 3@4c. from the bottom. Then a panic seized the small "shorts" in wheat, when they put the Chicago market up 3c. in one day, and the decline which cost them three weeks of hard work and "short" selling was all lost in two days, and prices went higher than in the early part of the month. But the big shorts did not cover, as they are in so deep they cannot, without a repetition of their experience in the provision and corn markets, to the position of which they claim wheat is an exception, as stocks of those were light, while the visible supply of wheat is large. Yet we remember they reasoned the same way of provisions and corn, until they had paid for the flaw in their logic or the error in their judgment by "covering" at a heavy loss. Comparing the situation of provisions and corn with wheat, the only difference is that the latter is stronger than the former, which was too strong for them to oppose. The visible supply of corn and provisions was small, it is true, but the invisible is a full average. These are usual conditions at this season, and we would never have had such a sharp advance at the beginning of both crops had not both been radically too low. On the other hand, the visible supply of wheat is very large here and in Europe, owing to a large reserve carried over last year from the largest crop the world ever had, against light reserves, or none, during the previous five years of short crops in Europe. An early and dry harvest, together with straightened circumstances of farmers in this and the old world, have caused an early movement of this crop. These two coming together have given us our maximum supply and movement in the first half of the crop year, which is now nearly completed. We have, therefore, for the last half of the crop year, a lighter movement, from a smaller invisible supply than usual, the world over, owing to the above causes, which, of themselves, would place wheat in as strong position as corn or provisions. When, therefore, we add to these elements of strength the fact that this harvest of wheat is twenty-five per cent. short of an average crop the world over, the strong position of wheat is apparent, and will become more so as the visible supply begins to disappear, as it will after the New Year.

Cotton has held its ground with remarkable tenacity in face of a 6,000,000-bale crop indicated by the Bureau's November report and of the discouraging reports from the English manufacturing districts and threatened decreased production. Yet in apparent contradiction to this the strength has come chiefly from Liverpool and from the good demand there for spot cotton at advancing prices. Statistically, cotton looks high with 1,000,000 bales carried over from old crop and speculation in this staple dead. Yet the trade here believe in a better future market, and Liverpool evidently shares the belief or is in want of spot cotton for actual use.

Petroleum has advanced from the $1.10 level, at which it stood when we last wrote it cheap and good property, to $1.20, in spite of strong bear influence in Wall Street, and in the trade against it, and has only receded four cents after considerable apparent effort to depress it. Europe has less stock than a year ago, 1,000,000 barrels less have been sold here for future delivery, while our production is steadily declining, and prices were as high as $1.35 last Fall on a weaker statistical position. It is therefore believed that this advance will hold on its merits.

Coffee has been unsettled, but on the whole more active, with more confidence in the Bull movement. This is based on the short crop of Rio, which has not yet been sufficiently felt to enable the Bull clique in this market to push to any marked extent the advantages they are supposed to hold, in spite of a drop of ½c. per pound near the close.

Dairy products have done better on the fancy grades, only with the decreased supplies of such grades usual at this season. But all other grades are dull and neglected under full receipts and ample stocks here and back in the country.

The ocean tonnage and freight markets have ruled dull and firm on light supplies and exports till the close, when tonnage was more plenty and rates off.

The outlook for December is, as usual, slow, and indicative of no radical change in the general situation. It is clearing up and settling month for the old year's business and getting the decks cleared for the new year. Hence we cannot look for any marked activity or change in legitimate demand and prices, except as affected by speculation. This may possibly produce some marked fluctuations in prices before the old year goes out, owing to the peculiar position of the professional speculators and the investing public towards each other, as described above, with the chances in favor of the latter and the Bull side.

The reports of the New York Clearing-house returns compare as follows:

1883.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Nov. 3...	$323,554,600	$52,352,600	$25,181,600	$307,386,900	$15,417,300	$687,475
" 10...	321,944,900	54,195,900	25,193,300	310,593,700	15,409,500	1,740,775
" 17...	323,620,300	55,926,500	26,502,100	315,021,700	15,447,100	3,673,175
" 24...	324,638,700	56,865,800	27,337,500	315,677,600	15,400,700	5,283,900
Dec. 1...	325,746,700	58,131,600	27,326,400	317,066,100	15,396,600	6,198,975

The Boston bank statement is as follows:

1883.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Nov. 3	$144,833,000	$6,078,800	$5,471,300	$96,381,700	$27,027,300
" 10.......	145,672,100	6,632,300	5,263,800	98,588,600	27,146,000
" 17.......	146,847,100	6,195,400	5,973,500	97,949,400	27,155,100
" 24.......	146,268,700	6,534,300	5,864,100	97,790,800	27,069,000

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1883.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation*
Nov. 3........	$77,190,690	$19,014,552	$69,623,948	$9,269,717
" 10........	76,676,221	19,798,385	69,902,151	9,245,242
" 17.........	76,716,516	19,573,045	70,594,189	9,278,332
" 24........	76,545,111	19,963,869	70,372,145	9,279,320

We append the closing quotations of leading stocks for the month:

Quotations:	*Nov. 7.*	*Nov. 14.*	*Nov. 23.*	*Nov. 30.*
U. S. 4½s, 1891, Coup.	113⅝	114¾	114⅞	114⅞
U. S. 4s, 1907, Coup...	121⅞	122¼	122½	122¾
West. Union Tel. Co..	79¾	80	79⅝	79¼
N. Y. C. & Hudson R.	116⅞	117¾	116½	118
Lake Shore...........	99⅞	102⅜	100¾	101⅛
Chicago & Rock Island	122	122¼	120¾	120½
New Jersey Central...	85	85	84	83⅞
Del., Lack. & West....	116	119	118¼	118⅜
Delaware & Hudson..	106⅛	106⅞	106⅝	105½
Reading..............	51½	52	52½	52⅞
North Western........	125¼	127⅛	125⅛	125⅜
Pacific Mail..........	38¾	42⅛	40½	40½
Erie..................	29⅛	30⅛	29⅜	30⅜
Discounts............	5½ @ 6	5 @ 5½	5 @ 5½	5 @ 5½
Call Loans............	2½ @ 3	2 @ 2½	2 @ 2½	2 @ 2½
Bills on London.......	4.82@4.84½	4.82 @4.85	4.83@4.85½	4.83@4.85½
Treasury balances, coin	$116,397,114	$114,709,116	$161,418,766	116,153,205
Do. do cur.	$6,203,339	$6,401,826	$5,753,304	6,105,937

The Secretary of the Treasury, on November 17th, issued the one hundred and twenty-fourth call for the redemption of three-per-cent. bonds issued under the Act of Congress approved July 12, 1882. The call is for $10,000,000; principal and interest will be paid on the first day of February, when interest will cease. The bonds embraced in this call are as follows, all numbers being inclusive: $50, No. 847 to No. 887; $100, No. 5447 to No. 6040; $500, No. 2354 to No. 2564; $1000, No. 16,451 to No. 17,401, and No. 22,646 to No. 22,665; $10,000, No. 24,726 to No. 25,658; total, $10,-000,000. The bonds described above are either bonds of the "original" issue, which have but one serial number (duplicated at each end), or "substitute" bonds, which may be distinguished by the double set of numbers (also duplicated at each end of the bond), which are marked plainly "original numbers" and "substitute numbers." All of the bonds of this loan will be called by the original numbers only. The three months' interest, due February 1, 1884, on the above-described bonds will not be paid by checks forwarded to the holders of the bonds, but will be paid with the principal to the holders at the time of presentation.

DEATHS.

ADAMS.—On December 1, aged seventy years, ALEXANDER H. ADAMS, President of the Detroit Savings Bank, Mich.

CHURCH.—On September 20, aged forty-eight years, BRADFORD C. CHURCH, President of Sterling National Bank, Ill.

CONLY.—On September 27, aged fifty-eight years, JOHN CONLY, President of the Bank of Chico, Cal.

CUNDIFF.—On September 19, aged twenty-two years, JAMES CUNDIFF, Cashier of the Reno County State Bank, Hutchinson, Kansas.

CURTIS.—On September 14, aged sixty-seven years, JOSEPH CURTIS, President of the Monroe County Savings Bank, Rochester, New York,

DIX.—On November 6, aged twenty-nine years, CHARLES E. DIX, Cashier of the Council Bluffs Savings Bank, Iowa.

FAXON.—On September 19, aged sixty-one years, WILLIAM FAXON, President of the Hartford Trust Company, Conn.

FLETCHER.—On September 21, aged seventy-three years, GEORGE C. FLETCHER, President of the Farmers' Savings Bank, of Marshall, Mo.

McCURDY.—On November 7, aged sixty-five years, THOMAS McCURDY, Cashier of the Jersey Shore Banking Company, Penn.

PRINCE.—On November 20, aged thirty-eight years, J. D. PRINCE, of the firm of Prince & Whitely, of New York City.

RUSSELL.—On October 30, aged seventy-five years, JOEL RUSSELL, President of the Holyoke Savings Bank, Mass.

SHEFFIELD.—On October 3, aged sixty-five years, WILLIAM SHEFFIELD, of the firm of Sheffield & Norton, Napoleon, Ohio.

SILVER.—On October 6, aged seventy.two years, PETER SILVER, President of the Salem Savings Bank, Mass.

STRYKER.—On September 17, aged eighty-three years, JAMES D. STRYKER, President of the Lambertville National Bank, N. J.

TUTHILL.—On October 26, aged fifty-seven years, HECTOR H. TUTHILL, President of the First National Bank of Moravia, N, Y.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XXXVIII. JANUARY, 1884. No. 7.

BANK DEPOSITS AS A CIRCULATING MEDIUM.

As the amount of bank deposits far exceeds that of our monetary circulation, some persons maintain that the retirement of a few millions of bank notes in consequence of the payment of the public debt is not a serious matter. Bank deposits are considered by them as performing the same functions as money, and the volume of these is so great that the retirement of even a considerable quantity of bank notes is thought to be no cause for alarm. This is especially the case at the present time, so they think, because the demand for money is so slight and the rates of interest so low. Not a few persons believe that if a hundred millions of money were out of the market borrowers would not know it, because the money supply is so abundant.

Of course, by far the greater portion of the daily receipts of a city bank consists of checks on other banks. On this subject Comptroller Knox, in his annual report for 1881, gave some very interesting and instructive statistics. He said that the total receipts of 1966 banks on the last day of June of that year were $284,714,017. Of this amount less than two millions were in gold coin, about half a million in silver, and $11,554,747 in paper money. The remaining sum, which amounted to $270,854,165, consisted of checks and drafts, including $9,382,500 of Clearing-house certificates. The gold coin equaled 0.65 of one per cent. of the total receipts; the silver coin was 0.16 of one per cent.; the paper money 4.6 per cent., while the checks and drafts constituted 91.77 per cent. of the whole amount; or, including the Clearing-house certificates, were equal to 95.13 per cent. Thus, the percentage of coin and paper money was only 4.87 per cent., while that of the checks and drafts was 95.13. The coin and paper money, therefore, formed only a very slight portion of the total deposits; no wonder, then, why some persons imagine that a withdrawal of a portion of our paper money would not be a significant event. As compared with bank checks, coin and paper money are like the small change in the pocket of a rich man.

What are these checks? They are orders given by the depositor of a bank on it to pay a certain sum of money to another person. Bank deposits consist mainly, not of gold or silver, nor of Government and bank notes, but of these orders. It is the same thing with every bank, though the ratio of checks to money constituting its deposits varies of course in the different institutions. Let us keep clearly in mind, however, the fact that what banks mainly receive in the way of deposits is not money, but orders to pay money. These orders are given very largely in payment for merchandise; it is true, therefore, in one sense, that they represent merchandise. The actual goods exist in one form, the shadow or representative of them is a bank check.

Now, when the directors of a bank meet on a regular discount day what have they to loan—money? Only a very small amount. A bank may have three hundred thousand dollars to loan, but of what does this sum consist? Only a small proportion of money, and the balance consists of these orders for money, or checks. Now, if it should agree to loan three hundred thousand dollars in money, it could not fulfill the agreement, because it could not loan what it did not have. What the bank in effect does, is to lend these orders which have been deposited with it. It is true that a few of the persons who borrow actually want money, and those who do of course are paid, but it is well known that most of the borrowers do not want money, but authority to draw on the bank for money in payment of their obligations. The borrowers, therefore, make checks for the amount loaned, and when these are presented for payment through the clearing-house they are liquidated by substituting in place of them, or offsetting against them, checks which have been deposited and which formed the basis of the loans or other ones.

The main business of banking to-day consists not in dealing with money, but in orders for money. These are made to serve the same purpose as money in making payments, and in many cases serve a better purpose, because they can be drawn for a large sum, and can be more conveniently used. But let us not forget that of the real thing, gold and silver, and Government and bank notes, banks receive and pay only small quantities, compared with the checks which are received and liquidated.

As we have seen, a person may order a given bank to pay money to another person in two cases: first, when he has money deposited in it; and, secondly, when the bank has authorized him to draw such orders—in other words, has granted a loan to him, which, indeed at the moment of granting it, is placed to his credit, so that he has a deposit. But in this transaction there may not be a dollar of money involved; certain records have been made in a few books, and that is all. The order has been granted to draw on the bank, and the institution expects to meet the order by the substitution of some other order that it may have against the bank which shall present it. If the holders all over the country should present them simultaneously for payment, few of the banks would be able to respond; but, inasmuch as the banks themselves hold a very large portion of these checks and understand their liability to one another, there is no danger of their doing so. Their mutual interests prevent them from pursuing such a course.

It is doubtless true that a considerable amount of the bank-note circulation might be withdrawn without affecting the volume of the checks. These would be given and received and liquidated through the clearing-house, and in other modes, the same as they are now. The paper money of the country forms the basis of these checks, just as the gold and silver form the basis of the paper money. Now, if the specie basis should be narrowed, and the paper money resting thereon remained unchanged in volume, it might circulate just as well, and prices might not be affected. Nevertheless, the narrowing of the specie foundation might prove disastrous. If, for example, all the silver of the world should be demonetized, and the amount of the paper money remain unchanged, the specie support would be impaired, and the paper circulation of the world would be likely to be severely shaken, sooner or later, in consequence of thus removing so large a portion of the metallic foundation. The same thing is true with respect to the withdrawal of the National bank notes. Fifteen or twenty, or thirty, or even fifty millions may seem a small sum, compared with the $2,902,522,245 of deposits belonging to the banks and private bankers, as stated by Comptroller Knox in his last report. To maintain the same degree of safety the withdrawal of twenty millions of bank-notes should be accompanied with a diminution, perhaps of three times that amount, of loans, and of course of a similar amount of checks, but if this were done the contraction of the bank notes would be quickly felt. On the other hand, if the contraction of bank notes were attended by the expansion of bank checks; in other words, if the vacuum in bank-notes were filled with bank orders, then, perhaps, no immediate suffering would result from their withdrawal.

We know well enough that if these bank checks or orders were not freely used, a vast addition must be made to the present amount of money, or business would be greatly narrowed, or prices would heavily shrink. These are the only known alternatives. The economy and wisdom of bank checks are generally acknowledged, but the limitations to their use are not clearly understood. In a future article something will be said on this subject. In the meantime we have opened a large question of immediate practical interest to bankers, and which is worthy of their careful consideration.

INTERNATIONAL MOVEMENT OF MONEY.

The writers of the London *Economist* are constantly teaching that the effective cause of the international movement of money is the relative rate of interest as between different nations, and that gold and silver flow away from countries in which interest is low to countries in which interest is higher, and in which they can be loaned at a better profit. If that was true, England, which has more loanable capital in proportion to the demand for it than any other nation, and in which the average rate of interest is less than it is anywhere else, would be likely to be stripped of nearly all its money; but that is what has not yet happened, and, we imagine, is not likely to happen very soon.

What controls the flow of the monetary metals in and out of countries is the course of their foreign trade, which depends solely upon their prices of the commodities which are the subject matter of international commerce, as compared with prices elsewhere. This control of the prices of commodities over the international movement of money, however it may be temporarily checked and obstructed by other facts, is certain to prevail at last, and it may therefore be broadly stated that the distribution of money as between nations depends upon the prices of commodities. Metallic money is easily and inexpensively moved, and nothing is more plain and certain than that it will go from markets where its purchasing power is the least to markets in which its purchasing power is the greatest. The magnet which attracts money is, in short, low prices, and there would be no other attraction exerted upon it, except for the fact that in addition to its use as a medium of making purchases, it can also be loaned out at interest, or, what is the same thing, invested in the purchase of interest-bearing securities. It may, of course, sometimes happen that the attraction exerted upon money, as something to be used for loaning purposes, will be counter to, and stronger than, the attraction exerted upon it as something to be used for purchasing purposes, and in such a case money will go, not where prices are lowest, but where interest is highest. But both the borrowing and lending capacity of nations is speedily exhausted, and as soon as that happens, the effect of relative prices, which exert a constant power, becomes immediately manifest.

A nation, whose scale of prices of commodities dealt in internationally is so high relatively to prices elsewhere as to tend to cause an outflow of the monetary metals, may, for a certain time, stave off that result by running into mercantile debts, or by creating and selling securities. But there are limits to credit, and generally very narrow limits; and, furthermore, as soon as borrowing begins, an interest account begins to run against the borrowing party, and this interest account increases even more rapidly than the aggregate amount borrowed, inasmuch as the larger loans are the worse are the terms on which they can be made. Or, if the case be supposed, like that of England, of a nation owning securities having an international currency, and able, therefore, by a sale of them to stave off the effect of a course of trade having a tendency to drain its money away, its stock of such securities, however large it may be, will be used up sooner or later, and the supremacy of prices over the movement of the monetary metals will then assert itself. A contest for money, as between nations, is at bottom only a contest of prices. To this complexion it must come at last.

The movement of the funds of bankers between closely-connected points, like Paris and London, or like New York and London, arising from relative changes in the rates of interest in those places, does undoubtedly take place, but the extremest possible amount of it is far short of the representations of the *Economist*. Such changes in the locality of the employment of the capital of bankers are not only short-lived, but the extent to which they can go is very limited. The balances of bankers disposable abroad are the merest *bagatelle* in comparison with the aggregates of international trade. The *Economist* itself said, on the fourth of February, 1882:

The whole sum in London, unused and entirely at liberty, was estimated by a very competent observer, some ten or twelve years ago, as not being more than four millions sterling ($20,000,000). The margin at the present moment is very considerably less than the scanty one of four millions sterling. When a real demand comes, even if it is for no more than a million sterling, or so, which is taken clear out of the market and locked up elsewhere, as is the case with the gold recently drawn for Paris, the market feels the pressure immediately. . .

How small are the balances available for use abroad of all the banks and bankers of New York City, was shown in February, 1881, when the depositing in the United States Treasury by the National banks of the country, within a space of three weeks, of

$18,764,434, although not all drawn from New York, carried up the rate of interest in Wall Street to one per cent. per day, in addition to the lawful annual interest, or to the fabulous figure of 372 per cent. per annum.

ANNUITIES.

An Act passed in 1847 authorized the City of Manchester (Eng.) to raise money for waterworks, wholly or partly by selling annuities, and the amount so raised, as it seems, has been £1,384,000, or $6,920,000. The London *Economist* says that it has now been discovered that the annuity tables, according to which Manchester sold life annuities, "were based on a life experience which is antiquated and inapplicable to existing conditions," and that the city received in the aggregate £100,000 less than it ought to have obtained. The proper moral to be deduced from that is, that those who sell life annuities should be careful to have their tables corrected so as to keep up with the increasing longevity under the improved circumstances of modern civilization. The *Economist*, however, deduces the quite different moral that cities should not meddle with life annuities, but leave that business to private companies who can employ actuaries. But we do not see why public corporations, like cities, cannot also employ actuaries, and why they are not quite as likely to make a good selection. The less of borrowing in any form, which the governments of cities and countries indulge in, the better for the people whom they represent. But, if there must be borrowing, the method of selling annuities on lives, or on fixed terms, has the great merit that it better secures the final cancellation of debt than any other form. The experience of the British Government has been that it never paid off debts in any other way than through terminable annuities. The change made this year in the British debt was the conversion of $350,000,000 of consols into annuities expiring within fixed and short periods.

We infer from the statements of the *Economist*, that the annuity borrowings of the city of Manchester were on life annuities only. But such borrowings may be made on annuities for definite terms. The latter method has been resorted to a good deal by the city of Paris, and elsewhere on the Continent of Europe. Two or three years ago the city of Geneva, in Switzerland, converted all its indebtedness into an annuity running seventy-five years, at the end of which time it will be entirely free from debt, unless, in the meanwhile, it shall indulge in new borrowings. The Geneva operation was made through a Paris banking house, and it is probable that there were a good many French buyers of the annuities.

Theoretically, a debt with a sinking fund which will pay it off in a given number of years, is the same thing in its result, and in the annual sum which is required to be paid by the borrowing party, as a terminable annuity. But sinking funds are liable to be tampered with and appropriated to other objects, and the practical experience of them shows that it is only in exceptional cases that they are kept intact. On a trial of them for one hundred and fifty years by the British Government, not a single one of them was respected for any length of time. The famous sinking fund of William Pitt was broken into within fifteen years after its establishment, and was formally abandoned within twenty-five years. He was himself called "the pilot who weathered the storm," but his sinking fund was toppled over by the first breeze. No private rights are directly and visibly attacked by the abandonment of a sinking fund, and it sometimes happens that the holders of public debts prefer that they should never be paid off, and are, therefore more disposed to rejoice than to complain if sinking funds are not kept up, or are appropriated to other objects. A sinking fund has no other support, in fact, than the fidelity of those who control public affairs to the policy of paying off debts. But, in the case of terminable annuities, the individuals to whom they are due are to be reckoned with, and a failure to pay them the specified sums and at the specified times, is an act of public bankruptcy.

The people of this country are not much accustomed to purchase annuities, for either life or fixed terms, although they are by no means wholly unknown here. They will be more known as the country grows older, and as special provisions for old age and settlements under wills, and otherwise for the support of unmarried persons, become more common. The credit of our States and municipal corporations being generally much stronger, and especially on considerable terms of time, than that of any individual or private corporation, the day will come when they can borrow considerable amounts of money more advantageously through sales of annuities than in any other way.

As American civilization is similar, in many of its characteristics, to that of Western Europe, we may expect, as portions of this country approximate France, England, &c., more nearly in density of population, that we shall have about as many unmarried persons of both sexes, possessed of more or less property which they will have no strong motive to leave to distant heirs. As the annual incomes derivable from property are less than the annuities for their own lives which can be purchased with it, they will be tempted to convert what they have into annuities, dealings in which may become as numerous here as they now are on the other side of the Atlantic.

JUDGE KELLEY'S SILVER BILL.

Judge Kelley has introduced a bill in the lower house of Congress to confine the coinage of silver dollars to one thousand a year until after further notice. The Chicago *Tribune*, which has been strongly opposed to the reduction of the silver coinage, in discussing the measure, remarked that the author of the bill had been one of the most earnest advocates of bimetallism and silver money, and in introducing the bill could not fairly be suspected of any hostility to the double standard, nor of any desire to increase the advantages of the moneyed classes at the expense of the masses. His proposition was evidently based upon the conviction that the continued coinage of legal tender silver to large amounts in this country was calculated to retard international agreement upon a common ratio between the two metals, and equal recognition of both as money, which would raise silver bullion to the level of gold. "There is not much doubt," continues the *Tribune*, "that this conviction is the result of his observations in Europe during the last summer. If the silver product of America, or that portion now absorbed in American coinage, be exported to England, which is the market for silver, the British Government would soon feel the need of protecting her Indian currency and revenues and her China trade, and the movement for an international agreement upon the double standard of money would receive a powerful impetus. This is evidently Judge Kelley's idea, and it is shared by a large number of the most intelligent and earnest advocates of bimetallism. It is entitled to serious consideration at the hands of Congress, without any apprehension as to the ulterior demoralization of silver, which the money lenders will not again be able to bring about."

Those who favor monometallism have not been slow in telling the world of Judge Kelley's change of front concerning the maintenance of silver coinage. Of course they correctly sounded the matter from the beginning, and knew that the business would end in discarding silver. Nevertheless, they have often failed to understand the different grounds on which bimetallists stand. From the outset the ranks of the bimetallists have been divided into two parties—those who were in favor of trying the experiment of coining and employing both metals, but, in the event of failure, of falling back on gold; while the other party have advocated, in any event, the employment of silver. The latter party were perfectly willing to use both metals if this could be done; but if it could not be, then they were in favor of using silver alone. Thus, the bimetallists while united in some ways have been divided in others from the beginning, and there is no reason for branding them all alike as ignoramuses, not understanding the past coinage history of the world, and the difficulties encompassing the present situation.

The French Government at an early period adopted a waiting position; it wished to find out what the nations would do, or would be likely to do, before deciding. This, it is believed, was a wise course. No harm has befallen France by waiting, no public nor private interest has suffered from pursuing this policy. The final step has not yet been taken, nor is it likely to be, for aught that we can see, for a long time. Where is the unwisdom of this policy? It remains to be seen where it is.

There were many persons who commended such a course. They believed that both metals should be used as money, if possible. They could see clearly enough that if silver were permitted to fall into complete disuse the metallic basis for the vast quantity of paper money in circulation would be greatly narrowed. They believed in maintaining as solid basis as possible for the paper circulation. The more metal there was underneath it the more secure it would be. It was contended, therefore, that nations should be slow in pulling out this support from our paper money. It is one of the singular facts connected with this movement how readily many of the advocates of a paper currency, redeemable in specie, have been to undermine that currency by demonetizing silver. Evidently they have not been able to see more than one idea clearly at a time, or else they have been inconsistent in sticking to redeemable currency on the one hand, and trying to abolish specie with the other. It was quite clear, however, months ago, that the time had come to stop the coinage of silver, because other nations were unwilling to join with us in coining it, and it was quite impossible for us alone to preserve the former ratio of the metals. When the unwillingness of other nations to unite with us in regulating the silver coinage was manifest, it seemed clear that we should no longer continue in our present way. There were those who wished to try longer to effect an international agreement. It must be evident that we are much more likely to accomplish this result if we suspend the silver coinage than if we continue it. So long as we keep the Mint open other nations will be less likely to move than if we close it. Of the wisdom of this course there can be not much difference of opinion.

Meantime, several new plans have been laid before the public. Mr. Silvester, whose plan of issuing silver bullion certificates was presented to our readers some months ago, has revived it, and in several quarters it has found supporters. This plan, however, has been severely criticised. When Mr. Harrison, of the Pittsburgh *Commercial Gazette*, first presented the idea of issuing certificates on stored coin, at the Bankers' Convention in 1882, it caused some discussion, but Mr. Silvester's idea of issuing the certificates on stored bullion instead of coin, it seems to us, introduces a great element of uncertainty in every commercial transaction—too great to be voluntarily assumed by any one. The prospectus and call have been issued for an international bimetallic monetary association, signed by a large number of eminent persons. Its main object is declared to be the promotion of the stability of values. Evidently the end of the silver question is not yet. So far as Congress is concerned, much as immediate action on Judge Kelley's bill is desired, it is not likely that anything whatever will be done this session. This is to be regretted, for the hesitation of that body encourages other nations to continue their present do-nothing policy. One thing is certain, if Congress should stop the coinage of silver we should soon find out the real intentions of other nations. They could conceal their hands no longer. In the meantime the present policy must be continued, whatever may be the consequences. The advocates of silver say there is no cause for fear. Thus far no depreciation has actually taken place; let us hope there will be none, though we confess our faith is not so strong as that of the silver prophets.

NEW DEMANDS FOR MONEY.

We copied lately some British consular reports in respect to the low prices of grain in Servia. They are confirmed by the following still more recent statement of Mr. Kennedy, of the British Embassy at Constantinople, which we find in the London *Economist* of November 10, 1883:

> In Servia, wheat can be sold for about 4s. 6d. per 100 pounds, which in Liverpool would realize 10s. or 12s. per 100 pounds, and dear transport is the only present difficulty in the way of export.

The difficulty of "dear transport" will be at an end when Servia is connected by railroad with Salonica, on the Ægean Sea, as it soon will be. Servian prices of agricultural products will then rise more nearly to the level of those of Western Europe, and with the necessary consequences of a greater employment of labor, of higher wages, and of the circulating use of a larger amount of money. Changes of this kind, opening new regions to trade and industry, have been going on within recent years, even in Western Europe, where there still remained many out-of-the-way localities into which metallic money had not much penetrated.

The room for similar changes remains large to this day in Eastern Europe.

It is this diffusion of money by the introduction of its use into new places, superseding barter, raising prices and stimulating industry, which explains the otherwise incomprehensible fact that the unprecedented flood of gold from California and Australia produced so short-lived an effect upon prices, which reached their maximum about 1864–5, and have since receded again to or below the point at which they stood before. This diffusion of money is still in progress, inasmuch as a large part of the world, including some of its finest portions in point of natural advantages, is yet to be brought within the reach of modern commerce.

In the upper valleys of the Euphrates and the Tigris, the Mesopotamia of the Scriptures, where wheat can be raised in indefinite quantities, upon a soil, the fertility of which is perpetually renewed like that of the Delta of the Nile, it is to-day exchanged for gold and silver at the rate (stated in American money) of twenty-five cents per bushel, with all which that implies in respect to the scarcity of money generally. We have examples nearer home in the interior of Mexico, which is now being opened by railroads, as ancient Mesopotamia will be before many years.

In an article printed in the *International Review* (Nov. 1882), Romero, Mexican Minister at Washington, states as facts within his knowledge, that sugar made in Laxicho, in the Mexican State of Oaxoca, is carried thirty miles on the backs of mules, or of men, and sold at one cent per pound, and that the earnings of women engaged in domestic weaving in the same State do not exceed three cents per day. It is not doubtful that Mexico, if its existing development encounters no check, will soon decuple its use of money, either of the metals, or of paper rated by the metallic standard.

No apprehension is so groundless as that of an over-production of the gold and silver mines. The point of danger is from the opposite side, and the efforts of statesmen and financiers must be directed to the supplementing of the metals by sound paper, and to economizing the use of money by organizing credit, and by the banking expedients of deposits, checks and clearing houses. It is a matter of "merely verbal dispute," to use the phrase applied to it by Lord Overstone, whether such expedients are an addition to the volume of money, or enable a less volume to accomplish the same work and maintain the same range of prices. The result is the same, however differently the process may be described by different persons, and to suppress the operations of banking would be as fatal to industry and trade as to close all the mines of gold and silver.

DOMESTIC AND FOREIGN TRADE AND FINANCE.

During the first ten months of 1883 the British imports of silver amounted in gold valuation to £7,861,444, of which £2,467,396 were received from the United States.

The balance of its foreign trade is increasingly favorable to India, which implies an augmentation of its power to command an importation of the monetary metals. The excess of its merchandise exports over merchandise imports, during the five months ending with August, 1883, as compared with the same months in the two preceding years, was as follows:

Five months ending August 31.	*Excess of merchandise exports over imports.*
1881	$49,330,500
1882	55,174,000
1883	73,132,500

Rather more than half the gain of 1883, as compared with 1882, was in the exports of wheat, which have become enormous.

Five months ending August 31.	*Indian wheat exports stated in cwts.*
1881	6,389,547
1882	6,102,580
1883	13,720,915

The export in the five months in 1883, stated in bushels of sixty pounds to the bushel, was 25,612,375. Nearly the whole of this export was to Europe, and mainly to Great Britain, and considering that instead of being stimulated by high prices it was checked by low prices, it demonstrates an astonishing capacity in India to produce and sell wheat. There is really no accurate information as to how great this capacity may prove to be.

The details of the census of England and Wales for 1881, just compiled and published, furnish many figures for statists and economists to speculate upon. Among other things they show that the number of agricultural laborers (male and female) absolutely declined, between 1861 and 1881, from 2,010,454 to 1,383,184, which is not wholly attributable to a diminution of tillage, but is partly attributable to improved implements and the greater use of machinery. There is shown during the same twenty years in the cotton manufacture, notwithstanding its great expansion, only an increase from 259,074 to 303,267 in the number of females employed, while there has been a decrease in the number of males employed from 197,572 to 185,400. The increase in the results accomplished is thus wholly due to more effective machinery. In the industrial laborers, as a whole, exclusive of the agricultural, the increase between 1861 and 1881 has been from 5,184,201 to 6,373,367. In the laborers in the textile industries, the increase has been from 1,025,870 to 1,277,592.

The annual report of the Bureau of Statistics makes the total foreign merchandise trade of the United States, for the year ending June 30, 1883, $1,547,020,316, which exceeds that of any previous year. The balance in our favor during the year was $100,-658,488, as compared with a favorable balance during the previous year of $25,902,683. To this favorable balance of $126,561,171 in the merchandise trade during the two years ending June 30, 1883, is to be added an excess of exports over imports of gold and silver of $10,267,931, thus making a total favorable balance of $136,-829,102. During the same two years the interest paid upon our securities held abroad cannot be computed at less than $50,000,000 per annum, and the expenditure of American travelers in Europe must have been at least an equal amount. If both these foreign payments were $200,000,000 during the two years, we must look to some other quarter for an explanation of the fact that the amount of our securities, and especially U. S. bonds, held abroad, was diminished during the same time. An apparently sufficient explanation is found in the money brought into the country in various forms, in gold and silver, bankers' drafts, &c., by the unprecedented immigration which has been in progress during the past three or four years and is still continuing, and in the investments of foreigners in our real estate.

Between March 3 and December 10, 1883, upwards of $17,000,000 in gold, or gold certificates, were paid into the United States Assistant Treasurer's office in New York, for the purchase of orders for the delivery of silver certificates at Southern and Southwestern points, but principally at the office of the United States Assistant Treasurer at New Orleans. Exchanges of this kind are ascribed by some persons to the need of the $10 silver certificates for circulation, and, without doubt, the fact that silver certificates of that denomination are lawfully issuable, while no gold certificates for less than $20 can be issued, partly accounts for the willingness of those who have gold, or gold certificates, to exchange them for orders on the West and Southwest for silver certificates. But the principal explanation of such transactions must be that they are made by persons who have occasion to remit funds to the West and Southwest, and who can do it in this way without risk and without cost. Silver certificates are readily current in most, and perhaps in all, parts of the country, but there is and can be nowhere any preference for them over gold certificates, except when certificates of $10 happen to be wanted. Whenever and so far as the United States Treasurer has silver certificates held at the South and West, it is an entirely legitimate transaction for the Government to sell orders for such certificates and take its pay in cash at the office of the New York Assistant Treasurer, which is the place at which nearly all the creditors of the Government prefer to receive what is due to them.

The Secretary of the Treasury, in his estimates made at the beginning of last month, puts the excess of revenue over expenditure (not including the sinking-fund payment) for the current fiscal year at $85,000,000, and for the next fiscal year at $60,000,000. These estimates do not justify the demand that taxation should be reduced $100,000,000 per annum, and still less do they justify the even wilder demand that all the internal taxes, yielding now $120,000,000 per annum, should be repealed. All such suggestions involve something more than a purpose to destroy the sinking fund and to perpetuate the National debt at its present amount. They involve a deficiency of the revenue, which would first reduce the cash in the Treasury, and next compel the Government to enter upon a course of fresh borrowings.

The Secretary, who desires that at any rate the payments into the sinking fund should be kept up, advises against any considerable reduction of the revenue, as not justified by the present situation or future prospects. In that opinion the President concurs, and it may be said of both those officials that they take a prudent and conservative view of the case, and are disinclined to any rash step, and especially to any hasty step, in the way of changing the revenue laws.

The Secretary believes that if the laws remain as they are, the income received under them will expand with the increase of the population, wealth and business of the country. As a general proposition, that must undoubtedly be true over any long period of time, but our past history shows that the yield of our Custom-house duties has varied remarkably within short periods when there has been no change in the rates of the duties. This results from the large fluctuations in the aggregates of our foreign commerce, arising from many causes, such as the oscillations of prices, financial and political disturbances abroad, and changes in the currents of trade. If the Secretary of the Treasury has any apprehensions of a decline in the yield of our tariff if the duties remain the same, he does not express them, but there seems to be the strongest grounds for looking forward to such a decline as probably near at hand. We have recently had a remarkable expansion of foreign trade from the rise in general prices which took place in Europe in 1880-1, and from several years of large exports of breadstuffs in consequence of short crops abroad. The situation is now entirely changed. General prices in Europe are very low, perhaps, upon the whole, lower than they ever were before, and are still falling, while we are now having new competitors, notably India, in supplying Europe with grain. Our foreign trade, lately on the flood, is now on the ebb, and nobody can exactly foresee how great a depression in it there may be. It is fortunately improbable that Congress can act in any way upon the question of the revenues before May or June, and by that time we may know much better than we can now, what the present tariff will be likely to yield for two or three years to come. It is better to have too much revenue than too little, if, indeed, there is any propriety in saying that a country like the United States, with a large amount of debt payable at its pleasure, can have too much revenue.

The Latin Union treaty, which has been extended to January 1, 1886, does not make the coins of each State a legal tender to individuals in all the other States composing the Union, but only a tender for taxes to the Governments of all the other States, which, however, is practically sufficient to cause them to be accepted by banks and private persons. In addition, the Bank of France has entered into an engagement with the Belgian National Bank that they will accept from the public and from each other, the full-tender coins of all the States; and Italy has a law of its own, making such coins a legal tender to individuals as well as to the Government. The French papers have stated as a fact, and have complained about it, that the Italian Finance Minister stated to the Italian Parliament in May last, that he intended to propose that all silver coins, other than Italian coins, should be deprived of the capacity of being legal tender to individuals after January 1, 1886 The Italian version of what the Minister said is, that Italy would be forced to adopt such a measure if the Monetary Convention came to an end, and if no new agreement should be substituted for it.

The note-issuing banks in Italy, although directed by a Royal decree promulgated last summer to keep at least two-thirds of their metallic reserves in gold, are still obliged by law to accept silver without limit in payment of all debts due to them, and an Italian correspondent of the London *Economist* of December 1, 1883, says:

> The circulation of silver continues to be as free in Italy, subsequent to the decree concerning the reserve funds, as it was before then, and it is a known fact, as every one can testify, that the Treasury, the banks, and individuals do receive in payment, without distinction or limit, silver foreign five-franc pieces at their legal value.

The same correspondent makes the further declaration that nothing has yet happened which "would authorize the supposition that Italy had the intention of dissolving the Monetary Convention."

The London *Times*, of November 29, says, in reference to the resolution of the Budget Committee of the French Chamber of Deputies, that the maximum limit of the note circulation of the Bank shall be raised from 3200 to 3500 million francs.

That the note circulation will extend is certain, for the habit of using notes in preference to money is spreading more and more, the credit they enjoy being above all question.

It was stated in recent debates in the French Chambers, by a member of the opposition to the Ministry, that the Bank itself did not like the idea of further increasing its circulation, but had been overruled by the Cabinet, whom he charged with the design of getting more loans from the Bank. The Ministry repelled that charge, and insisted that their object was to facilitate trade. But they admit that they have recently been borrowing at the Bank, and it is obvious enough that they will be obliged to borrow a good deal more, not only there, but wherever they can get it, if they persevere in their designs of Asiatic conquest. On the whole, with the necessities of the French Government, added to the growing taste for paper money among the French people, we may look for larger issues of Bank of France notes and a less use of metal, inasmuch as that institution is now putting out fifty-franc notes on a great scale.

RELATIVE POPULATIONS.

The increase of population in Germany was considerable down to the end of 1880, but since that time there has been a decrease. From statistics, which are accepted as correct in Germany, the decrease has been 23,186 in Bavaria, 14,052 in Wurtemburg, 87,780 in the Prussian Province of Posen, 31,614 in Eastern Prussia, and 22,322 in the Prussian Province of Pomerania. In some of the Prussian provinces there has been a slight increase, estimated at from 8000 to 9000 in the Rhenish provinces, Westphalia, Prussian Saxony and Brandenburgh.

A German statistician has been spending time, which might have been more usefully employed, in a mathematical calculation of what the population fifty years hence will be of the United States, Great Britain, Germany and France, upon the supposition that the increase in each case will be at the same rate as that shown to have taken place during the two last census periods. The result at which he arrives on that basis is, that in 1933 the United States will have 191,000,000 people; Great Britain, 63,000,000; Germany, 84,000,000; and France, 44,000,000; so that the aggregate population of the three last countries will then be exactly equal to that of the United States. Any schoolboy with a blackboard and a piece of chalk can figure the population of countries at a future date at an assumed rate of increase, but, except as a mental exercise, the operation will be of no value to him, or to anybody else. It is hardly to be expected that even the United States, vast as is the extent of its territory and scantily as it is populated, will show for half a century to come a rate of increase equal to that indicated by its last census. As to Germany and the United Kingdom of Great Britain and Ireland, it is not certain that the population of either of them will increase at all during the next fifty years. At the present time the evidence seems to be that the German population is actually declining. There is a great increase in the emigration of the English, hitherto far below that of the Irish and Scotch, so that the total British emigration is more than maintained. British industrial development, if it has not absolutely reached its maximum, must be pretty near it, and it is not easy to see how the United Kingdom can support a much greater population than it now possesses. Upon the whole, the period required for the equalization of the population of this country with the aggregate population of Great Britain, Germany and France, must be a good ways inside of fifty years. Our census of 1910, which will be taken only twenty-six and a-half years from this date, will probably show a population of 118 millions, which is the present aggregate population of the three European nations. We may allow for some increase of that aggregate, and still expect that in thirty years, or, at the longest, in thirty-five years, we shall number as many people as the whole of them. Separated from them, as we are, by a wide ocean, it cannot be said that this change of relative population will cause any change of relative power in a military or in a political sense. It is an American tradition, not likely to be soon abandoned, to keep absolutely clear of trans-Atlantic politics. But an equalization of our population, and with it of our wealth, to the aggregate of both possessed by the three chief commercial nations of Europe, will cause a notable change in the present balance of commercial and financial power. That it is inevitable and impending is more overlooked on this side of the Atlantic than it is on the other. Instead of overrating, America habitually underrates its prospective position in the commercial and financial scale of nations.

WHO IS A STOCKHOLDER?—What constitutes a stockholder, in a legal sense, is stated by the Supreme Court of California as follows: "To make a person a stockholder in a corporation, where he has subscribed for stock, it is not necessary that he should have received a certificate or paid for the stock. A corporation may give credit for its stock as well as for any other property sold by it. Certificates only constitute proof of property, which may exist without them, When a corporation has agreed that a person shall be entitled to a certain number of shares in its capital, to be paid for in a manner agreed upon, and that person has agreed to take and pay for them accordingly, he becomes their owner by a valid contract made upon a valuable consideration?"

SMALL CIRCULATING NOTES.

Propositions to substitute coins for the small notes now circulating in this country, are frequently made in the journals of New York, and have been adopted and indorsed by two organized associations in that city, the (gold) Bullion Club, and the Committee on Political Reform of the Union League Club. Some scattering support has been given to them in other parts of the United States, but as yet it has apparently not been thought advisable to bring on a formal discussion in Congress of any law embodying so great an innovation upon the long-established policy of the country. But the interests to be benefited by the proposed change are undoubtedly strong, and the attempt to introduce it is liable to be made at any time.

In some quarters nothing is suggested beyond the suppression of notes below the denomination of $10; but the two New York associations referred to advocate the suppression of notes below $20, as an ultimate object to be reached by successive steps, and at no distant period.

It is agreed on all hands that in the important respects of convenience in handling, carrying, and transmitting by mail, paper is very much more convenient than coin, and a uniform experience in all countries shows that where the people are allowed an option, they use paper rather than coin. The proposal to force the common daily circulation in the United States of cumbersome and heavy gold and silver in the place of light and convenient notes, will not be accepted, unless it can be shown that grave and weighty reasons require a submission to the disagreeable and annoying consequences of such a change. The report (November, 1880), printed by order of the Union League Club, admits that "if the question were to be decided on the ground of convenience, facility for remittance, or first cost," small bills must be preferred to coin, and that if the reasons for preferring paper are disregarded, it can only be "on the higher ground of public safety."

Another advantage of small bills over coin is their less liability to being counterfeited. In the discussions in England in 1825–6, it was said, and in the then state of the art of engraving bank notes it may have been true, that there was less counterfeiting of large notes than of small ones, and for the reason that the latter were used by the classes least able to distinguish forged notes from genuine ones. But in modern experience, and as a consequence of the improved safeguards in engraving notes, and the greatly increased difficulty and cost of imitating them, it is not profitable to manufacture false small notes, and it is principally upon large ones that the industry and skill of counterfeiters are expended. In Scotland and Ireland, where £1 notes are very much used, there is a less proportional counterfeiting of them than of larger notes.* In this country, during the fiscal year ending June 30, 1881, of the greenbacks rejected as counterfeits at the United States Treasury, only sixty-six were of the denominations of $1 and $2, whereas 540 were of the denomination of $5, and 953 were of the denomination of $50. And it is also true that there is more counterfeiting of coins than of paper money generally, without reference to its denomination. An illustration of that is the fact that during the last fiscal year in India, upwards of 5000 metallic rupees and fractions of rupees were detected and thrown out as counterfeits by the Treasury officials, as against only thirteen paper notes. In India metallic money exceeds the paper money largely in value, and still more largely in the number of pieces, but with all possible allowance for that circumstance, the proportionate excess of counterfeiting in the Indian coin money is very great.

It is sometimes said that the greater proportion of coins in use from the suppression of small bills constitute a fund which note-issuing banks can draw from to maintain specie payments in times of difficulty. But it would seem plain that coins which are employed in the daily hand-to-hand circulation, cannot be withdrawn from the performance of that indispensable function in any other way than by the substitution of an equal amount of paper. In a discussion in the British House of Commons (May 28, 1882) Mr. Gladstone declared that the idea that coin in circulating use was a resource for the banks, was merely fanciful, "because, in point of fact, it is hard at work in the daily business of life, conducting the cash transactions absolutely essential to the operations of civil society." And more specifically, in respect to his own country, he declared it "was an entire fallacy" to suppose that England, from having more circulating gold as a consequence of prohibiting notes below £5, "putting aside the case of a great war, was better able to encounter monetary crises, such as arose from bad harvests." In a discussion (December 20, 1882) in the London Bankers' Institute, Mr. Grenfell, Governor of the Bank of England, said he entirely concurred in this opinion of Mr. Gladstone, and in the reason given for it, although on other grounds opposed to an issue of notes below £5 in England. To this may be added the observation that there has been no practical experience in England, France, or any other country, using coin in the smaller channels of circulation, that such use has any tendency to prevent suspensions of specie payments.

It is a more rational ground for having the common circulation

* See speech of Wm. Fowler (May 23, 1882) in British House of Commons.

consist of the metals, that the substitution for them of paper in time of war furnishes to governments a borrowing resource of considerable magnitude, which may be availed of, either by direct issues of government paper or through the agency of banks. It was principally upon this advantage that the Governor of the Bank of England insisted in the discussion just referred to, and he illustrated his views by recent examples, and particularly that of France during the late Franco-Prussian War. A great American authority, Mr. Jefferson, may be cited in favor of the same doctrine. It is made a leading point by the Political Reform Committee of the Union League Club, as will appear from the following extracts from their report:

Issuing paper money and making it a legal tender is a necessity of all great wars, and has become the main feature in the financial laws of war. . . . France and England, by adopting a policy which saturates their people with coin, are, in case of a war of magnitude, in a better condition for issuing the currency of war —the *dernier resort* of nations—than they would be if small bills made a legal tender already filled the channels of circulation. . . In this view it is greatly for the interest of the United States, by the prompt calling in of the portion in general circulation of its war issues, to be in readiness to make them in new and possibly great emergencies.

The paper money of this country (aggregating the greenbacks and bank notes) was divided, as respects the denominations below $20, as follows, at the dates named:

	Nov. 1, 1879.		*Nov. 1, 1882.*
Ones	$24,247,362	....	$28,068,944
Twos	23,036,578	....	25,599,955
Fives	167,042,898	....	165,265,065
Tens	189,655,588	....	194,725,471
Total	$403,982,426	....	$413,659,435

The paper below $10 amounted, November 1, 1882, to $218,933,564, and below $20 to $413,659,435; but it is quite certain that the suppression of smaller notes would cause some increase of the larger notes, and especially if the suppression extended to all paper below $20. But without making any deduction on that account, and taking the figures as they stand, the point made by the Union League Club Committee amounts to this: That it is a sufficient reason for submitting to the inconveniences and losses of giving up notes below $10, that we can thereby effect a forced loan by paper issues in time of war to the amount of $218,933,564, and that by giving up notes below $20 we can effect a similar forced loan to the amount of $413,659,435. Without doubt, a new borrowing capacity, and approximately as great as is claimed, would result from the proposed measures, but it is an addition to the power of this country to contract loans which is wholly unnecessary, and for which we are, at any rate, not called upon to make sacrifices so great. We have had no important foreign war since 1815, and the probability of one is constantly diminishing, as our relative power in the world becomes greater. There will be no second Civil War during this generation. Whatever may happen, we are not already loaded down with a hopeless indebtedness, as England and France are, and our tax-paying capacity and the legitimate credit based upon that capacity, are ample for any imaginable contingency. The first Napoleon, who was almost always engaged in wars, borrowed no money and issued no paper to carry them on. In the changed conditions of these modern times it may be that the emergencies of some future war may compel us to make loans, but it is easy enough to avoid the necessity of submitting to indefinite years of inconvenience and loss in the currency we use in time of peace, for the mere sake of making a forced loan possible in an event which may never happen, and must at any rate be very remote. The path of financial preparation for possible future wars is plain and straight before us, and that is, to persevere firmly and vigorously in paying off the debt contracted in the Civil War. Once relieved of that incubus, we can, without difficulty, borrow from willing lenders, sums in comparison with which the forced loans, for which the Union League wish to prearrange at such serious present sacrifice, are absolutely insignificant.* If the influences which favor a perpetuation of the American National debt, and which are known to be nowhere more completely dominant than they are in that Club, can be overcome, American credit will be raised to a point which will dispense with forced loans of any kind. That is a sort of financial preparation for war, which, instead of involving any present sacrifice, brings with it a present gain and relief, because it constantly diminishes the National interest account, which is a pure loss without any compensation, and which has already drained away, since the peace of 1865, more than two thousand million dollars of the National treasure, for which the country has received no more return than if it had been thrown into the sea.

* The London *Economist* of March, 10, 1883, said:

"The grandeur of the American Republic, considered in its external policy, has moreover been greatly increased by its debt-paying policy, for it has been felt that a people which could now raise four or five hundred millions [sterling] at three per cent., was on that account alone a great people; one which, on cause shown, could create fleets and armies almost out of the ground."

The London *Spectator* of April 14, 1883, said:

"The grand reason for paying debt is, that we want to strengthen the credit of the State, as the cheapest and best of all insurances. If any one doubts tha , let him look at the position of the United States. That grand Republic has no fleet, and on the water could hardly fight Spain. But she has reduced her debt by strenuous paying, and every one knows that if she wanted a fleet to blow Spain out of the water, *or to contest the seas with us*, she could buy and build one in twelve months. Her payment of her debt is an insurance not only against defeat, but against attack."

It is often said that the use of coin in the circulation steadies the paper which is in circulation; but the truth is, it does not affect the character of the paper part of the currency, but only diminishes the proportion which it bears to the whole. Whether the use of metal steadies the general mass of the currency, depends upon the question whether the paper which it expels is steady or fluctuating. When notes below £5 were suppressed in England, in 1826, the paper currency was under the worst possible regulation, expanding when it ought to contract, and contracting when it ought to expand. It had nothing to govern it except what is called "the wants of trade," the issues being larger as prices rose, so as to still further expand them, and the expansion necessarily going on until the point of explosion was reached. The English paper money of 1826 was, in short, precisely of the character so far as regulation of quantity (which is the only really important thing in any money) is concerned, as the pestiferous State-bank currency by which this country was both robbed and demoralized during the whole of the half century which preceded the Civil War. The best thing to have been done with such a paper money as the English had in 1826, if they could not devise some proper regulation of its volume, was to suppress the whole of it. It was a partial remedy to suppress the part of it which consisted of notes below £5, and introduce metal in their place. It is true that the notes of £5 and upwards remained as mischievously fluctuating as before, and were in no degree steadied in that particular by the newly introduced coins. But the notes of £5 and upwards constituted a less part of the whole monetary mass than paper did before, and the increase of the metal in use was, to the extent of it, a steadying element in the currency. Beyond question, the suppression of small bills, in England, was a wise measure in the circumstances of that country in 1826, but the situation has been radically changed by Peel's Bank Act of 1844. Since that date British paper money proper has been even steadier than the metals, being an absolutely fixed quantity, beyond which it represents gold deposited and retained pound for pound. The element of fluctuation in quantity having been wholly eliminated from it, there is nothing now to be gained, so far as steadiness is concerned, from substituting metal for it or for any part of it.

A similar change of situation has occurred in this country, although from different causes than those which determined the change in England. We had in the United States, before the Civil War, a system of State banks, with the power to issue notes without any other check than the delusive and merely colorable one of a relation to their capital, the nominal amount of which they could enlarge at will. In other words, they could issue paper at pleasure, and as they profited by such issues they always enlarged them to the maximum possible to be kept in circulation; and inasmuch as the circulation would absorb and float an amount of paper increasing as prices rose and diminishing as prices fell, it happened necessarily that every rise of prices was still further stimulated by more paper, and every fall of prices was made more disastrous by a contraction of the paper which was already in existence. Issuing more paper as prices rose was plausibly described as conforming the circulation to the demands and wants of trade.

The late Amasa Walker (*Science of Wealth*) described this system in the following apt and vigorous words:

The supply does not satisfy the demand—it excites it. Like an unnatural stimulus taken into the human system it creates an increasing desire for more; and the more it is gratified the more insatiable are its demands. . . . The demand for the issue of this kind of currency is certain to be greatest when it is already redundant.

Lord Overstone (*Management of the Currency*, 1840), when the same system of conforming the amount of circulating paper to the commercial demand prevailed in England, said:

It is issued in the form of advances for commercial purposes. A rise of prices is, therefore, accompanied by an increase of issues, and a fall of prices by a diminution of issues.

To the same effect, McCulloch said, in his notes to an edition of Adam Smith:

So long as any individual, or set of individuals, may usurp the royal prerogative and issue paper without let or hindrance, so long will it be issued in excess in periods when prices are rising and confidence high; and be suddenly withdrawn when prices are falling and confidence shaken.

Almost inconceivable as is the madness and folly of claiming that elasticity is a merit in a measure of values, or in a measure of anything else, the interests intrenched in the note-issuing State bank system were so powerful, that it was finally overthrown, not by argument, but only by the exigencies and necessities of the Civil War.

About forty years ago, when that system was in vogue, an effort was made to limit the scope of its mischief, by suppressing small bills, and thereby increasing that part of the circulation consisting of the metals. The effort failed, partly from the power of the resistance of the banks, and partly from the difficulty of bringing about the necessary concert of action among numerous State legislatures. The suppression of small bills in some of the States proved unavailing, so long as such bills, issued in other States, could and did force their way into use in all the States.

The situation is now entirely changed from what it was before the Civil War, and there is no applicability to present circumstances in the reasons which were then justly urged in favor of introducing more metal into use, as a means of reducing the mischievous effects of the enormous fluctuations in the paper part of the currency. To-day, our paper money is even more steady in its volume than is the volume of the metals. The amount of the greenbacks is absolutely fixed by law, and practical circumstances have for many years given an almost equal fixity to the volume of the National bank notes. By no possibility can our money gain any stability of value by substituting the metals for any part of such paper as we have now in use. Stability in the value of money means nothing more nor less than stability in its quantity; it being as clearly and invincibly true of money, as it is of everything else, that in every given condition of demand for it, it is the supply which regulates its purchasing power in the market.

A fixed issue of paper, either stationary in amount, as it is in England, Germany, Denmark, and some other European countries, or increasing according to some rule, such as the expansion of population, which is a proper and desirable modification in the case of new and growing countries like the United States, steadies, instead of being steadied by, the metals which, in conjunction with it, constitute the currency. This will be apparent, when we consider what is the principal cause of such stability of value, far from perfect, but still considerable, as is possessed by gold and silver. This cause is their imperishability, by reason of which the stock existing at any time is the accumulation of ages, and is so enormously in excess of the annual production, that temporary variations in the annual yield of the mines do not, except very slowly, appreciably affect the supply, which is all the stock on hand, old and new. Humboldt (*Fluctuations in Supply of Gold*, 1838) said:

> The enormous masses of precious metal already accumulated in Europe render any considerable or continued variation in the relative value of gold and silver impossible. . . . Any increase in the production which our imagination could call into existence, would appear infinitely trifling compared with the accumulations of thousands of years now in circulation.

What Humboldt says of the magnitude of the mass of the two metals, as steadying their value relatively to each other, is equally applicable to its effect in steadying their value relatively to land, labor and commodities.

The United States Silver Commission (Report, 1877) said:

> The magnitude of the stocks of silver and gold in the world is an element of steadiness in their value, which is frequently overlooked. . . . Their supply is the accumulated stock of centuries.

As the value of the precious metals for monetary use is their highest and controlling value, and fixes their value for all other purposes, it is entirely plain that in so far as the stability of value of money is assisted by the magnitude of the mass of it, every addition of fixed paper issues, by increasing its mass, renders it less liable to be effected by variations in the annual yield of the mines. Nothing, therefore, in the direction of steadying monetary values is gained, but a good deal is lost, by any reduction of such paper money as is substantially equable in amount, which is true of the present paper money of this country. With a will-o'-the-wisp paper money, with no other regulator of its quantity than the so-called "commercial demand" or "wants of trade," it would be wiser to reduce the range of its mischief by suppressing small bills, and still wiser to suppress the whole of it. That is the sort of paper money which we had for more than half a century; but its disastrous effects are too fresh in experience, and will always remain too conspicuous in the commercial history of the country, to permit it to be revived, notwithstanding the efforts of a few shallow and discredited financial sciolists to re-introduce it. GEORGE M. WESTON.

POLITICAL ECONOMY IN GERMANY.*

[CONTINUED FROM THE DECEMBER NUMBER.]

Let us pass over some paragraphs, treating of secondary points, to examine more closely a question I have already touched upon: the confusion between the economy of a nation and the economic science, which for us is the only one, the political economy (or economics). The words of the German language (the word *Wirthschaft*, for example) have something to do with this confusion; the word here has the same effect as the switch on the railroad: you go aside without knowing it, and only become aware of it later. Formerly the error was involuntary; now, most frequently, men are conscious of what they do, and persist in it systematically from doctrinal or polemical motives. For the sake of clearness, I am obliged to go back a little. As is known, the word *statistics* comes from Germany. Professor Achenvall, who invented it some one hundred and fifty years ago, used it only for giving the state (*status*) of a country, of a nation.† For a long time lectures of this kind were perpetuated under different names in the German universities, and the idea became familiar to their auditors. Thereupon appeared *political economies* of the Greeks, Romans, Egyptians, and other peoples. They were descriptions of these countries from a political and economical point of view. At the beginning of the century, or thereabout, Adam Smith's doctrines extended into Germany, and men began to study economic *science*; the physiocrats,

* This is translated from an article in the *Journal des Economistes* by Maurice Block.

† We may mention, also, the lectures on "Cameristical Sciences," which had a similar effect, but indirectly.

moreover, had already made decided partisans. It was well received there, for science is universal; there is no French, German or English chemistry, physics or geometry; two and two are four on both sides of all natural or artificial frontiers. Now, political economy, having always tended toward free-trade doctrines, it soon had for adversaries those whose interests were protectionist, who, as is well known, envelop themselves in patriotic sentiment, and write upon their banner, "National Labor."

The formation of the *Zollverein*, throwing a certain fermentation into ideas and agitating interests, revived the struggle, and found in Frederic List a distinguished champion of protection. It had then its theory based on the special meaning of the words *National economy*—economy of a determinate nation, system adapted to it; but in spite of Frederic List's talent, his doctrines did no sensible damage to economic science, which retained its legitimate preponderance. Then came the socialistic movement, the result of a combination of several forces; some malevolent as envy, others benevolent as charity, a movement which degenerated soon to the point of becoming an instrument in the hands of demagogues and other ambitious men. Among the latter must be mentioned Lasalle and Karl Marx, who had an incontestable influence on the young generation of university professors. These theorists of socialism came at a propitious moment, at the moment a certain reaction was being produced against the rigidity with which some economists of Smith's school formulated their doctrines. These economists consulted only reason and wrote prose, while youth demands sentiment and poetry. Socialism furnished the sentimental element to the *Privatdocenten* of that time, who now occupy chairs as *Ordinarius*. Tó pass off an error it only has to be wrapped in sentiment; sometimes a little rhetoric of a sentimental tinge is enough, especially when the audience is inexperienced in life. The points I have thus rapidly sketched make one understand how the new school, called socialists of the chair, has a pronounced tendency to reduce as much as possible the domain of general science the domain of economic laws, to give the preference to the political economy of a determinate people. This last, far from laying down laws, confines itself to describing—with or without set phrases—the economic condition of a country; facts, and not laws, such is its way of justifying its pretensions to realism. Have they forgotten that a descriptive science is of an inferior order to the sciences that seek the relations of cause to effect? After these explanations I may resume the discussion of the text of the *Handbuch*.

It is recognized, indeed, page thirteen, that political economy is of itself a particular distinct science, while insisting upon this indisputable and undisputed fact; that man does not live by bread alone, as the Bible expresses it, which proves that the observation is an old one. No, certainly, political economy is not all there is in the life of a people, and just as an individual may say: "I give up such and such an advantageous affair, sacrificing my interest to sentiment," the public powers may and should consider and weigh comparatively economic arguments, and arguments drawn from other departments of human life. Here we have the author's enumeration of these divisions: 1, law; 2, art; 3, science and intellectual culture; 4, domestic life; 5, life and manners (free relations of men to one another); 6, religious life; 7, political life; 8, economic life. This is put last, though recognized as the basis of all; life is not possible without it, for . . . one must have something to live on. The enumeration, however, seems to have been made at the mere fancy of the pen.

Economic *science* has surely been in question thus far, though use has been made of the word *Volkswirthschaft* (economy of the people); now, page fourteen, with this same word, we are going to run off the track, for the author goes on to tell us that this economy is always the product of three factors: 1, the territory; 2, the occupations or industry of each and all; 3, the legislation and administration. Here we glide into the more narrow and very different acceptation of the word, for general principles are no longer under consideration, but the description of a country. No. 4, which begins paragraph thirteen, is here particularly important. I will try to translate the first part:

4. "The political economy (*Volkswirthschaft*) of each nation is a special situation resulting from its history, and which, so far as one may speak here of 'laws,' is subject to the so-called historical laws, that is to say, to the laws that rule over the human mind and its manifestations in history."*

That every nation at any given period is the result of its history is a truism expressed with too great solemnity; everything has "become" (*geworden*), but that does not prevent man from being subject to the laws of nature, to the necessity of eating, begging pardon for the vulgar expression—but one must always speak plainly to deaf people—yes, man must eat, consequently he has to work, and that, too, under all governments, historic and prehistoric, and if the fact of having wants has persisted, it must have ever been necessary to satisfy them, while it matters little whether silver plate has always been used. It is the silver plate, and not the food, that is the "category of history," the accidental thing, the thing that has "become." In a word, history and the nature of things are not in opposition to one another.

* *D. h. den fur den Menschengeist und seine Erscheinungen in der Geschichte allgemein geltenden Gesetzen unterworfener Zustand*, says the text. After having put forth this proposition, to wish to dispute economic laws shows a prejudice more laughable than culpable.

The author has foreseen that the question of economic natural laws would be discussed,* and on this point, consequently, has entered into more details than I can reproduce. He has, indeed, split the hair, he has granted the economic law and rejected the natural law. This is progress, for ten years ago the economic law even was not recognized. What characterizes natural laws, says the author, is their permanent action (for example, weight); but these laws are not of an economic order. Economic laws are not permanent, they are merely rules that may change.† Certainly there are rules that may be modified, but when it is admitted with the author that man is in nature, that he is subject to its laws, the influence of permanent laws is granted. But no, he answers, these laws are not economic, for man has free will; he may "reasonably or foolishly" refuse to submit. I reply:

1. The needs of man are permanent, the Troglodytes had to eat, and we have to eat; now, as admitted by all, including yourself, economics is the science of satisfying needs by labor, and the more complicated society is, the more complicated this science is, but the differences it offers are of quantity and not of quality.‡

2. Free will is an article of faith; I believe in it, for my part, and even think humanity would fall back into barbarism should it not be believed in. If it is not a truth, it is one of those fictions which must be admitted, like that assuming all men to know the law. In truth, we cannot know about free will. It is surely not absolute; there are intellectual and moral limits and physical limits in us. Is your intellect free to admit of the following conclusion:

All men are mortal;
Peter is a man:
Therefore, Peter *is not* mortal . . . ?

I defy you to accept it. With regard to the moral faculties, you know what a passion is; does it not restrain, if it does not completely annul, free will? Among physical obstructions I will mention only intoxication. You know well that I should have other arguments, without alluding to hereditary qualities and vices, that I might cite two brothers receiving the same education, but differ-

* It is perhaps well to inform the reader that this question of the natural laws has an immense bearing, since some of the most important practical consequences result from it.

† The economic laws of a rudimentary society and those of a very advanced society are of the same nature. What Thucydides said of the port of Corinth applies as well to a modern port; steam merely gives more intensity to these laws. A cannon-shot is not of a different nature from a pistol-shot, it is only more powerful.

‡ Eating, I have been told, is a physiological and not an economic law. No doubt of it, but we are not considering here the movement of the jaws. We have to consider the efforts of all kinds necessary to earn a living, to get enough to eat. This effort is subject to economic laws, always the same, because man always seeks to derive the greatest possible results from his labor, whether he is equipped with a stone hatchet or a steam hammer.

ently endowed by nature, who would take courses of action quite opposite, once they became of age. Let us then believe in free will, but not search into it too deeply, for we should then clearly see it is not absolute.

Personal interest is a permanent sentiment; it flows from the existence of our needs, from the existence of things that are agreeable to us, and of others that are painful to us. Can you build up a system on exceptional cases, on man without personal interest or sensations? or on man, if there is such a man, who knowingly pays dearly for a common object and sells a rare object cheaply? They answer, yes. It is enough that personal interest is not equally strong in all men to make it no longer a law. In this case I should be compelled to say *there is no man*, for no two men can be found just alike, or that there is no weight, for the glass put inside a hoop and made to turn rapidly does not fall, or to insist upon some other similar feats. But of what use is it to continue? The new school cannot admit natural laws, for they would trouble its adherents in their efforts to lead humanity to perfection; their pretension goes no further.

The author passes in review the different ages of humanity, beginning with prehistoric times, and characterizing successively the hunting and fishing peoples, the shepherds or nomads, the agricultural peoples, the industrial and commercial peoples, the peoples carrying on great industries: this part presents nothing new. The following classification is less known in France, but as it is important to the new school, whose interest it is to insist on evolution in economic society, I will analyze its principal paragraphs. With regard to exchange, nations have passed through three stages: 1, barter; 2, sales for cash; 3, credit. What I have rendered *barter* is the period of *Naturalwirthschaft*, literally—economy based upon natural products. There are not yet cities, nor money, or, it is almost so; every one produces what he needs, and if there is any exchange, natural products are bartered for other products. Sales for cash, in German *Geldwirthschaft*, economy based upon money, are established with the creation of cities, the division of labor, and the circulation of money. Finally, the third stage, the *Creditwirthschaft*, economy based upon credit, is a system according to the author, that has only existed in the nineteenth century.

The German school bases far too many considerations on this classification contrary to history, but which it accepts as true. Things did not occur as it represents. Exchange for a common measure of value existed before money was coined; there was exchange for cattle (*pecunia*) or other objects (salt, cowry, etc.) and soon for a weight of metal; then credit existed in Egypt, Athens, Rome, and elsewhere, and in this nineteenth century there are in Europe still families which have so few wants that they feed and clothe themselves with products of their own raising. These same learned men speak of mercantile matters as if Law had never lived, not to mention the Hanse and the Italian republics of the middle ages. They are making up science with tendencies.

Now we come to the burning questions; the author characterizes the modern *Volkswirthschaft*, and this time not the situation of a country is in question, but the larger acceptation of the word, that is, economic science. It is a summary of the theory of the socialists of the chair that I shall have to analyze.

The first paragraph shows the general character of modern political economy. It has come to a height never before attained, for modern peoples have great industries and credit. Nevertheless, there has not been any epoch of economic history, when questions of reform have been so numerous, or when there have been such great and difficult economic problems to be solved as in our days. It may be thought, says the author, that there is a contradiction in recognizing the grandeur of the progress realized in the economic domain and in maintaining the necessity of introducing reforms, that is, of giving satisfaction to the legitimate claims and interests of a part of the population, of improving legislation and administration, of doing away with the abuses of which certain individuals have been guilty.

The apparent contradiction is easily resolved, according to the author, if the causes making reforms necessary be considered. They consist principally of what follows:

1. The complete transformation of the economic organism produced by the progress of the sciences, by the numerous discoveries and inventions, by the modifications of the political system, and by the greater liberty granted to productive forces. If the transformation constitutes an evident progress, the necessity results, however, of establishing new laws, new institutions, new principles for legislation and administration, as well as for the conduct of individuals and of civil society. Thus arose many arduous problems which are awaiting solution. It is a simple assertion. Just as soon as these innovations were introduced and the new wants became evident, the legislator provided for them without waiting for the advice of the "cathedra socialists."

2. The new relations of production and distribution, the changes effected in domestic and international movements have had some unpleasant results. Economic liberty, the development of great production, the influence of railroads and steamboats upon competition and markets, were accompanied with economic dangers previously unknown, and which must be guarded against. It would be best to suppress the steam-engine, railroads, the telegraph, electricity, etc. Or, perhaps these gentlemen might find a way of producing roses without thorns, and even medals without a reverse.

3. To these circumstances may be added the new economic science, which, by the systematic study of its department, made known the possibility of introducing many improvements into economic life, so as to better accomplish its task. The socialists of the chair are boasting; they have found nothing at all; besides, they have no right to use the word *science*, for they treat political economy as an art. All the modern economic improvements were enunciated or introduced, before they revealed themselves by the theatrical affair of Eisenach ten years ago.

4. A more important cause giving rise to problems is, that in social matters more elevated tasks have been set. Every social problem is a task set before the State and civil society for the improvement of a situation little satisfactory of this society. Evils are in question such as cannot be abolished by those suffering from them without assistance. The existence of these evils proves in any case that the social situation is not what it should be or what might be desired. "But they (these evils) only arise, because this situation is not in agreement with a social ideal, which is set up (*sic*, it is not said who sets it up: *welches aufgestellt wird*), and because the conviction has been universally (?) arrived at that *the state and society have the possibility and the duty of resolving this contradiction between the ideal and the reality*" (p. 41). . . . This number four goes on for three-quarters of a page, repeating several times that the situation has improved, but that a more elevated ideal has been set up, and people are unhappy because it cannot be attained by their own forces. The child cries because it cannot unhook the moon. Indeed, Mr. Schönberg is charmingly ingenious. And what do you think of this "realist" who wishes to make the State run after an ideal, his own ideal, of course?

Let us pass on. After thus sketching the general character of modern political economy (we must not forget this means socialism of the chair), the author informs us that this doctrine rests upon three fundamental bases, which are: 1, economic liberty; 2, the new relation to ethics; 3, the relation of the State to *Volkswirthschaft* in the two acceptations, that is, the greater and the lesser economics.

I. *Economic liberty.*—Absolute liberty is not in question here, as it nowhere exists; but liberty limited by morality, as it exists in most civilized States. Thus understood, says the author, liberty presents itself under five different forms: 1, liberty of labor, with reference to the person, to industry, locality, and contracts; 2, liberty of landed property, that is, liberty to dispose of it gratuitously or under hard terms, and liberty to use it (to cultivate or modify it) as may be desired; 3, liberty of capital (especially with regard to credit); 4, liberty of enterprise (for industry and commerce);

5, liberty of market (for supply and demand, domestic and foreign commerce, competition). This liberty may be more or less great, but the greater it is the more it produces certain effects, and the author mentions the principal of them according to the economists. But he thinks this list is incomplete, that it considers only the good effects of liberty without mentioning the bad ones. Then he undertakes to enumerate both. I recapitulate his two lists.

The good effects of liberty are:

1. Production will take place under the best possible economic conditions, expenses will be reduced, and the quality of the products improved under the stimulus of competition.

2. The processes of manufacture will progress, inventions will multiply, new products will be devised, etc.

3. The masters (manufacturers) are strongly urged by their interest in obtaining a high net profit, not to let themselves be beaten by their competitors. The struggle for existence will be more severe. (Is this last phrase quite in its place here? See below.)

4. The consumer is benefited; he receives the best merchandize at the lowest price and in the most convenient manner possible.

5. The feeling of justice is satisfied. Modern law demands equality for all. Liberty permits, moreover, each and every one to choose and follow his own way in all directions, to develop his faculties, to work and accumulate a capital by saving.

6. Finally, liberty allows of the creation of new enterprises, and of thus satisfying both individual tendencies and general needs.

I pass now to the bad effects of the liberal system, limiting myself, as before, to reproducing the author's idea disengaged from the verbose developments which he seems rather to abuse. Among the bad effects must be distinguished those that may accompany every system more or less liberal and where competition is admitted, and those that only apply to a system of exaggerated individual liberty.

A. Case of moderate liberty:

1. It is to be feared that the great industries may develop too much. There are industries that can only be operated on a large scale; these are not in question here; the consideration is only of the competition between great and small industries, and of the destruction of the latter. (I propose to revert to this question in another article, when I shall have occasion to show how many errors are current concerning small industries.) Great industries threaten the workmen with certain evils or dangers.

2. For some small or moderate industries liberty is therefore a menace. This danger must not be exaggerated, however (the author adds with reason), but to a certain extent it is very real. (But is it an evil?)

3. The consumer suffers also from liberty, for liberty of production is also liberty of falsification or adulteration, liberty of deception. The consumer must examine for himself the merchandize offered him, and often he is not equal to judging it, etc. (Deception is punished, therefore it is not free. Then, the inspected industries may also deceive; the proof is that the wine merchants do not always sell the pure juice of the grape.)

4. Liberty allows of the creation of suspicious enterprises, of establishments with a head wanting in capacity, capital, honesty, creations that may cause material losses, and injure the industrial reputation of a country. (These things were seen at the time when the joint-stock companies required an authorization.)

5. In the struggles of liberty the position of the master is more difficult, but the laborer may suffer from them also, either from the effect of crises, from the introduction of machines, or from the substitution of women and children for men.

B. Case where the liberty is exaggerated.

1. The rights or interests of the laborers may be injured, for example, by too long hours of work, by the employment of too young children, by abuses in furnishing commodities (truck-system).

2. The rights or interests of the masters may be injured by the absence of a law of patents, trade-marks, etc.

3. Stock companies may occasion injurious effects, constitute a dangerous monopoly. (The author has not developed his views on this point.)

4. A whole series of immoral things is formed in the *Volkswirthschaft* (this word is used this time in the narrow sense). It is the result of bad passions. Let us translate: "Liberty unchains also the harmful forces of human nature. If no restraint is put upon it, selfishness, want of conscience, immorality, cheating on a large scale prevail, and there results the danger of the unjust (*sic*) working of the weak by the strong, of honest and conscientious people by dishonest, cunning, conscienceless people." . . . And the declamation goes on, until it is said that liberty produces hate between different classes. (This is the language of country squires and socialists, whose willing echo the author becomes.) Suppose some jester should ask Mr. Schönberg, whether his liberty is with or without restraint. I think it is unrestrained, for if he had been obliged to keep within the limits of truth, he would have known there is no need of enjoying a liberty without legal restraint (does it exist anywhere?) in order to commit all sorts of bad actions, all possible crimes and offences. Whosoever is predisposed by nature and education to cheat, will cheat under all governments, and it is merely the manner of the cheating that will change. History, shows this on every page. Under the reign of liberty cheating is a little less hidden, and can be better guarded against.

5. The danger arises of an unfavorable distribution of fortunes and "the destruction of the hierarchy of the social classes"* (p. 46). Absolute liberty, by favoring the permanent liberty of the weak by the strong, and, in general, the preponderance of the least conscientious social elements, contributes to accumulate wealth in a small number of hands, to destroy the middle classes and to bring the millionaires and the beggars face to face, etc. The learned professor is humbly requested to tell us kindly whether he has ever heard of the corporations of arts and manufacturers called in Germany *Zünfte*. In this system there was a total absence of liberty; now, it was just there that the weak was oppressed by the strong, I say oppressed, for often the journeyman *could* not become a master, the regulations preventing it; the journeyman, if he did not succeed in marrying his master's daughter, remained a journeyman all his life. To-day the law forbids no one to "*erwerben*," earn his living and more, too. So far as concerns the opposition of the very rich and the very poor, this is pure fancy, and lugubrious fancy of the Karl Marx kind, certain scholars across the Rhine taking him willingly for their guide.

The author recognizes, however, that these inconveniences do not prevent production from attaining its maximum; only "the legitimate interests of men, the reason for the existence of political economy and of the State" are not protected. Consequently, says the author, in order to establish the true measure (the correct rational measure) of individual liberty, the following principles should prevail:

1. Liberty is certainly, for an industrial nation, one of the most powerful means of carrying production to its highest degree.

2. But even from this point of view it is not of a general, absolute effect, that is, applicable to all enterprises. There are some enterprises for which liberty is not "a means of arriving at a better state, but at a state not so good, such are: banks of issue, railroads, apothecaries, liquor saloons, intelligence offices, theaters, insurance companies, etc.

There is here confusion in the author's mind, the economic element and the moral element are mixed in an "unscientific" fashion. Does liberty prevent a bank, saloon, theater from doing a good business? Must liberty be restrained for these establishments to make more money, or is the question rather about morality? Must they be watched over to prevent their giving rise to scandal? This is what the author has not clearly said.

3. Even in cases where liberty is the best stimulant of production, it is not yet the sole fundamental principle of public law. The legislator has not only to consider the interests of production

* This means the suppression of the middle classes, intermediate between the rich and the poor.

and of the producers, but also the good distribution of morality, of family life, etc. He must put in the scales, over against the interest of the individual, the interest of a whole social class, and if it be found that the consequences of liberty are more injurious than abundance of production is useful, liberty must be limited. (Parenthetically, who is the "legislator"? Is it the extreme right or the extreme left? It is well known that these two "legislators" are not of the same opinion. The center, furthermore, differs from both. The "legislator," therefore, is not infallible; he is not yet, therefore, the best of solutions, even in the best possible of socialist worlds.)

4. Liberty cannot, therefore, be absolute, it must be moral, consequently limited, The author develops this idea, but the development seems superfluous to me; no government will grant liberty of theft, fraud, murder, and everything else. We are all in favor of "order and liberty."*

BRITISH STEAMSHIPS.

The London *Economist* says correctly that the British Merchant Marine "represents, undoubtedly, one of the greatest industries of the country." The capital invested in it has been estimated at from ten to twelve hundred million dollars. Until a few months ago no British property was paying better, and it had been steadily prosperous while steamships have been taking the place of sailing vessels in the world's commerce. As early as last summer, however, the symptoms were unmistakable that the business was being overdone, and that the builders on the Clyde were turning out too many steamships.

The *Economist*, of November 10, last, said:

Extensive competition, diminished intercourse abroad, and consequent low freights have told upon the profits of our shipowners to an extent which, in some directions, is described as serious. In fact, upon certain routes, profits may be said to have disappeared altogether. The numbers of ships offered for sale, both new and second-hand, are excessive.

It states, what might be expected under such circumstances, that the price of steamships has fallen, and "more especially those of large size, with which the market has been flooded."

* Liberty is not infallible, without doubt, but the less you molest it, outside of what is necessary to prevent men from injuring one another, the better it will be. It is not merely because liberty is a right, and restraint an *evil*, with no other excuse than that of being often necessary, but because also that—outside of this restraint—what you add in restriction is bold and hazardous. Yes, bold! Do you forget that society is the most complicated mechanism in existence? That every step has as many and more effects, that patent results only are seen, that there are always unexpected consequences? And hazardous; for these hidden effects are generally injurious and infinitely prolonged. Is there not a certain conceit in posing as a universal reformer?

A table which it prints of the market prices of the shares in the leading steamship companies shows a fall within two years in all of them, and in some cases a heavy fall, the only exception being that of the Peninsular and Oriental.

The building of steamships on the Clyde not only does not yet show any falling off, but was actually greater during the first ten months of 1883 than during the corresponding months of any preceding year. The shipyards are said, however, to have been working principally upon old orders, and to be receiving very few new ones. It is also stated that something like a third of the building on the Clyde is for foreign and colonial account, but more new steamships are none the less new competitors with the existing British steamships, because they may be built for, and run by, British colonies and foreign nations.

England will feel sensibly the diminution of income of its shipping property, and when later on the building of new ships falls off, as it inevitably must, it will feel sensibly the resulting decline in the demand for iron and steel for shipbuilding purposes, which has seemed during the last two years to be the only thing which has saved the British iron industry from an almost complete catastrophe.

But, however much the profits of the general carrying trade of the world may decline, there is no present prospect that the English can be ousted from the decisive leadership in it which they now possess. In cheapness of the principal raw material now employed, and in abundance of capital they have no equals. If it becomes necessary to hold their position, their labor must and will accept lower wages, and their capital must and will accept a less rate of profit. In a competition with them in that field, under existing circumstances, there is nothing inviting to any country, and least of all to this country, the internal development of which will for long years offer a much more profitable occupation for all its labor and all its capital. Mankind in general, and this country in particular, are gainers, and not losers, by the fact that their ocean freighting is done at the present low rates by the British marine. Nobody need pay any attention to the lamentations over the disappearance of the American flag from distant seas. The greatness, power and prosperity of America do not depend in any degree upon a display of its flag to outside nations, either civilized or barbarous. The simplicity is infantile which believes that foreigners estimate the United States by the number of times they see its vessels in their ports. It is by quite other scales than those that American power is weighed by mankind. We can patiently await the time when an increased abundance of capital, further progress in the development of our home resources, and other changes of circumstances, shall make it expedient, and profitable and practicable, to re-acquire the position in the world's carrying trade which we held when ships were built of wood and moved by sails. In the meantime, it will be sufficient to maintain ship-building as one of the practical arts of the country, by a firm adherence to the old and wise policies of excluding foreign flags from our coasting trade, and of confining the privileges of our American register to American-built ships.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

In addition to the extracts that appeared in our last issue from the report of Comptroller Knox, we make the following:

DISTRIBUTION OF COIN AND PAPER CURRENCY.

In previous reports tables have been given showing the amount of coin and currency in the country and its distribution in the Treasury, in the banks, and among the people, on January 1, 1879, the date of the resumption of specie payments, and on November 1 of that and each succeeding year. These tables have been thoroughly revised, and are again presented, the amounts on November 1, 1879, being omitted, while those on November 1, 1883, are added.

The amounts of gold and silver in the country available for circulation are based upon the estimates of the Director of the Mint for January 1, 1879, and November 1, 1879. The amounts of gold for the succeeding dates have been obtained by adding the gold production of the country, less the amounts used in the arts, from estimates of the same officer, adding the excess of gold importations during the year, or deducting the excess of gold exportations for the same period, according to the reports of the Bureau of Statistics. The amounts of silver are obtained by adding for each year the amount of silver dollars and fractional coinage, less amounts recoined. For the year 1883 the silver bullion purchased by the Government for coinage and on hand on November 1 is included.

From November 1, 1882, to November 1, 1883, the production of gold by the mines of the United States is estimated to have been $32,000,000. During the same period the amount of gold—foreign and domestic gold coin and bullion—imported in excess of the amount exported has been $13,613,992, making an increase in the stock of gold in the country of $45,613,992. From this amount must be deducted the amount used in the arts during the same period ($11,000,000) leaving $34,613,992 as the increase in the stock of gold coin and bullion in the country.

The total excess of imports of gold over exports of the same from the date of resumption to November 1, 1883, has been $186,195,510, and the total estimated gold product of the mines of the United States for the same period has been about $167,600,000. The total amount of silver coined during the year has been, after deducting the recoinage, $29,021,143, of which $28,391,069 were standard silver dollars. The total amount of the latter coined since the passage of the act of February 28, 1878, authorizing that coinage up to November 1, 1883, has been $156,720,949.

The following table, based upon the estimates and figures given above, shows the amount of coin and currency in the country on January 1, 1879, and on November 1 of the years named:

	Jan. 1, 1879.	*Nov.* 1, 1880.	*Nov.* 1, 1881.	*Nov.* 1, 1882.	*Nov.* 1, 1883.
	$	$	$	$	$
Gold coin & bul'n.	278,310,126	449,327,404	550,922,398	547,356,262	581,976,254
Silver coin........	106,573,803	153,653,630	181,476,144	208,744,424	242,701,932
Legal-tend. notes.	346,681,016	336,681,016	346,681,016	346,681,016	346,681,016
Nat'l-bank notes..	323,791,674	343,834,107	360,344,250	362,727,747	352,013,787
Totals........	1,055,356,619	1,293,496,157	1,439,423,808	1,465,509,449	1,523,366,989

There has been no change in the aggregate of legal-tender notes outstanding, which still remains as fixed by the Act of May 31, 1878. National-bank notes have decreased $10,713,960 during the year; the amounts of gold and silver have increased $34,613,992, and $33,957,508, respectively, making the total increase during the year in gold silver and currency, $57,857,540.

The table below gives the portion of the gold, silver and currency held by the United States Treasury and by the National and State banks. The amounts in the United States Treasury are for the corresponding dates with those in the preceding table. The amounts in the National banks are for the corresponding dates nearest thereto on which returns were made to the Comptroller, viz., January 1, 1879; October 1, 1880 and 1881; October 3, 1882, and October 2, 1883. The amounts in the State banks, trust companies and Savings banks have been compiled in this office from official reports for the nearest obtainable dates.

GOLD.	*Jan.* 1, 1879.	*Nov.* 1, 1880.	*Nov.* 1, 1881.	*Nov.* 1, 1882.	*Nov.* 1, 1883.
	$	$	$	$	$
In the Treasury, less certificates.........	112,703,342	133,679,349	167,781,909	148,435,473	157,353,760
In National banks, including certificates..	35,039,201	102,851,032	107,222,169	94,127,324	97,570,057
In State banks, including certificates..	10,937,812	17,102,130	19,901,491	17,892,500	18,255,300
Total gold........	158,680,355	253,632,511	294,905,569	260,455,297	273,179,117
SILVER.					
In the Treasury, standard silver dollars....	17,249,740	47,156,588	66,576,378	92,414,977	116,036,450
In the Treasury, bul'n.	9,121,417	6,185,000	3,424,575	4,012,503	4,936,365
In the Treasury, fractional coin..........	6,048,194	24,635,561	25,984,687	26,749,482	26,712,424
In National banks.....	6,460,557	6,495,477	7,112,567	8,234,739	10,247,926
Total silver.......	38,879,908	84,472,626	103,098,207	131,411,701	157,933,165
CURRENCY.					
In the Treasury, less certificates.........	44,425,655	18,221,826	22,774,830	26,224,248	30,996,217
In National banks, including certificates..	126,491,720	86,439,925	77,630,917	92,544,767	103,316,809
In State banks, including certificates..	25,944,485	25,828,794	27,391,317	27,086,482	28,259,069
In Savings banks.....	14,513,779	17,072,680	11,782,243	14,724,978	12,998,594
Total currency....	211,375,639	147,563,225	139,579,307	160,580,475	175,570,682
Grand totals......	408,935,902	485,668,362	537,583,083	552,447,473	606,682,964

If the aggregates of gold, silver and currency for the several dates in the above table be deducted from the amounts of the same items at corresponding dates in the table which precedes it, the remainders will be, approximately, the amounts in the hands of the people at corresponding dates.

	Jan. 1, 1879.	Nov. 1, 1880.	Nov. 1, 1881.	Nov. 1, 1882.	Nov. 1, 1883.
	$	$	$	$	$
Gold	119,629,771	195,694,893	256,016,829	286,900,965	308,791,137
Silver	67,693,895	69,181,004	78,377,937	77,332,723	84,768,767
Currency	459,097,051	542,951,898	567,445,959	548,828,288	523,124,121
Totals	646,420,717	807,827,795	901,840,725	913,061,976	916,684,025

The gold in the Treasury, including bullion in the process of coinage, has increased during the year $8,918,287, and in the banks $3,805,533. The paper currency in the Treasury has increased $4,771,969, and in the banks, $10,218,238. The increase of gold outside of the Treasury and the banks has been $21,890,172, and of silver coin $7,436,044, and the decrease of paper currency exclusive of silver certificates, $25,704,167. In the foregoing table the silver certificates issued by the Treasury have not been included, but the standard silver dollars held for their redemption on presentation form a portion of the silver coin in the Treasury. The silver certificates in the hands of the people and the banks, at the dates corresponding to those given in the tables, were as follows:

January 1, 1879	$413,360
November 1, 1880	19,780,240
November 1, 1881	58,838,770
November 1, 1882	65,620,450
November 1, 1883	85,334,381

It will be seen that the amount of these certificates in circulation has increased $19,713,931 during the year.

The gold certificates issued under section 12 of the act of July 12, 1882, outstanding in the hands of the people and banks on November 1, 1882, and November 1, 1883, not including the amount in the Treasury, were $6,962,280 and $48,869,940, respectively.

As before stated, the total amount of standard silver dollars coined up to November 1, 1883, was $156,720,949; of which, as shown in one of the foregoing tables, $116,036,450 was then in the Treasury, although an amount equal to $85,334,381 was represented by certificates in the hands of the people and the banks, leaving $30,702,069 then held by the Treasury. Of the $156,720,949 coined, $40,684,499 was therefore evidently outside of the Treasury, and $85,334,381 of the amount in the Treasury was represented by certificates in circulation. The remainder of the silver $85,980,983, consisted of subsidiary coin, trade dollars and bullion purchased for coinage, of which $31,648,789 was in the Treasury, and about $49,993,256 was in use with the people and the banks, in the place of the paper fractional currency for which it was substituted, as against $53,232,520 similarly employed November 1, 1882.

The increase of gold and silver coin and paper currency, exclusive of silver certificates outside of the Treasury and the banks since the date of resumption, is thus estimated to have been $270,263,338, and the increase during the year ending November 1, 1883, $3,622,049. To these sums the amounts of silver certificates in the hands of the people may be added. On November 1, 1883, the amount of these certificates held by the people and the banks was, as has been seen, $85,334,381; but the proportion of this amount in the hands of the people cannot be exactly determined.

AMOUNT OF INTEREST-BEARING FUNDED DEBT IN THE UNITED STATES, AND THE AMOUNT HELD BY NATIONAL BANKS.

The public debt reached its maximum on August 31, 1865, at which time it amounted to $2,845,907,626. More than 1275 millions of this debt were in temporary obligations of the Government, of which 830 millions bore interest at 7.30 per cent. per annum. The average rate of interest on 1725 millions of the debt at that date was 6.62 per cent. This large amount of temporary obligations was funded within the three years which followed the close of the war, chiefly into six-per-cent. bonds. The six-per-cent. bonds were gradually reduced during the year 1869 and the seven years following, by payment and refunding into five per cents. The six per cents., together with the five per cents., were subsequently rapidly replaced by four-and-one-half and four-per-cent. bonds, which were authorized to be issued by the act of July 14, 1870. In the year 1881 all of the unredeemed five and six-per-cent. bonds, amounting to $579,560,050, were continued payable at the pleasure of the Government, with interest at three and one-half per cent., by agreement with the holders. The act of July 12, 1882, authorized the refunding of the three and one-halfs into three per cents., and since its passage all of these bonds have been converted into three per cents, or called for payment. The last call was made on July 26 for $30,753,350, and the interest on these bonds ceased on November 1, last. The Secretary also, during the months of September, October and November, called for payment forty millions of the threes. The interest on the last call of ten millions is to cease on February 1.

The report for 1879 and subsequent reports contain tables exhibiting the classification of the unmatured interest-bearing bonded debt of the United States, and of the bonds held by the National banks for a series of years.

These tables are again presented, and exhibit the amount of the outstanding bonds of the Government, and the amount held by the banks on July and November 1, of the present year.

The following table exhibits the classification of the unmatured interest-bearing bonded debt of the United States* at the dates named.

Date.	*Six-Per-Cent. Bonds.*	*Five-Per-Cent. Bonds.*	*Four-and-a-Half-Per-Cent. Bonds.*	*Four-Per-Cent. Bonds.*	*Total.*
	$	$	$	$	$
Aug. 31, 1865	908,518,091	199,792,100	——	——	1,108,310,191
July 1, 1866	1,008,388,469	198,528,435	——	——	1,206,916,904
July 1, 1867	1,421,110,719	198,533,435	——	——	1,619,644,154
July 1, 1868	1,841,521,800	221,588,400	——	——	2,063,110,200
July 1, 1869	1,886,341,300	221,589,300	——	——	2,107,930,600
July 1, 1870	1,764,932,300	221,589,300	——	——	1,986,521,600
July 1, 1871	1,613,897,300	274,236,450	——	——	1,888,133,750
July 1, 1872	1,374,883,800	414,567,300	——	——	1,780,451,100
July 1, 1873	1,281,238,650	414,567,300	——	——	1,695,805,950
July 1, 1874	1,213,624,700	510,628,050	——	——	1,724,252,750
July 1, 1875	1,100,865,550	607,132,750	——	——	1,707,998,300
July 1, 1876	984,999,650	711,685,800	——	——	1,696,685,450
July 1, 1877	854,621,850	703,266,650	140,000,000	——	1,696,888,500
July 1, 1878	738,619,000	703,266,650	240,000,000	98,850,000	1,780,735,650
July 1, 1879	310,932,500	646,905,500	250,000,000	679,878,110	1,887,716,110
July 1, 1880	235,780,400	484,864,900	250,000,000	739,347,800	1,709,993,100
July 1, 1881	196,378,600	439,841,350	250,000,000	739,347,800	1,625,567,750
	Continued at 3½ per cent.	Continued at 3½ per ct.			
July 1, 1882	58,957,150	401,503,900	250,000,000	739,349,350	1,449,810,400
July 1, 1883	——	32,082,600 3 per cents. 304,204,350	250,000,000	737,942,200	1,324,229,150
Nov. 1, 1883	——	3 per cents. 305,529,000	250,000,000	737,946,550	1,273,475,450

* The navy pension fund, amounting to $14,000,000 in three per cents, the interest upon which is applied to the payment of naval pensions exclusively, and $14,970,500 of 3½ per cents, which had been called and ceased to bear interest after November 1, are not included in the table.

Date.	United States Bonds Held as Security for Circulation.					United States Bonds Held for Other Purposes at Nearest Date.	Grand Total.
	Six-Per-Cent. Bonds.	Five-Per-Cent. Bonds.	Four-and-a-Half-Per-Cent. Bonds.	Four-Per-Cent. Bonds.	Total.		
July 1, 1865	$170,382,500	$65,576,600	——	——	$235,959,100	$155,785,750	$391,744,850
July 1, 1866	241,083,500	86,226,850	——	——	327,310,350	121,152,950	448,463,300
July 1, 1867	251,430,400	89,177,100	——	——	340,607,500	84,002,650	424,610,150
July 1, 1868	250,726,950	90,768,950	——	——	341,495,900	80,922,500	422,418,400
July 1, 1869	255,190,350	87,661,250	——	——	342,851,600	55,102,000	397,953,600
July 1, 1870	247,355,350	94,923,200	——	——	342,278,550	43,980,600	386,259,150
July 1, 1871	220,497,750	139,387,800	——	——	359,885,550	39,450,800	399,336,350
July 1, 1872	173,251,450	207,189,250	——	——	380,440,700	31,868,200	412,308,900
July 1, 1873	160,923,500	229,487,050	——	——	390,410,550	25,724,400	416,134,150
July 1, 1874	154,370,700	236,800,500	——	——	391,171,200	25,347,100	416,518,300
July 1, 1875	136,955,100	239,359,400	——	——	376,314,500	26,900,200	403,214,700
July 1, 1876	109,313,450	232,081,300	——	——	341,394,750	45,170,300	386,565,050
July 1, 1877	87,690,300	206,651,050	$44,372,250	——	338,713,600	47,315,050	386,028,650
July 1, 1878	82,421,200	199,514,550	48,448,650	$19,162,000	349,546,400	68,850,900	418,397,300
July 1, 1879	56,042,800	144,616,300	35,056,550	118,538,950	354,254,600	76,603,520	430,858,120
July 1, 1880	58,056,150	139,758,650	37,760,950	126,076,300	361,652,050	42,831,300	404,483,350
July 1, 1881	61,901,800	172,348,350	32,600,500	93,637,700	360,488,400	63,849,950	424,338,350
	Continued at 3½ per cent.	Continued at 3½ per cent.					
July 1, 1882	25,142,600	202,487,650	32,752,650	97,429,800	357,812,700	43,122,550	400,935,250
July 1, 1883	385,700	7,402,800 3 per cents. 200,877,850	39,408,500	104,954,650	353,029,500	34,094,150	387,123,650
Nov. 1, 1883	——	3 per cents. 201,327,750	41,319,700	106,164,850	348,812,309	30,674,050	379,486,350

The operations of the Treasury Department for a series of years heve largely reduced the amount of interest receivable by the National banks on the bonds held by them. During the last year, the three-and-one-half per cents were reduced more than two hundred millions ($200,769,200), and during the present year ending November 1 more than forty millions ($40,606,950) have been called and have been chiefly replaced by three per cents.

Sixteen years ago the banks had on deposit as security for circulation 327 millions in United States bonds, of which amount 241 millions bore interest at six per cent., and 86 millions at five per cent., and on July 1, 1882, they held 227 millions of three-and-one-half per cent. bonds. These bonds have now entirely disappeared from the list of seeurities held by the National banks, with the exception of $632,000, which have been called. The average rate of interest now paid by the United States on the bonds deposited as security for circulating notes is about three-and-one-half per cent. upon their par value; but is equal to about 3.19 per cent. only of the current market value of the bonds. The banks now hold 41 millions of four-and-one-halfs; 106 millions of fours; and 201 millions of three per cents., which have been refunded from three-and-one-half per cents. This will be seen from the table on page 525, which exhibits the amount and classes of United States bonds owned by the banks, including those pledged as security for circulation and for public deposits on the first day of July in each year since 1865, and upon November 1 of the present year.

The banks also held $3,463,000 of Pacific Railroad six per cents. They also had $632,000 three and a-halfs, which ceased to bear interest on November 1.

More than one-half of the bonds now held by the National banks are three-per-cents. If the public debt continues to be paid as rapidly as it has been during the past year, all of these bonds will certainly be called within the next three years. Those of the lower numbers, which it is safe to estimate will not be called within the next two years, cannot be purchased for a premium of much less than two per cent., and at that price there will be a loss upon circulation based on this class of bonds if they are redeemed within three years. The profits on circulation based on other bonds held by National banks are merely nominal.

WOOLEN RAGS.

Woolen rags undergo manv peculiar metamorphoses; they are successively converted into mungo, shoddy and devil's dust, then reappear as ladies' superfine cloth, from which they degenerate into druggets, and are then used for the manufacture of flock paper. Finally the agriculturist uses them as a manure on account of the large amount of nitrogen they contain. The presence of nitrogen also makes them of value to the chemist, who boils them down with pearl ash, horns and hoofs of cattle, old iron, blood and clippings of leather, and produces the beautiful yellow and red salts known as the prussiates of potash. From these, again, the valuable pigment, Prussian blue, is made. Thus do old rags enter upon a fresh career, and it seems as if there was no limit to the means by which this waste product may be utilized. The gathering, sorting, cleansing and selling of old rags furnishes employment to thousands, and is the means of the disbursing of millions of dollars annually.

REPORT OF THE SECRETARY OF THE TREASURY.

Having received the report of the Secretary of the Treasury too late for insertion in the last number, we reproduce those portions relating to silver and gold certificates, the removal of the tax on bank circulation, the surplus in the Treasury, and the sinking fund.

SILVER AND GOLD CERTIFICATES.

Amount silver certificates outstanding November 1, 1883...	$99,579,141
Amount outstanding at same date in 1882................	73,607,710
There was held by the Treasury 1st November, 1882.....	7,987,260
And on the same date in 1883..........................	14,244,760

These figures show an increase of the silver certificates in the hands of the people of $19,713,931. Figures given above show a like increase of silver dollars of $4,136,321.

Yet it is apparent that any demand that is likely to arise for silver dollars, or for the silver certificates based upon them, may be readily met without further immediate coinage of the dollars or preparation of the certificates for issue. It is also apparent that to keep up an aimless purchase of silver bullion, at the rate of over $24,000,000 each year, is a needless use of public money and of the taxing power to supply them, incurring a needless loss of the interest on the sum thus expended, and the expense of the manipulation. Apart from any consideration of the policy underlying the coinage at all of the standard silver dollar, as now authorized, it would seem that an operation of the Treasury and its Mints, for which there is no immediate call, might be at least temporarily suspended.

Under the Act of Congress of 1882, gold certificates have been prepared and have been issued, as is shown in the following table:

Denominations.	*Ready for issue Nov. 1, 1882.*	*Issued up to Nov. 1, 1883.*	*Denominations.*	*Ready for issue Nov. 1, 1882.*	*Issued up to Nov. 1, 1883.*
20s.	$21,440,000	$12,960,000	5,000s.	$22,500,000	$10,000,000
50s.	16,800,000	10,200,000	10,000s.	85,000,000	30,000,000
100s.	16,000,000	9,700,000			
500s.	14,000,000	9,250,000	Total..	$195,740,000	$96,110,000
1,000s.	20,000,000	14,000,000			

THE TAX ON CIRCULATION.

The privilege of furnishing a circulation has been, in the past, a profit to the banks; it has been and is an expense to the Government to supervise the issue of it, and generally to take care of the National-bank system. That privilege, like any franchise accorded by the Government, when of value to the especial recipient, is a legitimate and preferable subject of taxation. The prime object of the taxation, in the beginning, was to obtain a recompense to the Government for its expenditure in behalf of the banks. It was laid upon this franchise because of the relation between the privilege and the Governmental expenditure. It was made larger than enough for that particular purpose, because then the Government was in quest of subjects for taxation, and the franchise of banking, and especially this one, was of value and profit. But times have changed. The workings of the system and the relations of it to the business of the country have changed with them. It is now desirable for the community that the privilege should be continued and exercised. It is no longer, under existing laws, so profitable to the banks as that they all, or any, greatly wish to exercise it. Let us see, therefore, whether the Government can take off this tax and keep itself recompensed. The tax yields annually about $3,000,000. The expense of carrying on the Bureau of the Comptroller of the Currency was last year $102,-397.08. All other expenses, such as printing and furnishing notes, and the like, were $141,363.90; of which $54,600 were for plates, which is to be re-imbursed by the banks. The net expense to the Government was $189,160.98. The gain to the Government from the loss of notes (as stated above) is, at a low estimate, $4,000,000 for every period of twenty years, or $200,000 per year, Then the tax may be taken off entirely, and the Government not be a loser. It may be taken off in part and the Government receive more by reason of this circulation than it expends to keep it in existence. I am aware that this is a reduction of taxation in favor of organized capital; what is taken off here must sooner or later be, in some degree, taken in elsewhere for means to pay off the public debt. I do not favor the relief of capital to the burden of its competitors (if that phrase is allowable) or its helpers. Yet, if this tax is not taken off by law, and thus the circulation kept in existence, so expensive may it become to the banks to keep up their circulation, that they may cease altogether to do so, for to do so is not compulsory upon them, and in that case the tax ceases with the cessation of the circulation. So that the alternative is presented of striking off the tax, and thus obtaining a public accommodation, or of keeping the law for the tax upon the statute book without product therefrom, and losing the accommodation by the lack of a motive for furnishing it. In that view the tax will cease, not from favor, but as a means of reaching a desirable end. It is to be considered, too, that in the States this form of organized capital pays its share, sometimes more than its lawful share, of State and municipal taxation. Still I would not make this recommendation here, did I not, in another place herein, call attention to the need of a reduction of the taxation resting upon the community in general.

AN INCREASED RATIO OF CIRCULATION.

I further recommend that this department be authorized to allow to the banks circulation to the amount of ninety per cent. upon the average market value, for the twelve months prior to the deposit, of the United States bonds deposited on security. Thus, a bank would be enabled to obtain circulation upon the premium it paid for bonds, as well as upon the par value of them. Had United States bonds never risen above par, no one would have doubted but that a note circulation, based upon them at a ratio of ninety per cent., would have been amply secured. Why should any one doubt that the same ratio on their market value will be safe; the ratio of the circulation furnished to shift in amount to the side of safety as the market value swings to and fro? It is worthy, too, of consideration whether the original requirement of the National Bank Act of so large a deposit of $100 in bonds for $90 in circulating notes was not, at that time, an expedient for forcing the bonds afloat, as well as a provision for securing the Government and the billholder against loss. It is a ratio of security furnished for circulation, without precedent in banking systems, and in theory and experience beyond the needs of the case. Comprehending this, it startles less to think of furnishing the same ratio on the market value. For, after all, it is not a new departure, so much as an assimilation, somewhat, of our system to those accepted in the financial world. For greater caution there may be fixed a limit of value, above which the valuation of them for adjusting a ratio shall not go. A collateral advantage, not only to the banks but to the community, is, that an amount of banking assets laid away in the premium paid for bonds would thereby be released and brought into active use. It is understood, as was before stated, that in business circles United States bonds are taken as a good collateral up to ninety-five per cent. of their market value at the time. To be sure, there is the right reserved, in case of lowering fluctuation in market value, to demand an increase of security. There should be the same power given to this department, and the difference of five per cent. in the business and the Governmental margin will counterbalance the nimbleness of the individual creditor, greater than that of the public agent, in looking after change in market value and in calling for further security.

The statements above made show that there is little danger of ultimate loss to the Government or noteholder, upon a circulation based upon the interest-bearing bonds of the United States, though taken as security at a margin coming near to the current market value thereof.

Other details may be suggested if Congress shall determine to give relief to the bankers, and through them to the people, in this matter, in the method proposed herein.

THE TREASURY SURPLUS.

That there is likely to be a continuing surplus in the Treasury over the ordinary expenses of the Government, so long as the present revenue laws remain, is seen by those attentive to fiscal affairs. This has called out propositions for the disposal of surplus of public moneys; two of which may be noticed. One is, that the surplus be parceled out among the States of the Union. This, though it has been ingeniously argued, has not so approved itself to the common sense of the people as now to call for elaborate statement of reasons why it should not be adopted. The public sense is shrewd enough to see, that a debtor owing a large sum, upon interest which he must pay at short intervals, and some of the principal of which he may pay off whenever he pleases and thus save interest, would not be deemed a good manager of affairs, if he should give away, or loan on terms yielding no income and not likely to insure punctual repayment, the means which good luck or prudent conduct had put in his hands; and that it would be wiser for him, with the cash he had to extinguish so much as he could of the debt against him. And the United States has such means, and owes such debts. It owes over a billion and a-quarter of dollars, which is running upon interest. It has the option to pay over three hundred millions of the debt whenever it pleases. It must pay the interest on the principal unpaid, at short intervals. It is not good sense, nor is it common prudence to give away or loan its means instead of using them to pay the debts against it, while, because of its abundant prosperity, it is easy to do so. There is neither direct nor consequential benefit to that body politic, which is the United States, in the course that is proposed. A surplus is in hand. No way to use it so well, so directly and unerringly, as with it to pay off and take up that debt. It admits of no doubt that thus the people of the Union are well served, and their money so paid as to redound to their lasting advantage.

The ground upon which the proposition is based is, mainly, that of the good to be done to the people of the several States in the relief given to their financial straits and difficulties, whereby there may be more largely and effectually carried on within the States and by State Governments, enterprises purely domestic. This Department may not now make lengthy discussion of this topic in this feature of it. In the judgment of this Department it is not a legitimate function of the Federal Government to raise money by taxation to be donated to the States, or to thus use money already raised in that way. Nor is this uttered in ignorance or forgetfulness of what men of might in the affairs and councils of the Union have heretofore done and said on this subject. It is to be borne in mind that they spoke and acted upon an existing surplus not needed for any public use then sanctioned by law; not upon a prospective one to be avoided by legislation; and in view of the temptation which that idle money, incapable of lawful use under any existing law, held out for the broaching of new, and, in their judgment, unwarranted, perhaps improvident, Governmental enterprises.

It is perhaps enough for the present that the payable debt of the Union can take up all surplus now existing, or likely to arise for four years to come.

THE SINKING FUND.

In connection herewith, it is proper to call attention to the statutes providing for a sinking fund.

By the statutes re-enacted in sections 3694 and 3696 of United States Revised Statutes, it is provided that the coin paid for duties on imported goods shall be set apart as a special fund to be applied, first, to payment in coin of the interest on the bonds and notes of the United States; second, to the purchase or payment of one per cent. of the entire debt of the United States, to be made within each fiscal year, and, in addition thereto, an application to the payment of the public debt of an amount equal to the interest on all bonds belonging to the sinking fund, as the Secretary of the Treasury shall from time to time direct. This obligation to regard the coin received for duties on imported goods, as a pledge for the gradual extinction of the National debt has been observed by this Department, and an account kept of the amounts applied from year to year to the sinking fund, a detailed statement of which is submitted with this report.

It is assumed that this obligation entered into by the Government with its creditors, at a time when its bonds were regarded as of far less value in the markets of the world than at the present time, will be held sacred until the debt is extinguished. It is true that the debt has been paid much more rapidly than it would have been had only the amount of the sinking fund been applied to its payment, but the obligation still remains to set apart annually the amount required by law, to be applied to the extinguishment of the public debt. The payments from time to time of the amount thus required have varied somewhat, as the amount of the debt has unequally varied by a more or less rapid payment of it.

The estimate of the sinking fund for the current fiscal year is fixed at $45,816,741.47, and the amount required will increase from year to year at the rate of about $1,000,000 until 1891. It is estimated that an average of about $50,000,000 each year until then will be required for the sinking fund. This will vary according to the amount actually applied in payment beyond the need of the sinking fund.

I consider, therefore, that in legislating for the future, the revenues should not be so far reduced as to prevent the application each year of about $50,000,000 to the sinking fund. Upon the estimate of $85,000,000 as the surplus for the current year, we find a surplus for that period of nearly $40,000,000 not wanted for the regular expenditures of the Government, or for the payment of the National debt through the sinking fund.

So the question still presses, what legislation is necessary to relieve the people of unnecessary taxes? As elsewhere suggested, it should not be assumed that the surplus in the Treasury will be consumed by lavish expenditures for objects of doubtful expediency or legality, or that the scheme which has been proclaimed of exacting money from the people for the purpose of returning it to them by filtering distribution through State Governments, will find any favor with Congress or the people.

In the recommendations of the President and those of this Department, and the action of Congress, and in the expression of public opinion, there has been substantial concord as to how the needed reduction of the revenue should be brought about. It has been generally conceded that the internal revenue taxes, except those upon spirits, fermented liquors, and upon the circulation of banks, might well be abolished. There has been difference whether the tax upon tobacco should be abolished or modified. There were but few advocates of the immediate total abolition of taxes upon spirits or fermented liquors. My last report said that taxes upon spirits and tobacco, being upon things not needful, should be retained rather than those upon the common necessaries of life; which as a proposition, is not to be controverted. But it was conceded by all that a substantial reduction should be made upon nearly all imported articles subjected to duties.

FOREIGN COMMERCIAL BILLS ACT.—The new Commercial Bills Act, as finally adopted by the three Scandinavian States, closely resembles the German code. Drafts on Denmark, on Sweden and on Norway, coming to maturity either on a Sunday or a holiday, are payable the next day, and not on the day previous, as heretofore. Days of grace are abolished. The protest for non-payment must be taken up at latest the second day, provided it is not a holiday, after the expiration. The presentation for acceptance is not compulsory, except for a sight bill. If, in the latter case, no delay is stipulated on the bill itself, the delay is of six weeks for Europe, and of one year for the drafts drawn on countries beyond the seas. The bills must be accepted at latest within four and twenty hours. The bills payable at the "beginning," in the "middle" and at the "end" of the month, must be paid on the first, fifteenth and last day of the month. The day of presentation or acceptance must not be reckoned for the bills drawn at so many days' sight.

THE ANNUAL SUPPLY OF THE MONEY METALS AND ITS BEARING ON THE QUESTION OF THE MONETARY STANDARD.

In the discussion of the question of the proper metallic basis of money, little or no consideration has been given to the actual annual product, that may be relied on, of gold and silver of the mines of the earth, nor any comprehensive measure taken of the amount of gold that would be absolutely essential, were even only the chief commercial nations to adopt a single monetary gold standard. This vital omission we now propose to supply to some extent, beginning with a tabulation from the official reports of the Director of the Mint of the United States, of the gold product of the world, and of the coinage of the chief commercial States, for the six years ending thirty-first December, 1881:

	Product.	*Coinage.*	*Excess of coinage.*
1876	$113,500,000	$213,119,278	$99,619,278
1877	113,947,173	201,616,466	87,669,293
1878	119,092,786	188,386,611	69,293,825
1879	108,778,807	90,752,811	——
1880	106,436,786	149,645,236	43,208,450
1881	107,773,137	136,387,383	28,614,246
Totals	$669,528,689	$979,907,785	$328,405,092
Excess of product in 1879			28,025,996
Excess of gold coinage over product 1876-1881			$310,379,096

Accepting Mr. Burchard's extreme estimate of the product, nevertheless the coinage exceeded that product by $310,379,096. But Mr. Burchard's estimate is excessive, as may be seen by comparison with all other estimates. For example, Mr. B. F. Peixotto, United States Consul at Lyons, in a report made to the State Department, and based, as he says, upon the authority of Doctor Söetbeer and of the London *Economist*, for four of the six years embraced in the foregoing estimates from the Bureau of the Mint, estimates the gold product as understated:

1876	$111,442,850*
1877	108,036,300
1878	102,196,500
1879	94,896,750
1880	97,330,000
Total gold product 1876-80	$513,902,400

Although these figures fall below those of Mr. Burchard's by $47,853,152, our own investigations satisfy us that both estimates are materially in excess of the actual product. Now, in the Mint Bureau estimate the aggregate product for the period was distributed as follows:

The United States	$246,862,774
Australia	174,693,961
Russia	163,677,636
All other sources	84,294,318
Total	$669,528,689

* So eminent a statistician as Newmann Spallart makes the product of 1876 but $98,623,000.

This estimation of the product of the United States exceeds by $26,836,298 that of so highly reputed an expert as Mr. J. J. Valentine, of Wells, Fargo & Company, which aggregated $220,026,476 for the same six years—figures assuredly not below the actual product. Equally excessive this estimate is in connection with the product of Australia, as may be readily shown, for not exceeding $26,000,000 in 1876, and $25,250,000 in 1880, it actually aggregated not more than $146,500,000 for the entire period, being $28,000,000 less than the Mint Director's estimate.

With respect to Russia, we need only say that when California, with her great area and diversity of placer, drift and quartz mines worked by aid of improved means and appliances unknown in Russia, coupled with a benign climate and ready accessibility, has been credited generally during the last six or seven years with an average annual gold product of but about $17,000,000, it is altogether incredible that the Russian gold mines should have yielded on an average as much for the same period, annually, as $26,196,273. Especially unlikely is it that there should be any such a product in view of the hyperborean climate of these Russian gold fields which are covered with ice and snow so large a part of the year, and at other times drowned in water, while such mining as is done is with the rudest aids and appliances. Hence, no one is justified in accrediting Russia with a larger aggregate gold product for the period than $135,000,000, or at least $28,500,000 less than the sum at which Mr. Burchard has placed that product. Therefore, fully $83,000,000 may be safely deducted from those three chief sources of the world's annual gold supply. There are, however, other exaggerations in the same estimates of the product of certain European, South American and African gold mines, which, after adding some omissions, should make the sum of $575,000,000 cover every ounce of gold added to the world's stock of that money metal between the first of January, 1876, and the end of December, 1881, or $404,000,000 less than the officially reported coinage for the same period! Taking a mean between this, our confidently presented estimate, and that of Mr. Burchard's, and we should have a product of $622,270,000, which we shall accept for the purposes of this paper, as the new gold supply for the period, and less than the coinage by $357,637,785.

But coinage is not the sole absorbent of gold. Mr. Burchard has been at great pains to ascertain as closely as possible the amount of it consumed in the arts, including dentistry and the amount sent to Asia, with the result of placing the amount thus consumed in 1880 at $75,000,000. We may, therefore, safely place such consumption at an average annual sum of $62,500,000 for the period, and we have the following pregnant figures:

Gold consumed by the Mints 1876–81	$979,907,785
" " in the arts	374,092,215
Total consumption of gold 1876–81	$1,354,000,000
Production for same period	622,270,000
Excess of consumption over product	$731,730,000

As for the coinage, there can be no dispute or question as to our figures; and, we may add, that while our own coinage for the six years under notice exceeded the product of our mines, as reported by Mr. Burchard by $83,441,353, that of Russia fell short of the production by $66,837,892, and that of Australia as much as $62,279,262.

This immense excess of the consumption of gold over production, we have also to say, reaches back and embraces even the third quarter of this century, the product of which, according to Söetbeer, footed up the enormous sum of $3,725,747,600. Prodigious as is this sum it is exceeded by the coinage (1851-1875) of the twelve leading commercial States of the world by $683,890,000. But, besides the gold consumed for money purposes for the same twenty-five years, we have to add as much as $1,167,000,000, consumed in the industrial arts in wear and tear, and including $345,000,000 absorbed by Asia; consequently, the amount of gold consumed during the thirty-one years ending with thirty-first December, 1881, over and above that won from mines for the same period, has absolutely aggregated at least $2,582,620,000. In the face of such facts, who can say with candor that there has not been materially less gold supplied to man than could have been used with great commercial and industrial benefits to humanity?

Now, let us see how, meantime, it has been with the other money metal—silver. According to Mr. Burchard the production and coinage have been as follows:

	Product.	*Coinage.*	*Excess of coinage.*
1876	$81,850,000	$126,577,164	$44,727,164
1877	81,040,665	114,359,332	33,318,667
1878	94,882,177	161,191,913	66,309,736
1879	96,172,628	104,888,313	8,715,685
1880	94,581,060	109,160,900	14,579,840
1881	97,659,460	103,725,524	6,066,064
Total	$546,185,990	$719,903,146	$173,717,156

As we have been the largest producer of gold, so, also, for the last twenty years, we have been the largest contributor to the world's stock of silver, or forty-four and a-quarter per cent. of the whole silver output of the world for the six years ended December 31, 1881. It is noteworthy that, according to Mr. Burchard, the silver and gold product should be so nearly the same sum, as follows:

Gold	$246,862,774
Silver	246,870,100
Total gold and silver product of the U. S. 1876-81	$493,732,874

Mr. Valentine makes our silver product for the same six years $240,440,695, or $6,429,411 less than the Mint Director does. According to the latter, the average annual silver output of our mines has been $41,145,017; according to Valentine, $40,073,465; while a writer in the London *Economist* has made it average but $38,820,710 for the five years ending with 1880. To swell the silver product to $546,155,990, as estimated by Burchard, he credited Mexico ($156.560.000) and all Spanish America with $225,378,296, or a yearly average between 1876 and 1881 of $37,563,041. This is in excess of all other estimates for the period: as, for example, that of the writer in the London *Economist*, who placed the total Spanish-American silver product for the five years ending with 1880, at but $131,355,000, or $26,271,000 per annum. This, however, we regard as being as much too low a correct average as that of Mr. Burchard is too high, and we shall therefore take the mean, or, say $ 32,000,000, as having covered the average annual silver product of the Spanish Americas for the six years in question.

In the estimates of Mr. Burchard, Europe is also credited with a product of $ 60,874,000 between 1876–1881, or $ 10,174,800 yearly, which has the marks of exaggeration upon the face of it, and we may note that the same *Economist* writer already cited (page 690, July 4, 1881) placed the whole silver product of the earth, outside of the United States and all Spanish America, at but $ 48,650,000 (1876–80), or $ 9,730,000 annually. We shall, therefore, present the following estimate as covering the whole silver product of the earth for the six years:

United States	$ 240,500,000
Spanish America	197,500,000
All other sources	62,000,000
Total silver produce 1876–81	$ 500,000,000
Yearly average	$ 83,333,334

According to the generally received authority of Dr. Söetbeer, the product for the previous twenty-five years—or between 1851 and 1875—aggregated 31,003,825 kilograms, worth in our currency, say, $ 1,288,735,994. For the same period the coinage aggregated 42,098,-340 kilograms, valued at about $ 1,749,901,699, which exceeded the production by 11,094,575 kilograms, worth $ 461,165,705. In addition, according to Söetbeer, there was a consumption in the industrial arts between 1851 and 1875, inclusively, of 8,050,000 kilograms, together with a consumption from abrasion of 1,205,000, the two aggregating 9,255,000 kilograms, equivalent to $ 384,702,585. From data collected by Mint Director Burchard, it would appear that the consumption in the industrial arts, and from wear and tear, aggregated at least $ 35,000,000 in 1880, and the average annual consumption in this way, between 1876 and 1881, was fully $ 31,250,000, or aggregating the sum of $ 187,500,000 for the six years. Thus, it may be accepted as unquestionable that while the production of silver during 1851 and 1881 has aggregated at the most $ 1,800,000,-000, the coinage alone has amounted to $ 2,569,804,840, with an additional consumption from the industrial arts and abrasion of $ 572,-195,160, giving a total consumption of $ 3,142,000,000. Consequently the consumption of silver since the discovery of gold in California and Australia, has exceeded the production to the extent of $ 1,342.000,000. Recapitulating, we confidently assert that while the consumption of gold during the thirty-one years under consideration has exceeded the production to the enormous sum of $ 2,740,-000,000; in the like manner the consumption of silver has exceeded the output of the mines by no less than $ 1,342,000,000, of which as much as $ 770,000,000 was the excess of coinage over production. Consequently, for the same period, the consumption of the two money metals has exceeded the production by as much as $ 4,082,000,000.

As it may be asked, whence have been derived these immense sums of gold and silver for coinage and use in the arts in excess of the production, we answer summarily: The gold coinage of the United States and Australia has been constantly recoined largely by France and Germany, and, indeed, throughout Europe; while, on the other hand, the gold coinage of France, Germany and England has been recoined here into our double eagles and eagles. In this manner the same gold has been repeatedly coined over and over. Gold coins are also melted to a material extent and used in the arts, while gold thus used one year is subsequently re-used in the same way many times to an appreciable amount.

As for silver, French five-franc pieces, and Mexican and other Spanish-American dollars, that in the first place absorbed so much of the bullion product anterior to 1851, were recoined in British India between 1851 and 1875 to the amount of $707,363,286, while furnishing largely the industrial arts with silver. In fact, such has been the incessant stress and urgent pressure of the commercial world during the past thirty years for the money metals, as ought to be apparent from the foregoing figures, that nothing can possibly be graver than the question of the future subterranean supply both of gold and silver, neither of which, in the past half century, has been equal to the coinage. The gravity of the situation is all the greater in view of the fact that while the present yearly supply of gold from the mines is so materially smaller than it was fifteen years ago, the demand for the metal for industrial purposes has been annually increasing, until it is more than $75,000,000 per annum, leaving less and less every year for money purposes; thus, steadily and surely, as we fear, fast bringing the world back to as great a scarcity, comparatively, of the money metals that had so fearfully paralyzed all trade and industry throughout the world in 1848, when, happily for man, the placers of California were found.

In the face of this fact, that any one should advocate the disuse of silver for legal-tender money purposes, with the consequent contraction of the world's metallic monetary basis to one of gold exclusively, would seem incredible. On the contrary, it should incite England to open the London mint to the free coinage of silver on precisely the same footing as gold, without further delay.

THOMAS JORDAN.
W. M. BOUCHER.

THE COLLECTING OF COUNTRY BANK-CHECKS.

To the Editor of the Banker's Magazine:

There are two troubles with this department of the banking business: first, the *cost;* and, second, the *time* consumed. The cost, primarily, is the sum charged by the country bank for local exchange. To avoid this cost, more than to adjust the metropolitan exchanges, such checks are frequently sent from city to city for "credit at par," each bank sending in the expectation that its correspondent will forward the item direct to the place of ultimate payment and endure the cost itself, or, perhaps, by facilities of its own escape that cost. This method takes time, more time than many suppose. The writer had an item returned under protest nineteen days after it started for presentation toward a paying bank twenty hours distant. The risks of loss by such delays are enormous. Now, what remedies exist?

One writer says, "Let the city merchants discourage the practice of country merchants in sending their checks on interior banks by receiving them only at a discount." This was the way it was done in the "good old times," but will probably not be done so much in future, because of sharper competition in selling, and anxiety for prompt remittances on the part of the city merchant, and because also, of the convenient form of remittance, the saving of exchange, and the extension of time in favor of the country debtor.

The same writer says, also: "Let the city banks discourage the receipt of country checks by imposing a charge for collection." This, also, was the way in the old time, but will probably not be done so much in future, because of increasing competition among the city banks for mercantile deposit accounts, many of which are well worth all the accommodation that they receive in this direction.

The cost, therefore, will surely fall upon the city banks themselves. Now, the city banks shift the country checks around from city to city, each hoping to escape the final deduction for exchange. Meanwhile the country banks rest, calmly enjoying their deposits. The country banks frequently regulate their charges, only to meet the mild competition of the express company's collecting agency. The heavier the local exchange, and the longer that the checks can be kept out, wandering uneasily around to avoid that exchange, the more profitable is it to the country banks. It is idle to expect much assistance from them in the solution of the question.

What can the city banks do about it, except to pay the tax that the country banks impose, and to divide with their depositors, as they now do, the burdens that are too grievous to be borne alone? The actual probabilities are, that this practice of the country merchant and debtor is in its infancy, and will grow rather than decrease.

"Country clearing-houses" have been suggested, but the name does not shed much light on the subject. Mr. Patten, of Boston, proposes that the banks of that city "contract with some one of their number to take on the business." This would be better than to continue the present condition of affairs; but the plan is not likely to meet with favor, because of competition among the city banks for accounts of country banks, and the fact that all banks, other than the one selected, would enviously regard any "country deposits" obtained by that one.

However, most metropolitan banks have country customers who will pay checks on themselves to their metropolitan correspondent, without charge, in return for other points credited at par. A list of such customers, mutually distributed in metropolitan banks, would enable them to *assort* their country items, and *mutually exchange* them "for collection only." This plan would be a step in advance, and would save part of the cost and time. The objectionable feature intruding is, that the country customer might soon consider himself overloaded by the increased number of items coming through that channel, and refuse to continue the pleasant reciprocal relations. This result would certainly follow if the circulation of such lists would be "informing the holders of checks how to collect the same without paying a *fair* collection fee." No scheme will work that takes an unfair advantage of either side. The country banks cannot be forced, except by excessive competition in their own fields, to do such work without any compensation. The city banks are largely forced to this point already, but they must expect to render to the country banks a fair equivalent for all services performed.

Most country banks, also, have some metropolitan connection, towards which their funds gravitate by the natural movement of local exchanges. To obtain any collections from that point is an advantage to them, if by so doing they can avoid the expense and trouble of procuring "currency by express," as otherwise they might have frequent occasion to do. The country banks can (if they will) designate the channel through which they prefer their collections to arrive, and the city that contains the excess of their local exchange. If there is no such city, then the one toward which local exchange is usually the cheapest. The distribution of so much of this class of information as could be obtained in connection with the lists of "*par points direct*," previously suggested, would promote the assorting of country items by sections, and add to the advantages of the plan.

If, for example, the banks of New England would print on the margin or back of their checks something like this: "Collectable in two days through ——— Bank, Boston" (naming a correspondent), and in the Middle States, "Collectable in three days through ——— Bank, New York," and in the Northwest, "Collectable in four days through ——— Bank, Chicago," etc., etc., adding the words "*at par*" when circumstances permit, and avoiding those words when necessary, but still indicating the correspondent at the point of cheapest exchange, then a great saving would be effected. The direct gain to the country banks is not so immediately apparent, except in the expense of procuring currency from the larger cities by express, but indirectly they would benefit by enlarged business caused by increased mercantile facilities afforded to the communities in which they are located.

If it is easy to harmonize the interests of both city and country banks, under the present existing condition of things, any farther than is already suggested, the writer would now gladly see a plan pointed out by some shrewder thinker than himself, for the benefit of the banking fraternity at large. GEORGE VAN ZANDT.

Chicago, December, 1883.

ADVENTURES OF BANK NOTES.

The following incidents relating to bank notes are from a recent number of *All The Year Round*.

The executors of Sir Robert Burdett found no less than £270,000 worth of bank notes scattered here and there about his house, some slipped into bundles of old papers, some between the leaves of books, without a memorandum anywhere to apprise them of the existence of such valuables, much less of their whereabouts. A little better advised were the executors of the gentleman who left behind him a scrap of paper marked "Seven hundred pounds in Till," although they failed to interpret its meaning until they had disposed of all the dead man's belongings. Then one of them recollected that his library had contained a folio edition of Tillotson's Sermons, and wondered if "Till" had any reference to it. The books had been sold to a bookseller, who luckily had not found a customer for them, although he had sent them on approval to a gentleman at Cambridge, who had returned them as not answering his expectations. The executor bought the Tillotson back again, and going carefully through the volume, recovered notes to the amount of $2500.

The watchman of a factory at New Haven, America, afforded the administrators of his estate no clue whatever as to the hiding-place of the savings of which they believed him to have died possessed. Overhauling his clothes, preparatory to selling them by auction, one of them threw an old overcoat aside, when a dirty piece of cloth dropped out of one of the pockets. On examination this was found to be wrapped around a large cartridge shell, within which lay notes of $1800 value, which, but for a mere chance, might unexpectedly have enriched a purchaser of second-hand clothing,

Some sixty years since a Bank of England £5 note was paid into a Liverpool merchant's office in the ordinary course of business. On holding it up to the light to test its genuineness, the cashier saw some faint red marks upon it. Examining them closely, he traced some half-effaced words between the printed lines and upon the margin of the note, written apparently in blood. After a long and minute scrutiny, he made out the words: "If this note should fall into the hands of John Dean, of Longhill, near Carlisle, he will learn hereby that his brother is languishing a prisoner in Algiers." The merchant immediately communicated with Mr. Dean, and he lost no time in bringing the matter before the Government. Inquiries were set on foot, and the unfortunate man discovered and ransomed. He had been a slave to the Dey of Algiers for eleven years, when the message he had traced with a splinter of wood dipped in his own blood, reached the Liverpool counting-house. Liberty, however, came too late; the privations and hardships of the galleys had sapped his strength, and, although he was brought home to England, it was but to die.

USURY BY NATIONAL BANKS.

SUPREME COURT OF PENN.

Columbia National Bank v. *Bletz.*

There are no State banks of issue in this State entitled to receive more than six per cent. interest, consequently National banks cannot contract for or receive a higher rate than six per cent.

Where money is recoverable under a statute that makes no provision for interest none can be recovered.

Error to the Court of Common Pleas of Lancaster County.

This was an action of debt to recover the penalties imposed by the 30th section of the National Banking Law of June 30, 1864.

The plaintiff claimed that the discounts mentioned in the *narr.* amounted to $3,322.14, and asked for a verdict for double that sum, to wit, $6,644.28, and $2,790.59 for interest on the penalties claimed, the whole amounting to the sum of $9,434.87.

Opinion by STERRETT, J. It is very evident from an inspection of the several Acts of Assembly, which the court refused to receive in evidence, that they are not charters of banks of issue, and were therefore irrelevant. During the period covered by the transaction on which this suit is based, it may be safely affirmed that there was not a single bank of issue in this Commonwealth, authorized to charge interest at a greater rate than six per cent.

The same question was before us in *First National Bank of Clarion* v. *Gruber*, 10 Norris 377, and *Lebanon National Bank* v. *Karmany*, 2 Out. 65. It was there held that there are not and never have been any such banks in this State, and consequently National banks are forbidden by the Act of Congress to contract for or receive a higher rate of interest than six per cent. All the questions of any importance (with perhaps a single exception) that are presented by the record in this case, are so fully discussed and disposed of, in the cases referred to, that it is only necessary to say, we are satisfied that the rulings of the court below are correct, except in the matter complained of in the fifth and eighth specifications, viz., the refusal of the court to charge that the plaintiff cannot recover interest on any of the penalties mentioned in the declaration. In this there was clearly error. The Act of Congress provides, in case a greater rate of interest has been paid, the person or persons paying the same, or their legal representatives, may recover back, in any action of debt, twice the amount of interest thus paid, from the association taking or receiving the same: "*Provided*, that such action is commenced within two years from the time the usurious transaction occurred."

The sum to be recovered is not a debt, which would ordinarily carry interest. It is a statutory penalty, and the form of action in which it may be recovered does not endow it with the interest-bearing property of a debt. Where money is recoverable under a statute that makes no provision for interest none can be demanded. This principle is distinctly ruled in *Wier* v. *Allegheny County*, 10 *Pittsburgh Legal Journal*, 241.

The record before us shows the items which make up the verdict, viz.:

Penalties	$6,644 28
Interest thereon	2,790 59
Verdict	$9,434 87

The learned counsel for defendant in error offered at bar to remit the item of interest, in case we should be of opinion that it is not recoverable. Instead, therefore, of reversing the judgment and awarding a *venire facias de novo*, it may be modified by striking out the item of interest, and thus reducing the amount of the verdict to $6,644.28.

Counsel for defendant in error having agreed to remit all of the verdict in excess of $6,644.28, *it is ordered that the record be so amended and the judgment modified accordingly, and as thus modified the judgment is affirmed.*

CONFEDERATE SECURITIES—CONTRACT OF SALE OF, UNLAWFUL.—As the bonds of the Confederate States have been declared illegal by the fourteenth amendment to the Constitution of the United States, a contract for the sale and delivery of such bonds at a specified rate per 1000, entered into since the war, is void, and a suit for damages for a failure to deliver as promised cannot be maintained. When a contract is connected by its consideration with an illegal transaction, a court of justice will not aid its enforcement. *Branch* v. *Haas*. U. S. Cir. Ct., Ala.

LEGAL MISCELLANY.

CONTRACT—VALID WHERE MADE VALID EVERYWHERE—MARRIED WOMAN.—A law valid where made is valid everywhere; hence the contract of a married woman, made in another State and valid there, is held valid here. The validity and interpretation of contracts are governed by the laws of the country where they are made, *Wilcox* v. *Hunt*, 13 Pet. 378. But the remedy must be administered according to the *lex fori;* pursued by the means which the law points out where the action is brought. Story Confl. L., ch. 14. Contracts are not, *proprio vigore*, of any efficacy beyond the territory of the State where made; the effect given them elsewhere is from comity, not of strict right. How far that comity ought to extend is left to the courts in the jurisdiction where the remedies are sought. It does not prevail where the contract is in violation of the laws, in that jurisdiction, of God, or nature, against good morals, religion, public rights, or public policy. By the strict rules of the common law there was an utter incapacity on the part of the wife to enter into any contract; but the tendency of modern legislation is to remove such incapacity and empower her to make contracts the same as if sole. Such a contract is not against public policy. This same doctrine has been held in *Milliken* v. *Pratt*, 125 Mass., 374, and *Wright* v. *Remington*, 41 N. J. L. 48, *Holmes* v. *Reynolds*. Vt. Sup. Ct.

SURETYSHIP—ADDITIONAL SECURITY WILL NOT DISCHARGE SURETY.—Where additional security is given by the principal debtor, with no understanding for further time, and the remedy to enforce collection remains as before, *held*, that the surety is not thereby discharged; such security inures to the advantage of the surety. "It is a well settled principle of equity as between creditor and surety, that where the creditor by a binding contract, and not a mere *nudum pactum*, gives further time to the principal debtor, the surety is discharged by matter *in pais*, as it is termed in the books." *Howerton* v. *Sprague*, 64 N. C. 451. "It must be a valid contract with the principal debtor without the assent of the surety, by which the rights or liabilities of the surety are injuriously affected to exonerate the latter. *Deal* v. *Cochran*, 66 N. C. 269. Even a usurious contract, at least where the consideration is executed, though avoidable by the creditor, will have the like effect. *Pippin* v. *Bond*, 5 Ired. Eq. 91; *Scott* v. *Harris*, 76 N. C. 205; *Carter* v. *Duncan*, 84 id. 676; *Bank* v. *Lineberger*, 83 id. 454. Such an agreement to suspend or delay will not be inferred from the mere giving the collateral security with the power to sell the same at a certain time, if the debt be not paid. 2 Pars. Cont. 685. In *Eures* v. *Widdowson*, 4 C. & P. 151, an assignment of property was made to secure sums due and future demands, with a power of sale not to be executed until after six months' notice. An action was brought on two bills of exchange protected in the assignment, which was set up as a defence, and Tindal, C. J., says: "I am of opinion that such an assignment can only be considered as a collateral security, and that the personal remedy is not suspended, as there is not any clause to that effect in the deed." *Stallings* v. *Lane*. N. C. Sup. Ct.

SURETYSHIP—LIABILITY OF PRINCIPAL TO SURETY.—If a surety extinguishes the debt of his principal, in whole or in part, for any sum less than the full amount so extinguished, he can, in the absence of an express contract, only recover from his principal the amount actually paid by him. The implied contract in such case is, that the surety shall be indemnified only, and he will not be allowed to speculate out of his principal; consequently, if a surety obtains a credit on the debt of his principal without pecuniary cost, loss or damage to him, he will not be entitled to recover anything for procuring such credit, although his principal avails himself of the benefit of such credit, and the same is allowed to him by the creditors. *Mathews* v. *Hall*. W. Va. Sup. Ct.

LIABILITY FOR SAFE-KEEPING OF BONDS.—In *Whitney* v. *First Nat. Bk. of Brattleboro*, 55 Vt. 154, an action to recover for bonds deposited for gratuitous safe-keeping, and lost by the defendant by robbery, after holding that the defendant was not liable unless there was complicity of bad faith, or negligence so gross as to amount to bad faith, the court held that the facts that the safe was left open during the transaction of business, that there was no gate in the passage-way from the rear of the banking-room, behind the counter, that only one person was left in charge of the bank about noon each day, do not seem so unusual as to be accounted negligence, much less gross negligence. The court said: "The plaintiff claims that there was evidence of negligence of the defendant, in this, that there was a passage-way from the rear of the banking-room, behind the counter, not protected by a gate; that the safe was left open during business hours, for convenient access of the bank officers in the transaction of business; that a short time, about noon, each day, the bank was left in charge of one person, while his associate was absent to dinner. Negligence was a *fact* to be proved by the plaintiff to the jury. But there would seem nothing so unusual in these facts, if proved, that they could be accounted negligence, much less gross negligence, such as would charge the defendant. A gate was proved to be in use in *some* banks, and would be in a measure, doubtless, a barrier against intrusion, but slight in its character. New appliances for the safety of property are suggested by experience, and applied from time to time if found useful, but none have been found that subtle villainy cannot surmount or evade. All banks have not the same protection against fire, robbery and violence; and none are absolutely safe. Men have been gagged and robbed in the banks and on the street. Yet men continue to travel the street with money and valuable papers in their pockets, and cashiers continue during business hours to manage banks alone in the country villages of this State; and it is deemed safe. Robbery at midday in a country village, like lightning or the whirlwind, is not kept in mind as a present danger. When a loss occurs, the mind becomes quickened, and conceives that this or that precaution would have averted it. There are manifold inventions for the security of property, fire-proof and burglar-proof locks and safes, and more appliances in the cities where the amount and exposure is greater, but all are not the same. But where a deposit is made in a country bank or country store for safe-keeping, the law implies a duty to employ the means of security, and keep it as he does his own.—*Albany Law Journal.*

PAYMENT—BY CHECK—APPLICATION OF CHECK.—B, having a contract with the government to furnish headstones for soldiers' graves, and being indebted to both the plaintiff and defendant, ordered all checks due for his work to be made payable to the defendant, and directed the defendant to first pay a $1000 note which it held against him, and then to pay the plaintiff. The check came payable to B. He carried it to the bank, and by his agreement it was applied on what he owed the bank and C. *Held*, that the plaintiff could not recover; as the defendant never had control of the check or its proceeds. *Page* v. *Baxter National Bank*, Vt. Sup. Ct.

SURETYSHIP—BOND FOR FIDELITY AVOIDED BY IMPOSING NEW DUTIES—CORPORATION.—A bond for a cashier given to an unincorporated banking company held avoided as to the surety when the company became a chartered company authorized to conduct the business of insurance. Any alteration of a contract by the principal parties, without the assent of the surety, is fatal to its validity as against the surety. Even if he sustains no injury by the change, or if it be for his benefit, he has a right to stand upon the very terms of his obligation, and is bound no farther. Any unauthorized variation in an agreement which a surety has signed that may prejudice him, or may substitute an agreement different from that which he came into, discharges him. *Miller* v. *Stewart*, 9 Wheat. 680; *Smith* v. *United States*, 2 Wall 219. It is an established rule of law that a party to a contract of suretyship shall not be bound beyond the extent of the engagement which appears from the terms of the contract and the nature of the transaction to have been in his contemplation at the time of entering into it, and that his liability cannot, without his consent, be extended or enlarged either by the obligor or by the operation of law. Hence an increase of the capital stock of a bank was held to discharge the sureties of the cashier from liability for any misconduct or mistake of the cashier, committed after any part of the increased capital was paid into the bank. *Green's Bank* v. *Kingman*, 16 Gray 473. *Bensinger* v. *Wren*. Penn. Sup. Ct.

MEXICAN EXPORTS OF PRECIOUS WOODS

The large tracts of precious woods covering the coast regions of Mexico are beginning to attract attention. The *Libertad*, of the City of Mexico, declares that both the Pacific and the Gulf coasts of the Republic contain large tracts of finest cabinet woods, from which, however, only small quantities are exported. The woods, which in American markets are in constant demand at good prices, are recklessly burned as common fuel. "Few branches of industry," says the *Mexican Financier*, "are more surely profitable than this, and if capitalists would give the matter due attention, they would develop a large and almost unexplored source of wealth for themselves and of benefit for the country. It is strange that such export as exists for these woods finds an almost exclusively European market, and measures are now in hand by which some European capitalists will establish a line of steamers for this special trade. While agents of large American houses are frequently sent to explore more Southern markets, and vessels frequently enter American ports laden with the precious woods from remote regions of South America, the Mexican supplies remain strangely neglected.

CURRENT EVENTS AND COMMENTS.

THE JUTE INDUSTRY IN CALIFORNIA.

Speaking of the "California Jute Mill Company" which has commenced operations, the San Francisco *Journal of Commerce* says: It is their intention not to confine themselves to grain bags only, but to branch out into all the various articles of jute manufacture required more and more by the expansion of the different descriptions of commercial, agricultural and mining interests on this coast. The projectors believe that the greater portion of the capacity of their mill can be properly utilized by the manufacture of the many articles of jute, other than grain bags, which now enter into daily consumption in the United States, and that they will be able to supply the whole territory as far east as the Mississippi River. Experience has demonstrated that orders for similar articles manufactured in this State can be filled for St. Louis and tributary territory at prices successfully competing with Eastern factories. This mill is at present endeavoring, as far as possible, to employ white labor only, its settled policy being to supplant the Chinamen by training white women, boys and girls, under teachers of their own kind, to the mysteries of the spinning frame and weaving loom. As soon as their mill is in complete operation they will be able to supply grain, ore, coffee and wool bags; flour sacks, bleached and unbleached; floor mattings and carpetings, burlaps, hop-cloth, and all the sizes of twines, yarns (suitable for fuse and other purposes) and rope. Jute, being the cheapest vegetable fibre grown, enters into the manufacture of almost every textile fabric in daily use. It grows chiefly in India, and owing to the great height of the plant, attaining twelve to fifteen feet, furnishes a large product for the labor required in its cultivation. Almost everything we see around us is adulterated more or less with it. Its presence can be detected by experts in our cloths, silk and woolen stuffs, carpetings, furniture coverings, portiere hangings, woolen table cloths, and a great many other articles where least expected.

SMALL FARMS IN CALIFORNIA.

More than half of the agricultural land of the State has been brought under cultivation by men of small means, says the San Francisco *Alta*. In 1880 there were 10,081 farms containing less than 100 acres, and 30,295 containing less than 500 acres. Of farms containing more than 500 acres there were but little over 5000. These figures do not indicate that all the money is made on large farms. The *Californian* says: "Of the small farmers who settled the delta of the Kern river at an early day—poor men, we mean—only one now remains." If this is true, it merely shows that Kern is not a good county for poor settlers to go to, as compared with others. There are portions of Sacramento and San Joaquin Valleys where the poor settlers of twenty-five years ago still hold the land and have grown wealthy. "No man can create a small farm here," the *Californian* continues, "of, say, 160 acres, or any other part of the State where there is unimproved land, without a considerable amount of money. In most cases we would say it would be unsafe to attempt it with a capital of less than $5000 remaining after the land was acquired, and even in that case the pioneer must possess exceptional energy and capacity." If this were true it would be useless to hope that the Government land remaining in the State would be acquired by settlers, for not one in fifty possesses the amount of capital mentioned by the *Californian*. Yet thousands of acres of these lands—in the foothills and more distant counties—are yearly taken up by immigrants from other States and by old residents, and gradually transformed into valuable farms. It is true this land cannot be broken up as easily as Illinois prairie land, and a big crop of wheat raised on the whole quarter-section the year after the settler arrives, but a man who is willing to adapt himself to his surroundings and use his land and labor to the best advantage, is sure to get along. On the other hand, some of the most melancholy wrecks are the men who started with capital and broke up at "big farming" in the San Joaquin valley and elsewhere. It may be considered a general rule in the wheat-growing districts of the State that the larger the ranch the heavier the mortgage it is carrying. A good example of agricultural progress is found in Napa County. In 1880 the number of farms in Napa, as returned by the census-takers, was 897, while by the report of the county assessors just rendered, there are now 1773. This is an increase of very nearly 100 per cent. in three years. How this subdivision of the land affected its value may be seen at a glance by the following figures: Of the land which is included in tracts of less than ten acres the average assessed value is $84.81 per acre; over ten acres and under forty, $48.61 per acre; over forty and under sixty, $35.96; over sixty and under 100 $25.84; over 100 and under 160, $11.89; over $160 and under 240, $14.44; over 240 and under 320 $9.48. Land which is subdivided into small tracts is generally planted in orchards and vineyards, and the great resulting increase in value goes to swell the aggregate wealth and prosperity of the State.

PAPER-MAKING IN CHINA.

There can be no question as to the success of paper manufacture in Shanghai. All requisites are to be obtained without the least difficulty—a plentiful supply of water, an abundance of raw material to work with, cheap manual labor, cheap motive power, and a more than sufficient market. Nine years ago Mr. Doyle introduced the enterprise into Japan, and we believe there are now nearly a dozen mills in full operation there. Those mills that were properly constructed at the outset, and were placed under efficient and skilled management, have been exceptionally successful, and, if we remember rightly, the mill at Osaka cleared itself in three years, while the one at Oji paid a dividend last year of seventeen per cent. on stock amounting to $365,000. The other mills were less successful, but none have proved failures; and we believe we are right in making the statement that the entire enterprise of paper manufacture in the land of the rising sun is now in the hands of the Japanese, who have so advanced in the art as to think themselves justified in dispensing with foreign supervision. Another interesting feature in connection with the paper trade of Japan is that while nine or ten mills have been working successfully, the importations of foreign-made paper have considerably increased—more than doubled during the last few years.——*Overland China Mail.*

RUSSIAN MANUFACTURES.

Dr. W. Eras recently gave his impressions of the development of manufacturing industry in Russia between his visits to that country in 1877 and 1882. The number of works of all kinds has considerably increased, and skilled workmen are even higher paid than elsewhere; but the proportion of skilled workmen to the whole laboring population is small, and the condition of the agricultural laborers he considers wretched in the extreme. After reviewing the results of Russian manufactures, as seen at the Moscow exhibition and Nijni-Novgorod Fair, he advises his countrymen not to try a retaliatory tariff war. He reminds them that Russia has cheap sea transit accessible in the North and in the South, and could much more easily dispense with a German market than Eastern Germany can with a Russian market. The high Russian tariff has already had a very considerable effect in decreasing German exports and encouraging the Russian iron trade. As long as Germany is on the footing of a "most favored" nation, the diplomatists, Dr. Eras says, should be satisfied with offering the tariff department of St. Petersburg every inducement to give better terms. Russia has in Siberia what England constantly strives to retain and Germany to obtain—a large colonial market for her goods.

BORACIC LAGOONS IN ITALY.

An interesting report upon the springs in the province of Pisa, Italy, which yield boracic acid, has recently been issued by the United States Consul at Leghorn. The district in which the springs occur belongs entirely to one owner, the Count de Larderel, who, in his seven "borax" villages, has most conscientiously looked after the welfare, moral and social, of his workpeople. Although the whole of the neighborhood contains most extensive borax deposits, it is not from these sources that the most abundant supplies are obtained, but from artesian wells, which invariably strike the borax vein at a short distance from the surface. The boring, however, is carried down until the well yields water, when the machinery is withdrawn and water let into the shallow pond previously dug around the bore hole. This water becomes heated up to boiling point and impregnated with the borax, which rushes up from the opening of the artesian well, after which the water is drawn off and evaporated by passing it over a series of shallow metal pans, from fifteen to twenty in number, arranged like a cascade. The borax, as it reaches the bottom pan, is half solidified, and when cold has the appearance of being frozen over with a skin of rotten ice. The skin is removed and strewed on the floor of a drying-house, heated by hot pipes, and by this means the borax becomes crystallized. The lagoons have a most peculiar aspect during the issue of the borax. When full of water the boiling is continuous, rising to some feet in height, and the vapor is unpleasant from its sulphurous odor. The smell of sulphur, indeed, pervades everything about the establishment, and everything in the shape of metal is greatly affected. The brass instruments of the workmen's band are thickly coated with it; silver watches look more like platinum than silver, and only gold of the purest quality keeps its color. The quantity of borax produced from the estate averages from three tons to three and a-half tons a day, but as this is only one of the borax villages (though the most profitable) the total yield may be put down at eleven tons per diem. Upwards of 1800 laborers are employed on the property, of whom 800 are exclusively engaged in the production of the acid.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. CHECKS PAYABLE IN EXCHANGE, AGAIN.

We have received from a valued correspondent a letter upon this subject as follows: "In your November number you say, a draft payable 'in exchange' is not payable in money, but in drafts on another place, &c. Please refer to proceedings of Bankers' Convention in 1881, page 25, and you will see my views as to this serious question. If your position is right, then it (the draft) is not a negotiable paper. Light upon this subject is what all bankers need."

The "views" referred to are contained in an address of Dr. Andrew Simonds, of Charleston, S. C., and the substance of them is as follows: "As to the question whether such paper is negotiable or not authorities are conflicting, but there is no conflict as to the object of drawing in this doubtful form. The purpose usually is to deprive the collector of his only compensation for his labor, risk and expense. The payer of such paper claims that he can discharge it by offering a draft in payment. If so, must the holder accept any draft which the payer may choose to offer him? If not, who is to determine what he must accept? Surely not the payer, for obvious reasons. This is a point which is, of course, to be decided by the payee. But if the payee can refuse one draft he may clearly refuse any draft. It has been claimed that the draft of a drawer in good repute must be accepted; but who is to determine on this good repute? Surely the decision rests with the collector. If, then, for reasons satisfactory to himself, the holder declines the draft offered, must he protest the paper? And if he protests, can he be held for damages? And if he does not protest, are the indorsers released? And if released, can he be held liable for not protesting?" And the conclusion is, that for the purpose of avoiding these difficulties, "it should be held that the holder of such paper is entitled to demand payment of it in legal-tender money."

REPLY.—We have reprinted this portion of Dr. Simonds' address because it so well states some of the vexatious questions, which arise upon drafts drawn in this objectionable form.

We think, nevertheless, it must be held that the proper legal construction of such paper is, that it is payable in drafts of some kind, otherwise the words "in exchange" would have to be disregarded altogether, and it would be contrary to all rules of construction, and to the well-understood intent of the drawer, so to do. We have seen no decision upon the precise point (*i.e.* as to the legal effect of the use of these words), but we are satisfied that it is covered by the cases cited in *Daniel on Negotiable Instruments*, § 56.

In our view no rule of law should be more strictly insisted upon than the one, that commercial paper, to be negotiable, must be payable in money. This is one of the most elementary principles relating to the subject, and is found in all the text books, ancient and modern, and all the best considered cases. It is based upon a sound public policy, which is, that as such paper is intended to pass freely from hand to hand, as a substitute for money, nothing should be inserted in it, which in any way will impair the freedom of its circulation, or introduce any confusion or uncertainty in the simple and well-known rules by which it is governed. It is perfectly clear that drafts are not money, and it follows as a necessary consequence that paper drawn in this form is not within the definition of negotiable commercial paper. It may be suggested that, if this view is correct the drawers and indorsers of such paper have not the same right to protest and notice of non-payment, which the drawers and indorsers of strictly commercial paper have; which is a partial answer to some of the points raised by Dr. Simonds.

In addition to the legal objections, there is the objection familiar to every banker, that the use of such paper deprives the collecting bank of its compensation for making the collection. We entirely agree, therefore, in the conclusion stated by Dr. Simonds in his address, when he asked the Convention "to recommend to all respectable banks and bankers to refuse to take such paper for collection or otherwise." It is perhaps only in some such way as this, that the nuisance complained of can be abated.

II. Notes Payable on or before a Date named.

$100. April 20, 1882.

On or before November 1, 1884, after date, for value received, we jointly and severally promise to pay to the order of John Smith, one hundred dollars, at the Sleepy Hollow National Bank of Sleepy Hollow, with interest at ten per cent. per annum, from date until paid, and ten per cent. in addition to cover attorney's fees, if payment is enforced by law, the same to be included in any judgment obtained on this note—waiving benefit of stay and exemption laws. Brown & Jones.

Upon the foregoing note the following questions arise:

1. Can John Smith demand interest on any possible ground on this note for any portion of the time it has to run, *before maturity* of note?

2. When a note is made "*on or before,*" &c., does this give the holder the right to *demand* pay, before date set as maturity of note (in above case Nov. 1, 1884), as it *does* give the maker the privilege of *paying before* maturity?

Reply.—*First.* There is no promise in this note to pay any interest before the principal becomes due, and we see no possible ground upon which interest can be demanded before that time.

Second. It does not. The law upon this point is stated by Cooley, J., in giving the judgment of the court in the case of *Mitchell* v. *Marks*, 31 Michigan 423, as follows: "The note is due at a time fixed, and it is not due before. True, the maker may pay sooner if he shall choose; but this option, if exercised, would be a payment in advance of the legal liability to pay and nothing more." This decision seems to us in accordance with good sense, for if the holder has the option to demand payment at any time, as the maker has to pay, before Nov. 1, 1884, then the note would be substantially a note payable on demand, and the insertion of the date would be meaningless.

III. Leap Year in New York.

How do you understand the law of leap year to effect the maturity of notes in this State? In 1 R. S., Chap. 19, Title 1, § 33, I find: "The added day of a leap year and the day immediately preceding shall be reckoned together as one day." But some of our lawyers think the 29th day should be counted.

Reply.—A full discussion of this subject will be found in our number of February, 1880, page 645. We understand that the statute referred to has no application to paper payable in so many *months* or *days*, and that, in such paper, February 29th is to be counted like any other day. The statute only applies to paper payable in so many *years*, &c.

IV. LIABILITY OF A SURETY.

A makes a contract to act as agent for B, a corporation, to sell certain nachines, and by his contract agrees to guarantee the payment of all notes which he may receive and pass to B for said machines. A gives a penal ond, with C as surety, conditioned for a faithful performance of his duties s agent, and that A will pay, or cause to be paid, "all his indebtedness o B then existing, or which might thereafter in any manner exist, whether s indorser or guarantor of notes, or on open account." B reserves a right o terminate the contract at his pleasure, and does terminate it in two years fter it is made. Six years after such termination, or eight years after the xecution of the contract and bond, C is first notified that the agency was o terminated, and that B claims that A owes him the full amount of the enalty of the bond, on account of notes passed to B and guaranteed by A. *Query.*—Is C to be considered an ordinary *surety* to these notes, or is he a *uarantor*, and entitled to notice of default within a reasonable time, if A nd the makers of the notes have in the meantime become insolvent?

REPLY.—C is not in any sense a party to the notes as such, either as urety or guarantor, nor was he entitled to notice of their non-payment. He surety on the bond, and his liability is to be determined according to the ondition thereof.

V. DUPLICATE CHECKS.

A banker, K, sells a draft on New York to B, who puts it in his pocket. fter twenty or thirty days B goes back to banker K, and tells him the raft has been lost, whereupon K issues him a duplicate, and writes his lew York correspondent that he has issued a duplicate of said draft. The uplicate is sent on and paid. After this B goes to some other town, is uly identified, sells the original draft, gets the money, and leaves for parts nknown. The purchaser of the original draft sends it to New York and it oes to protest, of course. Now, the question is, has the purchaser of this riginal draft any recourse on K, the drawer? Who should stand the loss, nder such circumstances, and what is the law?

REPLY.—Assuming that what is called a draft, in this inquiry, was a check pon a New York bank, we do not see that the drawer, K, has any defense it. He is not within the protection of the rule as to "stale" checks. he custom of carrying funds by parties journeying, or going to buy produce, attle, &c., in "New York exchange" is universal, good checks on this city eing the cheapest as well as the safest method of so doing. To keep such hecks twenty or thirty days, before converting them into cash, is by no eans unusual, and ordinarily ought not to make them "stale," as it would if they were payable in the place where drawn, or where it might be roperly expected that they would be immediately presented for payment.

A fair proportion of the checks of country bankers, drawn upon other anks, bear across their face the word "Original," whether a "duplicate" as been issued at the time or not, for the purpose of giving notice that "duplicate" may be expected to be issued, if circumstances should call r it. The effect of this, as we understand it, is somewhat similar to rawing bills of exchange in sets of two or more, which distinctly state at each is payable in case the other is unpaid. If the check in question d borne upon its face the word "Original," this would have been some otice to the purchaser that a duplicate existed, or was likely to exist, and e fact that the check had been out for twenty or thirty days should ve put him on his guard when dealing with a stranger. He should, under such circumstances, as a prudent banker, have demanded some guarantee, or awaited collection before paying over the money to an irresponsible party, and we think he would have had to bear the loss; but upon the facts as stated, we think the loss must fall upon the drawer.

Bankers are frequently too easy and accommodating in issuing duplicate checks, and give their correspondents, the drawees, much trouble with them. This case, however, especially illustrates the impropriety of issuing a duplicate check, without taking a satisfactory indemnity from the person for whose benefit it is issued.

VI. Bills of Lading.

Upon a domestic bill of lading issued to "order," what liability does an indorser avoid when he adds the words "without recourse"?

Reply.—A bill of lading, even when in terms running to order or assigns; is not negotiable like a bill of exchange, but is a symbol or representative of the goods themselves, and the rights arising out of the transfer of a bill of lading correspond not to those arising out of the indorsement of a negotiable promise for the payment of money, but to those arising out of the delivery of the property itself under similar circumstances.

We suppose that the liabilities of one who attempts to transfer a bill of lading and receives money, which is paid to him on the faith of such transfer, are ordinarily similar to those which would arise if he undertook to transfer and deliver the property represented by the bill of lading.

He is liable, in the first place, if the bill of lading is not a genuine instrument, *i. e.*, if it is not the contract of the carrier for the transportation of the property, as it purports to be. In the next place, he is liable if it turns out that he has no title to the property mentioned in the bill of lading; also, if the property itself, when delivered, does not correspond with the description of it contained in the bill of lading; or if it was not shipped as the bill of lading imports. When a bank receives for collection a draft with bill of lading attached and specially indorsed to itself, it naturally desires, when it collects the draft and indorses over the bill of lading, to avoid all responsibility for the goods, and it is for this purpose that the practice of indorsing "without recourse" has arisen. The effect of such indorsement we understand to be similar to that of the indorsement of a note "without recourse." It does not exonerate the bank from liability in case the bill of lading proves not to be genuine; but it does exonerate it from the other liabilities mentioned, viz., for any failure of title to the property, for any failure in the goods to correspond to their description in the bill of lading, or for any failure of shipment by the carrier.

VII. Responsibility for a Collection.

A bank in B, on October 30th, received from a depositor for collection a check dated October 30th, drawn upon a bank in W, which is the only bank in that place. W is situated about forty miles from B, and a railroad and express companies run between the two places. The B bank forwarded the check by mail, October 30th, direct to the W bank. In the ordinary course of mails the W bank should have received the check October 31st, and a reply to the letter forwarding the check should have been received by the B bank on November 1st or 2d. The W bank held the check without charging it against the drawer's account, and on November 3d suspended payment. On November 5th (November 4th being Sunday) the depositor's bookkeeper called at B bank and inquired about the check, and was informed that no returns had been made for it. The B bank afterwards wrote W bank for the check twice before receiving it back. There was no communication from W bank to B bank concerning the check until after November 5th, and no notice of its non-payment given to the depositor before the interview of the 5th with the bookkeeper. No notice of non-payment was given by B bank to the drawer of the check. The drawer of the check claims that he is released, and the depositor claims that he cannot be held, and that the B bank is responsible. Who should bear the loss?

REPLY.—The B bank. It is the duty of a bank which receives a check for collection to cause it to be presented for payment, and this it may do in the manner justified by the usual course of business adopted by bankers in similar cases. It was doubted in the case of *Farwell* v. *Curtis*, 7 Bissel 162, in which the facts were very similar to those above stated, whether sending a check by mail direct to the drawee, and thereby making the drawee the agent of the sender to present the check to itself, is a good presentment, and it was suggested that the check should have been collected through an express company; and Mr. Justice Byles, the author of the standard work on *Bills of Exchange*, in the case of *Bailey* v. *Bodenham*, 16 Common Bench Rep. N. S. 295, expressly declined to decide that it would be a good presentment. We think, however, that it would be in accordance with banking usage in this country, in a case like this, to forward the check directly to the drawee, assuming it to be in good credit at the time (see the opinion of the other judges in *Bailey* v. *Bodenham*, also *Hare* v. *Henty*, 10 Common Bench N. S. 65, and *Morse on Banking*, 396), and that the course taken by the B bank, in this respect, was proper. The rule, however, is laid down by *Morse*, that if a bank adopts this method of presentment, it is bound to give notice of non-payment to the party from whom it received the check, if the amount of the same is not received from the drawee, within the time when a reply ought to be received from it in the ordinary course of the mails. If we adopt this rule as authoritative, and it seems to be the only one upon the subject laid down in the books, a reply should have been received from the W bank at latest on November 2d, and no returns having been received on or before that date, notice of non-payment should have been given to the depositor, at latest, on November 3d. No notice at all was received by the depositor until November 5th, and this was too late, either to hold him or to enable him to give a seasonable notice to hold the drawer.

In another aspect of the case the B bank is also liable. By sending the check direct to the W Bank, it made that bank its sub-agent to present the check to itself for payment, and remit the amount thereof to the B bank, or give due notice of non-payment. In the performance of this duty the W bank was obviously negligent, and, according to the law of Ohio, where the question arises, as we understand it, the B bank is as responsible for this negligence as it would be for its own in the matter.

The rule above cited from *Morse* about the necessity of giving prompt notice of non-payment, where checks are sent by mail directly to the drawee, if it be the law, is of great importance, and should be carefully observed by bankers engaged in the collection business. We doubt, however, whether it is either generally understood or much regarded. It is certainly very onerous upon the collecting bank, and if an open qnestion there is much to be said against it.

BANKING AND FINANCIAL ITEMS.

The Banker's Almanac and Register for 1884 is now ready. The new volume contains, besides its usual matter, a list of United States Pension Agents, and two Designs for Buildings for country banks. The list of **Foreign** banks and bankers is much enlarged, now comprising double the number given in previous years. The South American, Mexican and West India lists will be found to be of marked value. Price $3 per copy, or $5 for both January and July editions, with monthly list of changes.

LIQUIDATION OF THE PRODUCE BANK.—At a meeting, on December 8th, of the Directors of the Produce Bank, which has been doing business at No. 59 Barclay Street, it was decided to place the bank in liquidation, and a notice was sent to depositors to draw their balances, which would be paid in full, and close their accounts. It appears that through bad loans a deficiency of some $26,000 was created by a former administration, which was in power two years ago, and when the present board came into control they made up the shortcoming by a reduction of capital. The Bank Department, however, decided that the bank had no legal right to reduce its capital, and compelled the directors to make up the original amount or close its doors. Hence the liquidation. The assets are stated to be ample to pay all demands in full. The bank will reorganize under another name.

EXCHANGE MEMBERSHIPS.—For Produce Exchange memberships at the "call," on December 26, $4325 was bid and $4650 asked. On 27th a sale was made at $4400. Mercantile Exchange certificates were $221 bid and $224 asked. Metal Exchange were last sold at $290.

NOTE BROKERS.—Note brokers, whose operations in the East have done so much to complicate trade and obscure the real condition of persons asking credit, form but an inconsiderable element in the West, and mercantile paper is therefore much less an object of suspicion there than here. Borrowers there are brought face to face with lenders. In the East some of the concerns that have recently gone down marketed their paper at pretty good rates within a few days of their failure, but not to banks that were familiar with their business. It is true that the weakness of many tradesmen in the East was known before their suspension, but it is a great deal more true in the West. The paper of large concerns in Chicago whose recent failure was a surprise to the public had long been in disfavor among careful discounters. One firm has, under embarrassment, made a transfer of its property to a lawyer, which is given out as an ordinary sale, but people who had investigated their affairs refused to grant them credit.

UNCLAIMED SAVINGS DEPOSITS.—A statement has recently appeared in print to the effect that there is a full million dollars of unclaimed deposits in the Savings banks of Massachusetts. There is no State law requiring the publication of such deposits, but these accounts can never become the legal property of the bank, however long they may remain unclaimed. The amount estimated above is, we think, exaggerated. In 1880 a resolution was passed by the Legislature to ascertain the amount of deposits in the Savings banks belonging to depositors who were unknown, or who had not been heard of for fifteen years. The Commissioners therefore issued a circular to each institution to obtain the desired information. The result showed that ninety-one banks had no such deposits, six had no record from which to furnish a reply, while sixty-seven had 10,940 such accounts, aggregating $503,570.16. A number of the banks have reported a considerable amount as being paid from this sum since that time.

Among the reports made by Savings banks in Connecticut to the Comptroller of the State, in July last, that from the Society for Savings, of Hartford, showed the sum of $32,037 to be due to depositors who have not increased or diminished their deposits in the past twenty years. On one of the last days of December a book came in at this institution which had not been in the bank since 1854—the owner still living.

CHICAGO.—There was an oddity in the money market of Chicago on the third of December which, remarks the *Chicago Tribune*, on the authority of experienced bankers, was without a precedent so far as their recollection extended. Currency flowed into the city from opposite directions. The low rates for Eastern exchange in Chicago led to small shipments from New York, and some lots were also sent from Kansas City and Omaha. Of course the primary question involved in all such operations is the relative economy of buying bills and shipping money.

NEW YORK.—The message of Governor Cleveland shows that the total debt of the State on the 30th of September last, after deducting the amount in the sinking fund to meet the same, was $5,978,301.81, being a reduction of debt during the year of $407,054.49. This debt, with the exception of a balance of $3000 of the bounty debt which remains unclaimed, and $122,694.87, the amount necessary to yield at six per cent. interest the sum required to pay the annuities to Indians, consists of the stock of the State issued for canal construction, bearing six per cent. interest and redeemable in the years 1887, 1891, 1892, and 1893. . . . The amount received by the Treasurer from taxes on corporations during the year was $1,935,179.31, being an increase over the preceding year of $395,495.04, but of this amount $351,183.75 was on account of taxes due in 1880 and paid under recent decisions of the courts. In consequence of the increase in the valuation of the taxable property of the State the tax rate of three and a-quarter mills on each dollar fixed by the last Legislature will raise $9,334,836.31, an amount considerably in excess of the actual needs of Government.

Banks.—Eight new banks of discount were organized during the year, and one failed, leaving the total number eighty-four, the condition of which on the first day of October, 1883, was reported as follows:

			Increase during the year.
Resources	$160,716,393	....	$38,152,933
Capital	21,761,700	....	2,956,000
Surplus and profits	11,146,418	....	1,488,716
Due depositors	113,914,963	....	31,863,983
Other liabilities	13,893,312	....	1,844,234

Of the increase in capital, $1,300,000 was the result of the conversion of banks from the National to the State system. On the first day of July last 127 Savings banks reported to the Superintendent of the Banking Department, but of this number twelve transact no business and have but a nominal existence. During the year one new Savings institution was organized, and one closed after paying its depositors and creditors in full. The condition of these Savings banks on the day named was as follows:

			Increase during the year.
Resources	$483,662,008.15	....	$23,538,425.49
Due depositors	420,831,007.38	....	20,087,168.96
Surplus on market value	62,114,693.47	....	2,957,654.24
Other liabilities	716,307.30	....	493,602.30
Number of depositors	1,119,512	....	52,994

SUSPENSION OF THE MANUFACTURERS' BANK OF AMSTERDAM, NEW YORK.—This bank closed its doors on December 10, and created intense excitement in Amsterdam, coming so closely after the run on the First National Bank, and the failure of Clark & Kline, knit-goods manufacturers, for $200,000. The liabilities of the bank are $135,000, and its nominal assets are $147,000. The bank was organized July 1, 1873, became a National bank in 1875, and one year ago it became a State bank again. Its loans and discounts amount to from $100,000 to $105,000, about $65,000 of which is collectable. H. P. Kline is president, of the village of Amsterdam. Mr.

Wasserman, the President of the Board of Directors, and Assignee of the bank, said that the only cause of the close of the bank was that on an examination of the books the stockholders saw that there was some possibility of trouble, and to prevent any serious financial losses to the depositors it was decided to stop and make a settlement. He further stated that there was $50,000 worth of paper in the bank, which he or any other business man would accept in a moment, that the bank building would easily bring $15,000, and as the amount due depositors does not exceed $60,000, it could be easily seen that every man would get his money.

Bookkeepers' Beneficial Association.—The tenth annual meeting of the Bookkeepers' Beneficial Association of Philadelphia was held on the third of December, and the following officers were elected: President, John D. Ford; vice president, H. A. Reeves; treasurer, Watson Depuy; secretary, J. G. Keys. The reports of the officials showed that there were in the association 250 of the best men in the profession, and that in the past ten years but eleven deaths had occurred, on each of which the beneficiary fund had been paid within two weeks. The fund now amounts to $5000, fully invested. The lectures that had been delivered at intervals on matters interesting to the calling were spoken of as having been very successful.

Improvements in Railway Accommodations.—As an example of the thorough comfort which is possible in railway travel, the Chicago, Rock Island & Pacific Railroad deserves the commendation which is accorded to it. The most substantial of roadbeds admits fast time, while its equipments are elegant and the employees attentive. The ability of management which effects this degree of excellence, is that which advances the business of successful passenger traffic to a science, and the traveler, either for business or pleasure, cannot fail to be pleased with the admirable appointments of this route. The road shares the convenient depot at the head of La Salle Street, in Chicago, with the Lake Shore & Michigan Southern, the latter leading eastward, and being another excellent road. Besides the celebrated "Albert Lea" route to Minneapolis and St. Paul, the Rock Island runs to both Kansas City and Omaha. But, chief among modern conveniences, this road has in its highest perfection the dining car, which is not to be confounded with the inferior affair known as the hotel car. The dining car is an arrangement solely for the business of providing good food, well cooked and served, and upon this road the table alone is a strong source of popularity. That the efforts of the managers to please its passengers are successful, is evident from the large number of crowded trains which daily run over the road.

Guarantee Surety Bonds.—The Board of Directors of the Pennsylvania Railroad Company have adopted a resolution, in which they approve of and accept the Guarantee Company of North America as a sufficient surety in the bond of any officer or employee of that company, who shall procure it as his surety, and their general solicitor is authorized to accept the Guarantee Company as the sole surety on such bond, instead of requiring two or more sureties as heretofore.

Silver Certificates.—The demands of the South and Southwest for United States silver certificates of small denominations for circulation as currency continue, and orders are given by banks at New Orleans, &c., to their New York correspondents to pay specie or gold certificates into the Sub-Treasury for their account, and for which telegraphic order is sent to the New Orleans Assistant Treasurer to pay over to the New Orleans Bank the amount in silver certificates. The amount remitted since March 3 has been over $17,000,000. The result has been the cancellation of about an equal amount of gold certificatesr.—*Record*.

Texas.—The card of Messrs. Patterson & Chandler, of San Antonio. which appears in this issue of the Magazine, deserves the attention of those having or seeking investments in that vicinity. The firm is so well and favorably known in that region, and its facilities in its special line are so ample, that it can render valuable assistance to capitalists and investors.

TEXAS.—The City Bank of Sherman has increased its capital stock from $150,000 to $400,000. The additional amount of $250,000 was taken up with a rapidity which speaks well for the prosperous condition of Sherman, and for the confidence inspired by the management of the bank. The City Bank thus advances in capital to a position among the largest banks in Texas.

FOREIGN BILLS OF EXCHANGE.—Senator Pendleton has introduced a bill to regulate the payment of *bills of exchange* drawn in foreign countries on this country, which are named as payable in foreign coin. The bill will, if passed, be quite a boon to all who receive drafts of that kind from abroad, because it fixes the rate at which the payment is to be made in accordance with the Constitution and law in this country. Without such a law the amount due to the recipient here is at the mercy of the broker here, which is a violation of the fundamental idea of bills of exchange, it being that the amount due the payee should be definite and certain. Many an immigrant will thank our Senator for this attention, for they have suffered severely for want of such a law.—*Cincinnati Commercial.*

CANADA.—At a meeting of the shareholders of the Exchange Bank, in Montreal, on December 6th, E. K. Greene, a director, acknowledged that the institution is hopelessly insolvent, in consequence of the proceedings of Thomas Craig, the President, who had carried on transactions without the knowledge of the Board. It is reported that Craig has absconded. It was stated at the meeting that the bank's loss would amount to $809,533. Vice-President Ogilvy and two of the directors were appointed to wind up the business of the bank. It is believed the shareholders will be called upon for double liability.

THE CANADIAN POSTAL SAVINGS SYSTEM.—Canada has been enjoying postal Savings banks for fifteen years. The last annual report shows 330 such banks, in which are 109,489 deposits, aggregating $6,826,267, were made in the year, the average being $62. The withdrawals were 45,252, amounting to $4,730,995. The total amount outstanding to the credit of depositors was $12,456,633. The cost of handling this money is about one-twenty-fifth of one per cent., the rate of interest paid the depositors being four per cent.. No depositor can have more than $1000 in bank, and it takes a special request on the postmaster general to be allowed to deposit over $300. Every little postmaster can be a Government banker in this way, and people of small means everywhere are encouraged to save their money.

NOTARIAL REGISTERS.—At the suggestion of notaries public, who prefer a smaller volume, a new *Record of Notes and Bills Protested* has just been prepared by the HOMANS PUBLISHING COMPANY. There are three editions, containing forms for either 429, 291, or 150 protests, the prices being $4, $3, or $2, respectively. A descriptive advertisement will be found at the end of this number of the BANKER'S MAGAZINE.

LANTZ'S STOCK TABLES.—This new volume shows, by a process of computation which is believed to be original, the annual rate of interest realized semi-annually for different values of stocks, bonds and other securities, bearing interest, payable semi-annually, at 3, 3½, 3 65/100, 4, 4½, 5, 6, 7, 8 and 10 per cent., and having any time to run, from one year to fifty years, or running in perpetuity. The rates given are correct to the nearest one hundredth of one per cent. It is, therefore, the most accurate and trustworthy manual yet prepared. These tables will enable the reader to find: I. The rate of interest realized. II. The amount of income realized. III. The value of stock to realize a given rate. IV. The probable change in market quotations as maturity approaches. V. The time to run required to float a loan, the credit of borrower being at a given per cent. Price $2.50. Orders supplied by the HOMANS PUBLISHING COMPANY.

OBITUARY.

ALVA OATMAN, late President of the Farmers and Mechanics' Bank, of Hartford, Conn., whose death occurred on December 6th, was a prominent leaf-tobacco merchant and importer in New York from 1860 to 1877. He began his business career in Suffield, Conn. In 1853 and part of 1854 he was in San Francisco, Cal. In 1856 he joined as partner the firm of P. Holt & Son, leaf-tobacco merchants of New York, under the style of Holt, Oatman & Co., retiring therefrom in 1859. Subsequently he formed a copartnership with the late Samuel Reid in the tobacco trade. After the death of Mr. Reid he continued business alone until 1877, retiring to assume the presidency of the Farmers and Mechanics' Bank, of Hartford, in 1877.

Mr. Oatman was a successful merchant and financier. He was Vice President of the Marine Bank of New York when he accepted the higher position to which he was called in Hartford. He was an upright, able, pleasant gentleman, and enjoyed the respect and esteem of all who knew him.

LORD OVERSTONE.—Mr. Jones Loyd, who has just died at a very advanced age, enjoyed a reputation which was essentially non-political, and it is not strange that he should have passed out of public notice in his latter years. He was regarded as one of the clearest-minded financiers in England. He was constantly consulted by cabinet ministers upon the subject which he had made his special study, and was credited with the authorship of the Bank Charter Act of 1844. In recognition of his services he was raised to the peerage in 1850. It has been said of Lord Overstone that there was nothing of the heroic about him, and that may perhaps be, but he may well stand as the representative of a commercial country and of a commercial age.

NATIONAL-BANK AND LEGAL-TENDER CIRCULATION.

STATEMENT of the Comptroller of the Currency on January 1, 1884, showing the amounts of NATIONAL-BANK NOTES and of LEGAL-TENDER NOTES, outstanding at the dates named, and the increase or decrease:

NATIONAL-BANK NOTES.

Amount outstanding June 20, 1874	$349,894,182
" " January 14, 1875	351,861,450
" " May 31, 1878	322,555,965
" " at date*	349,752,934
Decrease during the last month	423,043
Decrease since December 1, 1882	12,168,526

LEGAL-TENDER NOTES.

Amount outstanding June 20, 1874	$382,000,000
" " January 14, 1875	382,000,000
" retired under Act of January 14, 1875, to May 31, 1878.	35,318,984
" outstanding on and since May 31, 1878	346,681,016
" on deposit with the Treasurer U. S. to redeem notes of insolvent and liquidating banks, and banks retiring circulation under Act of June 20, 1874	39,300,844
Increase in deposit during the last month	3,148,743
Decrease in deposit since January 1, 1883	639,971

JNO. JAY KNOX, *Comptroller of the Currency.*

* Circulation of National gold banks not included in the above, $729,894.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from December No., page 475.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
DAKOTA	Brookings	First National Bank.....	Hanover National Bank.
	$50,000	Thos. L. Fishback, *Pr.*	Horace Fishback, *Cas.*
" ..	Carthage	W. L. Palmer & Co......	R. P. Flower & Co.
" ..	Grafton	Grafton National Bank...	....
	$50,000	Fred'k R. Fulton, *V.P.*	DeWitt C. Moore, *Cas.*
GA......	La Grange,....	First National Bank......	....
	$50,000	Lewis J. Render, *Pr.*	J. G. Truitt, *Cas.*
ILL.....	Cobden........	Rich, Hawley & Co.......	United States National Bank.
" ..	Danville.......	State Bank...............	First National Bank, *Chicago.*
IND	Logansport....	First National Bank......	Phenix National Bank.
	$230,000	Andrew J. Murdock, *Pr.*	William W. Ross, *Cas.*
IOWA...	Avoca.........	Valley Bank......(Flack & Powers.)	Fourth National Bank.
" ..	Creston........	Iowa State Savings Bank..	First National Bank, *Chicago.*
" ..	Ida Grove.....	J. C. Freeman & Sons....	Fourth National Bank.
KANSAS.	Cherry Vale...	Newton, Carson & Kincaid.	Metropolitan National Bank.
" ..	Concordia......	Concordia National Bank.	Corbin Banking Co.
	$50,000	C. W. McDonald, *Pr.*	H. R. Honey, *Cas.*
" ..	Wellington	Wellington National Bank	Chase National Bank.
	$50,000	Jas. A. Maggard, *Pr.*	F. P. Neal, *Cas.*
MASS...	Williamstown..	Williamstown Nat'l Bank.	....
	$50,000	Frederic Lake, *Pr.*	Charles H. Mather, *Cas.*
ICH...	Cadillac	D. A. Blodget & Co......	Chase National Bank.
" ..	Ishpeming....	Ishpeming National Bank.	First National Bank, *Chicago.*
	$50,000	Charles H. Hall, *Pr.*	Ingbert N. Oie, *Cas.*
" ..	Muskegon	Merchants' National Bank.	United States National Bank.
	$100,000	John Torrent, *Pr.*	Wm. B. McLaughlin, *Cas.*
" ..	St. Charles....	Coryell & Lemley........	Hanover National Bank.
MO.....	Kansas City...	Kansas City Savings Bank.	....
	$10,000	Joseph Feld, *Pr.*	Abram Mann, *Cas.*
" ..	Kansas City ...	Raynolds & Co.....(about Feb. 1).	Kountze Bros.
" ..	Tarkio.........	First National Bank......	Union Stock Yard Nat'l B'k., *Chic.*
	$50,000	David Rankin, *Pr.*	James S. Wilson, *Cas.*
MONT ..	WhiteSulph.Sp.	Potter, Moe & Co........	Kountze Brothers.
NEB....	Alma..........	Dawson & Adams........	Kountze Brothers.
" ..	Ashland	E. A. Wiggenhorn.......	First National Bank, *Chicago.*
" ..	Hastings.......	Exchange National Bank.	Chemical National Bank.
	$100,000	I. M. Raymond, *Pr.*	Abraham Yeazel, *Cas.*
" ..	North Loup....	Poudre Valley Bank......	First National Bank, *Chicago.*
" ..	Salem..........	Bank of Salem..	Kountze Brothers.
		A. Bruce Coffroth, *Pr.*	D. B. Snyder, *Cas.*
" ..	Schuyler.......	Gadsden & Stedman......	First National Bank, *Chicago.*
N. Y....	Canisteo	Porter & Davis...........	Tradesmen's National Bank.
" ..	Rochester	Merchants' Bank.........	Chemical National Bank.
		Geo. E. Mumford, *Pr.*	Wm. J. Ashley, *Cas.*
OHIO...	Clyde..........	People's Banking Co......	....
		C. G. Sanford, *Pr.*	John C. Bolinger, *Cas.*
PENN...	Bedford........	First National Bank......	....
	$50,000	Edward F. Kerr, *Pr.*	Latimer B. Doty, *Cas.*
" ..	Philadelphia....	Independence Nat'l B'k...	....
	$500,000	Peter A. Keller, *Pr.*	Willard B. Moore, *Cas.*
TEXAS..	Bonham.......	First National Bank......	....
	$60,000	W. A. Nunnelee, *Pr.*	A. B. Scarborough, *Cas.*
" ..	Comanche......	Levingston & Josephi	....

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from December No., page 476.)

(Monthly List, continued from December No., page 476.)

	Bank and Place.	Elected.	In place of
N. Y. CITY.—	Sixth National Bank	Charles H. Leland, *Pr.*	F. Leland.
"	Bank of America	Dallas B. Pratt, *Cas.*	....
CONN...	Farmers and Mechanics' National Bank, Hartford.	John G. Root, *Pr.*	A. Oatman.*
DAKOTA	First Nat'l Bank, Grand Forks.	John McKelvey, *Pr.*	H. G. Stone.
MISS....	Vicksburg Bank	H. C. Kuykendall, *V. P.*	....
		James P. Roach, *Cas.*	H. C. Kuykendall.
N. J....	National Bank of Rahway	B. M. Price, *V. P.*	....
		M. W. Brett. *Cas.*	T. W. Shotwell.
N. Y....	First National Bank, Franklinville.	T. Case, *Pr.*	H. Stilwell.*
		J. H. Ferris, *V. P.*	T. Case.
" ...	Millerton National Bank	E. H. Thomson, *Cas.*	W. M. Dales.*
OHIO....	First Nat'l Bank, Portsmouth.	John P. Terry, *Pr.*	J. Y. Gordon.
PENN...	People's Nat'l B'k, Pittsburgh.	Thomas P. Day, *Cas.*	F. M. Gordon.*
" ...	Philadelphia National Bank	James W. Torrey, *Cas.*	J. M. Gregg.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from December No., page 478.)

No.	Name and Place.	President and Cashier.		Capital.
3079	First National Bank, Tarkio, Mo.	David Rankin,	....	$50,000
3084	First National Bank, Logansport, IND.	Andrew J. Murdock,	William W. Ross,	230,000
3085	Independence National Bank, Philadelphia, PA.	Peter A. Keller,	Willard B. Moore,	500,000
3086	Exchange National Bank, Hastings, NEB.	Isaac M. Raymond,	Abraham Yeazel,	100,000
3087	First National Bank, Brookings, DAK.	Thos. L. Fishback,	Horace Fishback,	50,000
3088	Merchants' National Bank, Muskegon, MICH.	John Torrent,	William B. McLaughlin,	100,000
3089	First National Bank, Bedford, PA.	Edward F. Kerr,	Latimer B. Doty,	50,000
3090	Concordia National Bank, Concordia, KANSAS.	C. W. McDonald,	....	50,000
3091	Wellington National Bank, Wellington, Kansas.	James A. Maggard,	F. P. Neal,	50,000
3092	Williamstown National Bank, Williamstown, Mass.	Frederic Lake,	Charles H. Mather.	50,000
3093	First National Bank, La Grange, Ga.	Lewis J. Render,	J. G. Truitt,	50,000
3094	First National Bank, Bonham, Texas.	W. A. Nunnelee,	A. B. Scarborough,	60,000
3095	Ishpeming National Bank, Ishpeming, Mich.	Charles H. Hall,	Ingbert N. Oie,	50,000
3096	Grafton National Bank, Grafton, Dakota.	Fred. R. Fulton, *V. P.*,	DeWitt C. Moore,	50,000

* Deceased.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from December No., page 477.)

NEW YORK CITY		Produce Bank; in liquidation, Dec. 8.
"	"	Davis & Minis; Dissolved.
"	"	Joseph U. Orvis & Co.; now Orvis Bros. & Co.
DAKOTA	Brookings	Brookings County Bank (Olds & Fishback); now First National Bank. Same management.
ILL.	Pittsfield	Bank of Pike County; assigned.
"	Lovington	Merchants & Farmers' Bank (S. H. Morrell); failed.
IND.	Brookville	J. R. Goodwin & Son; now Goodwin & Shirk.
"	Logansport	Logansport National Bank; voluntary liquidation, Dec. 1. Succeeded by First National Bank.
IOWA	Preston	Bartholomew & Specht; now A. L. Bartholomew.
KANSAS	Cherry Vale	Citizens' Bank; succeeded by Montgomery County Bank.
"	Concordia	Concordia State Bank; now Concordia National Bank. Same officers. $50,000.
"	Wellington	Wellington Bank; now Wellington National Bank. Same Cashier. $50,000
MICH.	Kalkaska	Wylie, Bleazby & Co.; now Wylie, Curtis & Co.
MINN.	Ortonville	Bank of Ortonville (Bernhard Dassel); reorganized. Same management.
NEB.	Cambridge	Republican Valley B'k; now owned by D. M. Tomblin. R. H. Northcott, *Cas.* Chase Nat'l B'k, N.Y. Correspondent.
"	Hastings	Exchange Bank (Raymond Bros. & Yeazel); now Exchange National Bank. Same management. $100,000.
N. J.	Rahway	National Bank of Rahway; resumed business.
N.M.	Silver City	S. P. Crawford; suspended.
"	" "	Grant County Bank; suspended.
N. Y.	Amsterdam	Manufacturers' Bank; suspended.
"	Rochester	Bank of Rochester; now German-American B'k of Rochester. Same officers, &c.
OHIO	Alliance	Lamborn & Gray: failed.
"	Cleveland	Everett, Weddell & Co.; now Everett & Weddell.
PENN.	Tioga	C. B. Wickman & Co.; failed.
WIS.	DePere	H. R. Jones; suspended.

LIABILITY FOR PURCHASE OF STOCKS AND BONDS.—The antique legal maxim, *caveat emptor*, has never hitherto been applied to the buying of stocks and bonds. If the decision applying it thereto shall be sustained, investors will be put to the necessity of carefully inquiring into the terms of the charter of every corporation before buying any of their securities. In 1860 the St. Louis, Alton and Terre Haute Railroad Company obtained from the State of Illinois a charter, one section of which permitted it to issue bonds to bear not more than seven per cent. interest, and to be sold by it for not less than eighty. In 1870 the company issued to Samuel J. Tilden and Thomas Denny, as Trustees, $300,000 of equipment bonds, bearing ten per cent. interest. They were sold at from ninety one-eighth to ninety-two. For seven years the railroad company paid interest on them, and then told their holders that they were invalid. One of the holders sued the company for the principal and accrued interest of thirty bonds. The defence set up was that the bonds were invalid, being in violation of the company's charter. The plaintiff insisted that even though the bonds were improperly issued, the company was bound to take them up and recoup itself by suing its officers who issued them. Judge Donohue has upheld the defence and dismissed the complaint, but allowed the exceptions to be heard in the first instance at General Term. On the decision of the appellate courts depends the final application of *caveat emptor* to stock and bond transactions in this State.—*N. Y. Times.*

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of December has been not only a dull, broken, holiday month, as usual, but the closing month of a year of depression and liquidation, whose winding up has brought thousands of unknown or unsuspected financial skeletons to light. Hence the large number of failures, which have so increased the general gloom of the commercial situation, that many who took heart in November, on the belief that the worst was over, have lost hope again in the midst of these increasing signs of bad times all around them.

Yet, this is a superficial view of the situation; for these failures are the result of old losses which have been patched over and hidden for months, if not years, but could be covered up no longer. The real situation is not changed in commercial circles from what the advance in prices then showed it to be. The crops are no larger, and demand is no less. Hence, supply and demand—production and consumption—are the same, and unless the November advance was wholly fictitious, then the December decline has been due to unwarranted forebodings of the future.

In financial circles, and especially in Wall Street, the situation has been really gloomy, and there is no disguising the fact. Stocks are not like produce. The former are luxuries, which none but investors can indulge in, and their indulgence, for two years past, has been so expensive that very few will indulge again. Hence, there is no demand for stocks, speculative or investment, and those who are loaded with them must carry them, if they can, and can get the banks to help them and sell them if they cannot. The banks have already been helping them till they dare do it no longer, except where they are in so heavily that they are compelled to continue aid for their own safety. Hence the throwing over of large blocks of stocks that have been held in what have hitherto been called "strong boxes," has been a necessity in a good many cases during the month, and the stock market has steadily and at times sharply, broken under it. The spasmodic and slight rallies were only caused by the shorts covering, for there were no other buyers, except when the "great railroad kings," as they used to be called before they had fallen, were compelled to support their favorites to save themselves. This has revealed a pretty squally situation in Wall Street, and shows that it is liable to be more so, especially should any of the large houses, who have been thus "holding things," give way and let the flood of water, which has thus been dammed up in the shape of stocks, loose upon the market. Already the "big operators" and their backers, if not their bankers, have been so weakened that none of them are able to stem the tide, much less turn it. The stock market is in the same shape in which provisions were last spring before the McGeoch panic carried everybody before it. One McGeoch in Wall Street would now precipitate a crisis which nobody could stop, though they might check the downward course for a time. The stock market will scarcely be in a healthy condition again until, like provisions, the immense blocks now held in single hands and hanging over the market are distributed and in the hands of the public. This cannot be until we get a general liquidation, or until times are better and speculation revives. If the "big men" can hold the load till then, they may save their paper millionaire fortunes from going down under "water." Otherwise they, too, must liquidate,

Not so outside of stocks, however, and not necessarily so in stocks that represent value and not "water," though the good are likely to be dragged down with the bad. The former cannot be in such bad company, and so much of it, without being hurt. They must suffer so long as they keep evil company. Those who can take good stocks and pay for them and hold them—no matter if they go lower—until they come up again, need not be afraid of such as have no "water" in them, even at present prices. But the list of such to select from is very small, indeed, and great caution is needed, for some roads which were honestly built for cash have been paralleled within two years past, cutting their income in half, which, upon an honest capital, is equivalent to "watering" them 100 per cent. Hence, the prospect of any better times in Wall Street at present is dark.

In the commercial world things are generally on a solid and legitimate basis, by reason of the heavy shrinkage and liquidation of last year, and the moderate crops of this cereal year. Aside from present large supplies of some commodities, and the sympathy which prices for them may have with those for stocks and the other luxuries of life, the prospects for the coming year are good for a safe legitimate trade, based upon supply and demand. There is the possibility of great speculative activity and strength even in the produce market from the fact that the public are afraid to operate in stocks, and investors to buy them. This tends to drive both into the market for the necessities of life, which have a known and recognized value the world over, while stocks have none, but such as their owners and sellers choose or are able to make.

This makes a foundation for a possible boom, and even for undue advance in these staples as a whole. There are some exceptions, however, in the case of articles that have already experienced this boom on a reaction too sudden and big to hold. Corn is one of these staples, and provisions have moved in sympathy with it, as the basis of their value the raw material has thus been largely enhanced. Should corn go down again it is liable therefore to drag provisions with it, for a time, though not fully, as the former is now relatively higher than the latter. After a slight further downward reaction the trade look for hog products to do better again, for a time at least, until stocks shall have accumulated. This they have not done to any extent, so far this season, although from this time on these will increase as well as stocks of corn. On the other hand we have seen the opposite conditions in wheat and oats. The harvest of these two staples is nearly six months earlier than that of corn and hogs, and we naturally get our largest stocks of the two former by the end of the first half of the crop year—January—after which they steadily decrease till next crop. On the other hand corn and provisions run lowest in November or December, and thenceforward increase until some six months later. Hence the advance in the two latter during November and December, in which wheat and oats have only gone by sympathy and partially. Therefore, with these conditions reversed after the New Year, or during the first month of it, it would follow that wheat and oats should lead these markets in strength and speculative activity. Corn and provisions would then follow only partially, and possibly not at all, should stocks increase as unexpectedly as have those of wheat, delaying the inevitable advance before next crop if the official estimates of the world's supplies of wheat are correct.

Cotton is depressed also by large stocks and lack of export demand, as in the case of wheat, but we are approaching the maximum in the former; and after it is reached, as it will be by the end of the first half of the crop year, as it has been in wheat, prices will doubtless improve for cotton also, unless suspension and strikes in the cotton manufacturing industries of of this country and Great Britain continue and extend to a point to reduce consumption of cotton materially. There is this cloud hanging over the cotton market. The woolen manufacturers are having a hard time still, yet there is not as much trouble among them as among cotton men, for their depression began sooner and no doubt will end before that in cotton.

The iron manufacturing industries are not improving, yet they are getting no worse, but remain in *statu quo*, with stocks slightly reduced since last summer, and production about the same, showing a steady consumption with some signs of increase so soon as the course of the present Congress on the tariff is indicated, should it not be of a radical nature. The coal trade is in an unsatisfactory state because of over-production last fall, in excess of any former year, in face of the depression in the iron trade, simply because the necessities of the coal roads required the employment of their full capacity to meet their fixed charges, even if they had to lose on their coal. This state of the trade is, therefore, due more to the over-capitalization of their roads than to reduced consumption of coal.

The petroleum market has been under the holiday cloud which has been deepened by Wall Street whose operators sold crude oil down because stocks went down. There is only Wall Street logic in this, yet it had the same effect on prices as if it had been correct, and large operators in the trade helped the decline to "shake out" weak holders and "tire out" strong ones by paying carrying charges. Refined, as usual, has been dull, as exporters do little the last month of the year; beside, refined has been advanced and held up in face of 7c. decline in crude. This market promises, therefore, to look upward after the new year, unless refined shall break.

Dairy products have been dull and steady on cheese with moderate stocks, while butter has dragged off a little on large stocks and a free supply of butterine which has taken its place.

Coffee has held its own very well, yet neither Bulls nor Bears have gained much advantage, as stocks are ample for the present and the shortness of the crop is not yet felt, though believed in, and is likely to affect prices later on in the crop year.

The general outlook, therefore, for the new year, is encouraging, except in railroad stocks, cotton manufactures and the coal trade, where over-production has not been stopped, but simply checked, and where consumption has been curtailed seriously.

Our exports for December were decidedly smaller than for the past two years, while our imports were as much larger, leaving the balance of trade materially against us. Yet on the whole year, the balance against us in merchandise, exclusive of specie, is not so large as last year, when the short crops of 1881 reduced our exports, while our imports were larger than this year.

Foreign exchanges and the money market have been unimportant features in either the financial or commercial situation, as little has been doing in former, without material change, while the rates for money have been so low that it has had no effect on prices. Money has gone begging and is too abundant, while good collateral is scarce, and the banks prefer idle money to doubtful paper. Hence they have generally refused single-name paper in all trades, but have charged the dry goods trade a higher rate than any other, owing to the great number of failures in that line. Other trades stand on about a par with each other at 5c. to 7c. for gilt edged to fair two-named paper, some of the banks taking local single-name paper at the same rates. Government bonds have been firm as always when other securities are distrusted. Railroad bonds have sympathized with stocks and especially the junior securities, which have received a shock by the decline in Northern Pacific issues, with which some banking houses are so heavily loaded, as to have shaken confidence in both. There are rumors of financial skeletons in a good many Wall Street closets, whose plate-glass-front offices have been engaged in financial kite-flying the past two years, and whose good name has been used to float bad "securities" till their customers have lost confidence in them, and have at last left the load on their shoulders which are scarcely broad enough to carry them. Hence the large blocks that have come on the markets.

Dividends for January are announced by New York City banks as follows, viz.: National—Bank of New York, 4 and 2½ extra; Bowery, 5; Central, 4; Chatham, 5; Continental, 5; East River, 4; Hanover, 3½; Importers and Traders', 7; Irving, 5; Leather Manufacturers', 5; Marine, 4; Market, 4; Mechanics and Traders', 3; Mechanics', 4; Mercantile, 3; Merchants' Exchange, 3; Merchants', 3½; Metropolitan, 5; Bank of Commerce, 4; Butchers and Drovers', 4; Citizens', 3½; Park, 5; Shoe and Leather Bank, 4; Ninth, 3½; Phenix, 3; Third, 3½; Tradesmen's, 3½. State Banks—Bank of America, 5; Bank of North America, 3; Eleventh Ward Bank, 4; North River Bank, 4; Oriental Bank, 5; People's Bank, 5; St. Nicholas, 4; Wall Street, 3.

The reports of the New York Clearing-house returns compare as follows:

1883.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Dec. 8...	$327,866,100	$57,825,100	$26,582,700	$328,948,200	$15,456,800	$4,670,750
" 15...	327,301,800	57,633,900	27,262,300	318,558,500	15,380,200	5,256,575
" 22...	328,072,100	60,694,700	26,639,500	321,757,800	15,424,300	6,894,750
" 29...	327,535,700	60,468,100	26,479,100	320,793,000	15,456,800	6,748,950

The Boston bank statement is as follows:

1883.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Dec. 1	$145,580,900	$6,899,400	$5,927,200	$97,705,300	$26,265,800
" 8	146,520,000	7,319,000	5,958,900	98,804,600	26,172,100
" 15	146,875,200	7,504,400	5,869,900	99,171,700	25,996,900
" 22	147,251,000	6,401,700	5,797,100	96,991,900	25,585,800

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1883.	Loans.	Reserves.	Deposits.	Circulation.
Dec. 1	$76,392,265	$20,272,796	$71,090,372	$9,268,698
" 8	76,809,354	20,281,476	70,857,471	9,185,699
" 15	77,106,371	20,160,919	70,815,876	9,127,296
" 22	77,293 233	20,747,565	71,182,425	9,240,314
" 29	76,814,658	20,894,699	71,337,530	9.286,548

We append the closing quotations of leading stocks for the month:

QUOTATIONS:	Dec. 8.	Dec. 15.	Dec. 22.	Dec. 30.
U. S. 4½s, 1891, Coup.	114	114⅜	114¾	114⅞
U. S. 4s, 1907, Coup.	123⅝	124	124⅝	124⅞
West. Union Tel. Co.	79	78⅜	76¼	74¼
N. Y. C. & Hudson R.	117	113	113⅝	112⅛
Lake Shore	101⅛	98⅜	99⅛	98⅞
Chicago & Rock Island	120	118½	118	117⅛
New Jersey Central	85⅛	84½	84	84
Del., Lack. & West.	117⅞	116⅞	116⅜	117⅛
Delaware & Hudson	105½	105¼	105	105
Reading	54¾	56⅝	55¼	55⅝
North Western	119⅜	117⅛	116¼	117¼
Pacific Mail	43½	41½	41¼	41⅛
Erie	30⅛	29⅜	28¼	27⅜
Discounts	5 @ 5½	5 @ 5½	5 @ 5½	5½ @ 6
Call Loans	2 @ 2½	2 @ 2½	1½ @ 2½	2 @ 2½
Bills on London	4.82½@4.85	4.81½@4.84¼	4.83@4.86	4.81¼@4.84¾
Treasury balances, coin	$116,328,237	$115,461,158	$116,647,506	117,241,784
Do. do cur.	$7,582,206	$7,586,722	$6,793,198	7,235.917

DEATHS.

DALES.—On November 2, aged thirty-four years, WILLIAM M. DALES, Cashier of the Millerton National Bank, New York.

GORDON.—On December 9, aged sixty-six years, FRANKLIN M. GORDON, Cashier of the People's National Bank of Pittsburgh, Penn.

HAINES.—On November 21, aged sixty-nine years, E. D. HAINES, of the firm of E. D. Haines & Co., West Chester, Penn.

OATMAN.—On December 6, aged sixty years, ALVA OATMAN, President of the Farmers and Mechanics' National Bank of Hartford, Conn.

PERKINS.—On November 23, aged fifty-eight years, ELIAS PERKINS, President of the Merced Security Savings Bank, California.

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CONGRESS AND THE BANK CIRCULATION.

When the bill extending the charters of the National banks was passed by Congress, it was generally believed that no serious question would confront these institutions for a long period. Their future seemed known. Of course, no one regarded them as completely shielded from trials, but no one foresaw the situation in which they are now placed. All are alike surprised at the sudden turn in the bank circulation. What seemed so secure a few months ago, now appears to be on the verge of extinction, or at least a considerable part of it. The payment of the national debt so rapidly, and the holding by the banks of so many of the three per cent. bonds, are the well-known causes of this state of things.

If the banks were willing to buy the fours, of course, their circulation would be secure until the time arrived for their payment. But there are many reasons why the banks do not wish to buy them. On the other hand, if the banks are to suffer by the calling of bonds, and must withdraw their circulation or maintain it at a lower rate of profit, it should be remembered that the banks in many cases have handsomely profited by the advance in the value of the bonds. A bank, for example, that bought fours at par, could sell out and make a very large profit. The aggregate premium account of the National banks would amount to a large sum. In this respect, therefore, as well as in others, they have been gainers by banking under the national system.

Several bills have been introduced intended to aid the banks in maintaining their circulation. The Senate thus far has devoted the most attention to the subject. One plan is to permit the banks to issue circulation within ten per cent. of the market value of the bonds deposited for its security, while another plan limits the issue to the par value of the bonds. There certainly can be no objection to the latter plan. The Government has promised to pay the bonds, and so long as there is no doubt about its maintaining its promise, the bill-holder is secured whether the bonds deposited with the Government to secure circulation sell above or below par. But, of course, the Government is under no obligation to pay a premium on its bonds, in fact, will pay none; and it is said that if banks are permitted to issue notes for more than the par value of the bonds there is danger. It is affirmed that the banks would be interested to make the premium as high as possible in order to get out the largest amount of notes. This might be the case with banks having the fours or four-and-a-halfs, but it would not apply to the banks having threes. Their interest consists in buying the fours at a price as low as possible. It would seem, therefore, that there is not much risk involved in this plan. Certainly it would afford the banks considerable relief.

It is very clear, however, that to give the circulation much permanence, the banks must either buy the fours, or a new bond running for a long period must be so issued that they can buy it. Any other mode of relief is only temporary; and even if a circulation be based on the longest-time bonds, it will not endure many years if the will of the people is respected, and the national debt is paid as fast as circumstances justify it.

Several plans have been offered providing for a new bond bearing a lower rate of interest. Senator Aldrich, of Rhode Island, has introduced a bill embodying Comptroller Knox's suggestion, offering fifteen per cent. premium for the four per cent. bonds, and issuing in exchange for them a new three per cent. bond having the same time to run. The four per cents will not mature for twenty-three years. The reduction of interest from four to three per cent., therefore, just saves the Government twenty-three per cent. The premium which it is proposed to pay represents an advance payment of interest of fifteen per cent. The eight per cent. saved to the Government would be about $59,000,000 if the whole volume of fours are thus exchanged. United States bonds are quoted, at the time we are writing, at 123. The inducement which it is proposed the Government shall hold out to the holders to lead them to consent to sacrifice a third of the present premium on their bonds, lies in the stipulation that the three per cent. bonds which they receive in exchange will be the very last bonds paid off by the Government. If only a portion of the fours are thus exchanged, the new three per cents will be practically a long bond, and of special value to the banks as a basis for their currency. This prepaid interest, if recapitalized at three per cent., would, in twenty-three years, recover for the banks two-thirds of the interest given up in the exchange as proposed. These two considerations, viz., the possibility of recapitalizing the partial prepayment of interest and the longer life of the new bonds, are probably sufficient to make the proposed exchange acceptable to the banks.

Another plan has been launched in the House by Representative Potter, of New York. This consists of the issue of a two per cent. bond, the banks depositing it paying no tax on their circulation. The plan has many adherents, as well as the one previously mentioned.

The McPherson bill, as it is called, which has been reported by the Finance Committee of the Senate provides that any National banking association making a deposit of any United States bonds bearing interest, in the manner required by law, shall be entitled to receive from the Comptroller circulating notes not exceeding in amount the par value of the bonds deposited. Provided, That at no time shall the total amount of such notes issued to any such association exceed the amount at such time actually paid in of its capital stock. The bill, however, will undoubtedly give rise to a warm debate.

Lastly, it has been proposed to issue Treasury notes to the amount of the National bank notes that are retired, thus keeping the volume of circulation unchanged. This plan also has its supporters.

It may be added, the opinion is growing that if Congress takes no action this session, no harm is likely to follow. Money is cheap and abundant. Business is declining; people are averse to new ventures, and there is no prospect of immediate improvement. Besides, much as the fact may be regretted, nothing is likely to be done in the way of suspending the silver coinage, consequently silver certificates will continue to multiply, and therefore there is no reason for apprehending a dearth in the circulating medium even if the bank notes retired are not replaced with some other form of currency. In fact, the silver certificates may be considered as filling a much greater space than that occupied by bank notes. If, therefore, the silver coinage must continue, it would probably be a wise policy to issue no other paper currency for the present. This seems to be the opinion entertained by many of the most thoughtful persons, and as it is the easiest policy to adopt, and happily in this case probably the wisest, it is more likely to be adopted than any other.

ADVANCES ON BILLS OF LADING.

That bills of lading do not always convey to the holder a title to the property described therein, was found out before the recent case in which a loss occurred through the treachery of an agent of the Blue Line of transportation at Memphis, who was also a shipper of cotton. It seems that he was constantly forwarding merchandise, and, as agent of the line, signed his own bills of lading. A considerable sum was advanced to him on a receipt and bill of lading signed by himself, which did not represent a shipment. A year ago an agent of the same line, living at Columbus, in Mississippi, disappeared after obtaining money on several bills of lading negotiated in the North. The parties who were victimized lived in Boston and Fall River, and the amount, it is said, exceeded $ 200,000.

The legal principle involved is of vast importance to banks, and all who make advances on these instruments. The transactions in cotton, for example, exceed three hundred millions a year, most of which is consigned to houses in the North, who make advances on the security of these instruments. Formerly the method of doing business was different. Then the banks in New York and other places would not advance on bills of lading and warehouse receipts, and if the broker or merchant did so, he had the money from which the advance was made. In those days cotton was sold on sixty days' time. As soon as it was purchased in the North the planter drew on the receiver, and after the bill was accepted the local bank cashed the paper. But now the Southern banks have not enough money to do this business, and cannot take the paper when offered, and consequently the planter consigns the cotton and draws for three-quarters, or more, of its value. By the present method, it may be added, the receivers must have more capital than formerly, as then they had two months in which to sell and get money before their acceptances became due.

Several years ago a quantity of wheat was sent from Chicago on a bill of lading to order. The bank in that city advanced on it, and the grain was forwarded under the direction of the institution to a certain storehouse, with instructions to keep it until the drafts that represented the advance were paid. As these had several months to run, the storekeeper, who was a speculator, thought it would be a fine thing to use the grain, intending to put other grain, similar in quality and quantity, in its place before the drafts matured. Accordingly, he forwarded it to a house in New York for sale. The consignee was a careful, cautious man. He examined the bill of lading, found that it was genuine, examined the wheat also, and found that it answered the description required, and made a large advance at the request of the consignor on the same. The grain was sold, and the balance, after deducting the charges, etc., was paid over to the storekeeper.

It is needless to add that his speculation turned out disastrously, and consequently he could not replace the wheat. Then the bank in Chicago found out that their wheat was not where they supposed it to be. They traced the wheat into the hands of the consignee of New York, and though he had obtained it in a perfectly honest way, yet, inasmuch as the storekeeper had no title to it, he could convey no title to the consignee, and consequently the latter was held liable. This doctrine has made the business of advancing money on the security of bills of lading more perilous than is agreeable to bankers and commission merchants, and the question arises whether it is not possible to grant greater protection to them than they now receive. Ought not common carriers to be held responsible for the acts of their agents in issuing bills of lading? A bill embodying this obligation has been introduced into Congress. It substantially declares that bills of lading, issued by an agent authorized to issue such instruments, shall be conclusive evidence against the carrier in the hands of a *bona fide* holder for value, that the freight was actually received as in the bill of lading stated, and that the agent issuing the same had full authority to do so. To prevent this rule from becoming too severe in its practical application as against the carriers, the proposed law contains a further provision that the carrier shall not be responsible under the provisions of the same upon any bill of lading upon which he stamps the words, "not negotiable," nor for any statement of fact in such a bill of lading caused wholly by the fraud of the shipper of the merchandise therein named, the holder of the bill or the person under whom he claims.

It is hoped that this measure will meet the necessities of the case, for while it is true that much may be said upon the propriety of making principals responsible for the acts of their agents, it is also true that that docrine may be carried to such an extent as to work positive injustice. To make carriers responsible to an unlimited amount upon bills of lading issued at remote and unimportant stations by agents, of whose actions, owing to the circumstances, carriers have but little actual knowledge or control, is perhaps to increase the risks of the transportation business beyond its legitimate limits.

The practical effect of the bill will be, says Mr. F. A. Snow, who drew it, that railroad companies will issue to their agents generally non-negotiable bills of lading, which cannot be made negotiable by any erasure or alteration; they will provide their trusted agents at the largest receiving depots with negotiable bills of lading, which will be issued as required. It is also likely that arrangements will be made for the exchanging of non-negotiable for negotiable bills of lading. This will afford the business community an adequate protection, and at the same time will not impose undue hardships upon the carrier. If passed by Congress it will go into immediate operation, and will result in the adoption of a uniform system and method of doing business in this respect, which will cover all cases of interstate and foreign commerce.

AN EXAMPLE OF DEBT MANAGEMENT.

The Commonwealth of Massachusetts never creates a debt without providing a sinking fund to discharge and pay it off as the successive instalments may fall due. In the case of the very large debt incurred in the great work of the Hoosac Tunnel, it turns out that the revenues of the sinking fund, although sufficient to provide for the instalments of the principal until 1891, will not be sufficient for the subsequent instalments, which, of course, might be extended at a very low rate of interest, in these days of low rates, and with the exceptionally high credit which Massachusetts enjoys. But its present Governor, instead of entertaining the idea of extending any part of the debt, advises the Legislature to commence at once upon such a recruitment of the sinking fund as will pay it off as it matures, the amount required being but little short of $600,000 annually, to be obtained by taxation. Clearly, it must be bad economy for so rich a State as Massachusetts to pay interest on loans which it has the right to redeem, and it may be presumed that the Legislature will sustain the views of Gov. Robinson. By doing so it will not only promote its own interests, but will set a good example to other States. It has already, in a law passed ten years ago, achieved the credit of dealing more wisely and comprehensively with municipal indebtedness than any State in the Union. Many of the States have put up efficient barriers against future financial involvements of that kind, but Massachusetts, in addition to doing that, provided for the gradual but sure payment of all existing debts, thereby covering the whole ground, and dealing with all aspects of the mischief.

Public debts, except in a few cases in which they have arisen from the construction of productive works, represent no property, and are, in fact, nothing more than the legally acquired rights of one class of persons to appropriate to their own private uses the proceed of taxes imposed by the public authority upon all classes. One of the serious objections to them is, that the classes who pay the taxes thus appropriated to individual uses, do not realize that their property or earnings are under a mortgage, but continue to spend money as if they were unincumbered, and in all senses their own. The possessors of mortgaged houses, mills, or railroads labor under no delusions of that kind, but understand correctly what their real interest is in what they possess, and govern their expenditures accordingly. In this city, for example, the owners of specifically mortgaged property deduct the amount of the mortgage from their estimate of their wealth, but they never think of deducting their share of the blanket mortgage of one hundred million dollars covering the entire real estate of the city, and placed upon it by a succession of municipal manipulators, of whom Tweed was the most conspicuous, although not perhaps the worst. It is sometimes said that public debts are merely an imaginary property, but they are, unfortunately, something very real. The delusion is not on that side, but on the other side. It is the delusion of the possessors of tangible property, who suppose themselves to be the sole owners of it, when they are only co-owners with the public creditor.

THE STATE DISTRIBUTION OF THE SURPLUS.

In the August number of the BANKER'S MAGAZINE (1883) was given an account of a plan for distributing the surplus of the National revenue among the States proposed by Mr. Wharton Barker, and elaborated in a pamphlet prepared at his request by Professor Thompson of the University of Pennsylvania. The plan was favorably received in some quarters, in others it was not. The objectors gave several reasons, but one which probably weighed as heavily as any other was the newness of the measure.

Some persons are always disturbed by any new plans or ideas on any subject. The old, if not very good, is better to them than anything else. But with a discussion of the plan its novelty has worn away, and this class of objectors have modified their opinions. In several ways it is evident that the plan either in its entirety, or with modifications, is growing in public favor. One of the more noteworthy indications of this is the letter of Mr. Blaine and the expression of sentiment that followed it. The subject, in a general way, is discussed more and more, and should be until a satisfactory solution is reached.

The pamphlet to which we have referred contains a very interesting history of the former distribution of the public money. More recently, however, Mr. Knox, the Comptroller of the Currency, has prepared a short paper on the subject. One of the points raised by those opposed to distribution is, that the States squandered the money they received in 1837. Mr. Knox says on this point: "It is generally believed that the moneys deposited by the Government with the different States were, for the most part, wasted or employed in works of internal improvement which were unnecessary. The data for a full investigation of this subject are not at hand, but it is known that the States of Massachusetts, Connecticut, New York, New Jersey, Pennsylvania; Delaware, Maryland, North Carolina, Illinois, Indiana, Kentucky, Ohio and Missouri appropriated a considerable portion of the income from this fund to the support of public schools; and that in many of these States income from the whole fund has been from the commencement, and still is, devoted to the education of the people."

Mr. Knox's paper was read at a meeting of the Philosophical Society at Washington, and in the discussion which followed the reading of it Mr. Hugh McCullogh said that in Indiana the application of the money deposited by the United States occasioned a long debate, which resulted in its division. One-half, by means of a system of commissioners, was loaned to individuals on land and mortgage; the other half was put into stock of the State Bank, with which the speaker was at that time connected. In a financial crisis the first half was practically lost, probably less than one-twentieth part being recovered; but the loss was fortunately made good by the bank stock, upon which dividends were regularly paid, and by which the investment was eventually doubled. Since the closing of the bank, this money had constituted the school fund of Indiana.

An investigation, which it is said is now going on, will doubtless show that the money was not so generally frittered away as the opponents of distribution would have us believe. A large portion was devoted to school purposes, and is thus employed at the present time. The bill introduced into the Senate embodying Mr. Barker's plan, provides how the money shall be distributed; that is, to what purpose it shall be devoted, and there can be no doubt of the power of the Government to provide what use shall be made of its gift; in other words, to attach a condition to its acceptance.

One thing is certain, whatever may be the outcome of the plan and the discussion to which it has given rise, the "absurdity" phase through which it, like nearly all new measures, must pass, is over, and the real merits of the plan are likely to receive fair treatment. It is quite probable that Congress will pass no important bill this session; but in the meantime this question, like many others before the people, will be kept alive, and let us hope be wisely solved.

VALUE OF CLEARING-HOUSE STATISTICS.

Clearing-house returns, as now published weekly, are by no means a satisfactory index of the condition of trade throughout the country. They are perhaps the best single test we have, but, if considered independently of other evidence, they are misleading, both because they are imperfectly compiled and collated, and because they represent only a small fraction of the business transacted. It seems a good time to call attention to these facts, inasmuch as these statistics are eagerly looked for every week, both by careful students of economics, and by the great mass of people interested in trade. Their collection may be properly considered, not as affording the public an accurate record of the ebb and flow of traffic, but as an important step in the progress toward the application of scientific methods to economic statistics.

Reports are published from twenty-five to twenty-eight cities of this country, having a population of over 5,500,000, according to the last census, or a little more than eleven per cent. of the whole population of the country. The theory is, that any considerable rise or fall in the volume of transactions the country over would register itself on this index, but the percentage of transactions here represented to the great aggregate is so small, that such a rise or fall influences these figures much less than any local causes that may happen to be in operation in the towns from which reports are sent, so that the process of reasoning out from these points of observation must lead to incorrect conclusions. If to this consideration is added the fact, that only a part of the banks in each city belong to the Clearing-house association, the incompleteness of these records becomes the more evident. In New York there are sixty-three members out of a total of 177 banks and bankers; at Boston there are more institutions, properly called banks, out of the association than in it; and at Chicago only nineteen of the banks are members, having perhaps three-fourths of the capital. It is only fair to say, however, that some banks outside the associations clear through banks which are members.

Statistics have been compiled showing that in St. Louis the Clearing-house handles less than half the checks, drafts, etc., paid there. There are also many cases of banks in various parts of the country which confine their operations almost exclusively to the paper representing one important branch of traffic, and are not members of the Clearing-house. Of course these interests never make their mark in the published statistics. The lists of towns, too, show some peculiarities worthy of note. Peoria, Ill.; Columbus, O.; Syracuse, N. Y., and Springfield, Mass., are used, and St. Paul and Minneapolis, Buffalo, Charleston, Savannah and Galveston, are left out. There are several States that are not represented. It is true, however, that in some cases, transactions at certain points in one State would come into the accounts of a near city in another State. The dealings in cereals in that part of the country tributary to St. Paul and Minneapolis, which is the area now attracting the most attention, and where the most rapid growth is to be expected, find no expression in these returns. Yet $3,000,000 a week is not an uncommon aggregate for the clearings at Minneapolis, and the millers of that city often send $200,000 a day to the country to move grain. Then there is an enormous volume of small transactions, particularly in the rural districts, which are carried out by the use of cash or by the off-setting of accounts, and which never reach the banks.

It is an illustration of the lack of thorough study of these statistics by those who compile them, that they for a long time published the figures, and drew conclusions from them, without knowing that four Western cities had been adding the debits and the credits together to make these totals. When this discovery was made, the statisticians were considerate enough to inform the public of the fact, but did not seem to think the matter a very serious one. We can feel no assurance that anomalies of equal importance are not now running through the tables. It is pertinent to ask, too, if these statisticians are following the Westward movement of banking capital. Chicago long since took the position of a large lender to the East, at certain periods of the year, and towns to the West of that city are more and more asserting their independence of it.

The fact, that allowance must be made for the amount of speculation and the fluctuations in price, is always recognized in estimating the significance of these returns, but these elements are difficult of measurement, particularly the former, and render the calculation highly uncertain. There are also a great many local incidents, having no significance so far as the volume of trade is concerned, which, operating on the comparatively small bulk of clearings reported, change them materially. A few years ago a rich man in a Western city wanted $100,000 in Eastern exchange. It was a rainy day; so he said to a banker in the same building with him, "I don't want to get wet; I will give you seventy-five cents per $1000 premium for this exchange." The banker sent out and got the exchange for fifty cents, and the person of whom he bought it procured it for twenty-five cents. Here were three transactions affecting the Clearing-house, where one would have answered equally well, all because a nabob was afraid of wetting his feet.

Clearing-house returns do not measure profits, which are the main immediate object of trade. There may be — indeed there has been at times in the past two years — a large volume of traffic which gives its participants no margin. Nor do they afford any information as to the thrift of the great mass of the people, whether their earnings are large or small, and whether they are saving money. Nor do they indicate anything as to the solvency of tradesmen. Indeed, a large failure may increase the exchanges. And the clearings are by no means the only significant item in a bank statement. The loans, deposits and reserve are important in a study of the nature and bulk of trade. These statistics fall far short of the accuracy that has been reached in reporting railroad business. The earnings of half the roads in the country are given to the public every month, and the only element of uncertainty with them is the amount that ought to be earned by new mileage.

But the application of the Clearing-house principle to business is becoming more and more general every year, and the American banking system is tending to a higher and more complete organization. These statistics ought to be more useful hereafter than they are now. In some towns the figures are not now easily obtainable for public use, and in others, where trade is important, Clearing-houses do not exist. The reporting of these returns should be sedulously developed, and meanwhile students of affairs should understand that the value of the statistics, as now presented, is limited.

C. B. EVANS.

GERMAN INCOME TAXES.

Bismarck has proposed a law for parliamentary consideration in Prussia, which remodels the taxation on incomes in a direction decidedly favorable to the poorer classes, and decidedly unfavorable to those who enjoy large incomes derived from land and other invested capitals. The distinguishing features of his proposed law are two. The first is the entire exemption of incomes below a certain figure, which is higher in the case of widows and orphans. The second is the much higher rate of taxation imposed upon incomes derived from property, than upon incomes derived from professions, trade and business. The measure excites a good deal of interest in Europe, amounting in certain quarters to alarm, and especially in connection with the fact that Bismarck has already secured the passage of measures to provide insurances for the old age of workmen, and for the cases of their loss of life, or serious injury, from casualties connected with their employment, and to throw the cost of these insurances, not wholly upon the wages of the workmen, but partly upon those who employ them. The policy of Bismarck, taking the whole of it together, is denounced as "State Socialism," so far as it goes, and as portending further steps in the same direction.

According to some accounts, the law now proposed by Bismarck introduces for the first time in Germany the principle of graduating the income taxes, so as to make the percentage of taxation higher as incomes become larger. But it seems to be true that this principle is to some extent carried out in the existing laws.

The politics of Europe are necessarily obscure at this distance, and all the information which we get is doubtless distorted and discolored by the media through which it comes to us. But we know, in a general way, that whereas Bismarck first represented what is called the "National" or "Liberal" party, which was dominated by the commercial interests, he now, in consequence of disagreements with his original supporters, has fallen back upon what is called by its enemies the "Junker Party," which is dominated by the landed aristocracy, but all the while having behind him the unshaken and powerful personal support of Emperor William. In this condition of antagonism to the "National Liberals," he outbids them in his favors to the working classes, just as Lord Beaconsfield, when he was leading the Tories as plain Mr. Disraeli, "dished the Whigs," by going farther than they went, or dared to go, in extending the electoral franchise.

Two or three years ago, the London *Economist*, in the course of extended comments upon what it considered to be the impending peril of socialistic and communistic measures in France, said that there was less to be feared from a "Red Republic" than from a "Red Emperor." Its apprehension was that Prince Napoleon, the claimant to the throne in that line, might reach and retain power by promising more and doing more in a socialistic direction, than would be either promised or performed by Republican rulers. Of that there have certainly been many examples in history.

With the ideas which prevail in this country, and with the precedents of our past legislation, it will appear a little strange that anything so far done, or proposed to be done by Bismarck, should, in the eyes of large classes of persons of Europe, seem to savor of communism. The exemptions from the income tax which he recommends, apply only to incomes below 1200 marks, or $300, whereas in the American income-tax law, in the shape in which it was when repealed, incomes below $3000 were exempt. There is surely nothing unreasonable in imposing a higher rate upon a secure income derived from Government bonds, ground rents and mortgages, than upon a precarious income derived from personal services. Nor is it doubtful, that whatever employers might be compelled to pay towards insuring their workmen, would really come largely out of the workmen themselves, because it might be, and would be taken into the account by employers in determining what rates of wages they could undertake to pay. If wages were fixed by law, contributions towards insurance would be an addition to them, but as they are not so fixed in Germany, such contributions must in the main reduce wages *pro tanto*. The measures of Bismarck would not be complained of as communistic, except in countries where certain classes have become nervous and hysterical on that subject.

FOREIGN INDEBTEDNESS.

According to a statement prepared at the United States Treasury, the amount of bonds registered in the names of foreign owners was reduced from $36,836,000, November 1, 1881, to $18,616,500, November 1, 1883. Included in the latter amount were $5,740,000 of the three-and-a-half-per-cent. bonds, all of which have now been called. It is supposed that there are also a few bonds owned abroad, which are registered in the names of American bankers and attorneys.

As respects the coupon bonds, a city contemporary (the *Financial Chronicle*) stated recently, that so far as could be traced, interest is paid to foreign owners at the New York United States Treasury Office, on $25,000,000 of the fours, and $20,000,000 of the four and a-halfs. Two-thirds of all the coupons are paid at that office, and it may be assumed that foreign holders of bonds send nearly all their coupons to New York for collection.

Taking all these facts together, it may be estimated that the foreign holding of our Government debt does not now exceed $100,000,000. It has been largely reduced within half a dozen years, as the result of the successive calls by the Government for its bonds, and by the rise of the prices for those bonds obtainable in this country. It will be a happy day for us when not a single good American security is owned abroad, and when the United States shall cease to be an exploiting ground for European bankers and money lenders. Absentee creditors are, if possible, worse than absentee landlords. The tribute of interest paid to foreigners is essentially as odious and exhausting as the tribute of rent. We have outgrown the necessity of submitting to the humiliation of going to London, Paris, or Frankfort for capital for any purpose. American capital has become amply abundant for all home demands.

The homeward flow of our securities from Europe is, however, not determined by anybody's wishes, or opinions, but by the relative current rates of interest here and there. If those rates are equal, or not far from equal, all our securities would return to us, inasmuch as lenders will not make foreign investments, except under the temptation of a considerably larger return than they can obtain from home investments. At the present time, as stated in the London *Economist* of December 15, 1883, purchasers of United States

Government bonds get an interest of only two and seven-tenths per cent. per annum upon their cost in the English market, which is considerably less than they can get from many British securities, equally good, and (in London) as readily salable, and somewhat less than they can get from the purchase of British consols. As far as the English holders of our Government bonds are concerned they would at once sell us all they possess, except for the belief which they may entertain that the selling price is more likely to rise than to fall. And what is true of English holders, is still more true of holders on the Continent of Europe, where the average rates of interest are higher than in London.

The same general cause which is operating to bring home from Europe American Government bonds, is operating to bring home American State, municipal and railroad bonds, and everything which can be reckoned as investment securities, such as the stocks of such railroads as enjoy a good and well-established repute. The rise here in all income-paying investments has been in proportion to the rise in Government bonds, although not reaching the same point. The inducement of the prices prevailing here will, before many years, bring substantially the whole of them home, and Europeans will cease to look to our stock markets for investments. If they deal in our markets at all, it will be, not for investment purposes, but in merely speculative ventures, not involving purchases, but only the putting up of margins. And if our own people resort to European markets at all, it will be for the sale, not of bonds and stocks yielding a sure and fixed income, but of hazardous descriptions of securities and properties, in respect to which purchasers may be induced to believe that large profits are possible and probable.

So far as there are differences between the taxation of American securities in the hands of foreign holders, and the taxation of the same securities held at home, they favor the home ownership of them since the repeal of the United States income tax. That tax, as respects United States bonds, was never designed to be anything but a paltry political trick. If the purpose had been really to collect such a tax, it would have been deducted from the dividends, as it is from the dividends on British consols, and from the dividends on all other Government stocks in Europe. But as it was intended as a pretence merely, it was only collected from that infinitesimally small fraction of the holders of our Government bonds who voluntarily disclosed their ownership. But the United States income tax, although a sham as to Government bonds, was made effective as to the dividends on railroad bonds, bank stocks, &c., by being deducted from them. Our own citizens are now relieved from that tax altogether, but it is certainly true that the English holders of our securities are legally subject to the payment of the

British income tax upon them, and the returns of the receipts under the British income tax laws show the payment of considerable sums on account of the holding of foreign securities. Doubtless, there are evasions of the income tax in England, but to whatever extent it is collected there, or elsewhere in Europe, from the holders of our securities, it constitutes a disadvantage to them, as compared with the full legal immunity from that tax which is now enjoyed here, and is, therefore, a circumstance tending to cause the return home of such of our securities as are held abroad.

EGYPTIAN FINANCES.

The estimates of the Egyptian revenues and expenditures for the calendar year 1883, gave a favorable balance of 348,100 Egyptian pounds, equal (at $4 to the pound) to $1,392,400. The total estimated revenues were 8,784,600 pounds, of which 4,367,700 were specially set apart for the interest and sinking fund of the public debt. The total estimated payments were 8,436,500 pounds, being 4,167,100 for the public debt, and 4,269,400 for the ordinary expenses of the Government. The actual results have differed greatly from the estimates, and instead of a favorable balance of 348,100 pounds, there has been a deficit of 2,800,000 pounds, or $11,200,000, which has arisen partly from a falling off in the revenues, but most largely from the increased military expenses in the Soudan. There are no other extraordinary expenditures, as the payments of the damages inflicted upon foreigners by the British attack upon Alexandria are not included. The expenses of the British occupying army, amounting to 550,000 pounds, or $2,200,000, are included, but that is not an extraordinary expenditure, as the British military occupation is expected to be permanent, or at any rate to continue for an indefinitely long period.

The deficiency in the Egyptian revenues naturally troubles the English very greatly, and is discussed with a good deal of chagrin by the London financial journals. They do not expect that the deficiency can be averted by putting more taxes upon the Egyptians, who are already taxed to the starvation point, and they see plainly that it can be made good in only one of two ways, either of which is distasteful and damaging to British interests. One of these ways is to cut down the rate of interest paid on the Egyptian debt, the larger part of which is now owned in London, and the remainder on the Continent of Europe, but chiefly in France. The other way is to throw still more of the Egyptian expenditures on to the broad and strong shoulders of the British taxpayers.

If the interest on the debt is cut down the London holders will resent and resist it, and they have a political influence which no British Ministry will willingly trifle with. The holders on the Continent of Europe will clamor, and will instigate remonstrances from their respective Governments. This will be especially true in France, already sore under the mortification of having been ousted from its former equality with England in the control of Egypt. The Paris holders of Egyptian stocks, so long as full interest is punctually paid on them under English management, will do their best to keep France quiet, but if their dividends are reduced, they will be behind none in the patriotic vigor with which they will declaim against the abandonment of the traditional claims of their country to influence in Egypt.

As to the tax-payers of England, and indeed of India, great loads have already been thrown upon them in this Egyptian business. Of the millions which the suppression of Arabi Bey cost England and India, not a single pound was charged to the Egyptian revenues. It could not be done without compelling a reduction of the dividends on the debt, which, in the judgment of the Gladstone administration, would have been a worse evil in its political consequences at home and abroad, than to saddle the cost upon the British and Indian tax-payers. That it might justly have been done, so far as the holders of the Egyptian debt are concerned, is plain enough, inasmuch as that debt would not have been worth a single year's purchase, if the Khedive had not been reinstated in power by the destruction of the army of Arabi Bey. But the justice of the case was made to yield to views of policy. The British tax-payers were reconciled to it by their natural exultation over the decisive success of the British arms, and as to the Indian tax-payers, nobody in England really cares much whether they are reconciled to it or not.

Since the suppression of Arabi Bey the expenses of the British occupation (not including the pay of the officers and soldiers) have been thrown upon Egypt; but that has been no burden, in a direct, pecuniary view, inasmuch as the British forces have rendered services in the way of maintaining order, which could not have been rendered at less cost by Egyptian troops.

Now that Egypt seems to be seriously menaced by an invasion of the forces of the False Prophet, who is in control of the Soudan, England must decide, unless it abandons the defence of the country, whether it will throw the cost of defending it upon its home tax-payers, or, by taking it out of the Egyptian revenues, compel the holders of the Egyptian debt to pay the whole or part of the cost.

The London *Economist* of December 15, urging the latter line of policy, says:

Is the Egyptian Government to deny its subjects protection, and expose itself to the risk of extinction, in order that the claims of its bondholders may be punctually met; or, is it to act upon the well-recognized principle that the necessary expenses of the administration must constitute the first charge upon the revenues of the country?

Aside from any unusual demands for money for military expenses, the debt of Egypt, all of which is held abroad, is certainly an oppressive, and may prove to be an insupportable burden. The annual interest and sinking fund, computed at $16,668,400, must be paid in gold, which Egypt can obtain only by selling cotton, wheat and sugar, at prices which are now very low, and likely to go still lower.

FINANCIAL FACTS AND PROSPECTS.

The increase of failures in 1883, as compared with 1882, in the United States, although large, was not nearly so large as in the Dominion of Canada. In this country the number was 7574 in 1882, and 10,187 in 1883, showing an increase of 2613, or thirty-four per cent.; whereas in Canada the number was 642 in 1882, and 1460 in 1883, showing an increase of 818, or 143 per cent. The general cause of the augmenting failures in both this country and Canada is the fall in the current prices of commodities throughout the commercial world, which weakens the position of all persons engaged in commerce and productive industries, and bankrupts a good many of them. That this common cause should have produced disasters relatively so much larger in Canada, may be explained in part by its having relatively less wealth than this country, but is mainly due to the vicious currency system of our northern neighbors, who place no other limit upon the volume of bank notes than what is described as "the wants of trade." This makes the expansions of bank notes enormous in flush times, and the corresponding contractions of it equally enormous in depressed times. It is remarkable that the Canadians should adhere to such a currency, which they strongly praise for its "elasticity," which is the last thing to be commended in money, which, as a measure of value, ought to approximate as nearly as possible to the steadiness of measures of length or weight. England, from which Canada copies a good many things, abandoned that vicious system in 1844. This country abandoned it in 1865, when Congress, by a decisive and vigorous exercise of its authority, put a final end to the creation by the States of note-issuing banks.

During the first five months of the current fiscal year beginning July 1, 1883, the internal revenue was $51,279,438, which is a decline of $11,343,971, as compared with the corresponding months of the preceding year. At that rate the decline during the whole of the current fiscal year would be $27,225,540. The tax on spirits, instead of decreasing during the five months as compared with the preceding year, increased $2,074,771. That tax has been since last spring abnormally productive, that is to say, it has been paid on more spirits than has been consumed. The manufacturers are obliged to take it out of bond and to pay the duties faster than it can be sold. If they succeed in getting an extension of the period within which it must be taken out of bond, the revenue is liable to fall off suddenly and largely. At any rate the present excessive withdrawals from bond will sooner or later reduce the future revenue.

During the first five months of the fiscal year the internal revenue exceeded by $10,000,000 the total surplus revenue, so that, if the internal taxes had all been taken off, there would have been a deficiency to that amount, which would have required either new loans or drawing upon the cash reserves of the Treasury.

During the first eleven months of 1883 the British exports of silver were, to India, $28,898,610, and to China (including Hong Kong) $3,725,110, as compared with $28,268,475, and $2,004,325 during the corresponding eleven months of 1882.

A financial writer in one of our city contemporaries says:

Our markets abroad have fallen away from us. Had the demand for our wheat and cotton continued as active as it was in the good years, we should be much better off.

A more precisely accurate account of the case would be that the prices of our wheat aud cotton have fallen off abroad. There is a foreign demand for all we have to spare of both those articles, and the foreign markets for them have neither run away from us nor been closed to us. The producers of wheat and cotton experience no lack of demand at home or abroad, but they receive less money per bushel and per pound, so that it takes greater quantities of both to pay their debts and taxes. In exchanging their wheat and cotton, through the medium of money, for other commodities, they probably suffer no loss, inasmuch as the fall in prices is general.

The tariff revenue is estimated to have fallen off $12,500,000 during the last half of 1883, as compared with the last half of 1882.

The reduction of the net public debt during last December was $11,743,337, although there was a considerable decline of the revenues as compared with December, 1882. The falling off in the customs' receipts at New York was $1,002,294. The warrants on the Treasury for pension payments in December last amounted to only $28,208, which was doubtless made up by heavy warrants in January. The total net reduction of the debt during the six months ending December 31, 1883, was $53,049,483. At that rate the reduction for the whole current fiscal year would be $106,098,-966; but no such result is to be expected, or will be realized. The effect of the depression in business, prices and trade, upon the tariff revenues has hardly begun to be felt, but, before the end of the year, will become serious. Furthermore, some extraordinary payments, notably $3,000,000 for tobacco rebates, and $10,000,000 for the Alabama awards, are impending.

Governor Cleveland's message touches upon National topics very slightly, and he would have done better to have avoided them altogether. His principal complaint is that the existing policy "accumulates millions of useless and unnecessary surplus in the National Treasury," whereas the truth is, that there has not been a single dollar of such accumulation since Mr. Sherman completed his preparation for the resumption of specie payments January 1, 1879. The available cash balance, January 1, 1884, was $142,478,445, at, or very near which, and never varying from it except for short periods of time, it has been steadily kept for the last five years. Such a balance may be too large, but there has been no recent increase in it, and so far the propositions made in Congress to reduce it have not received sufficient support to cause them to be enacted into laws. No considerable support has ever been given to them by the State of New York, and in this city the opinion of bankers is decidedly against them. There is no difficulty in reducing the accumulation at any time, when it may accord with the judgment of the Secretary of the Treasury to do so. He has only to call more bonds, of which there are $265,000,000 subject to call. But as yet there is no matured public opinion in favor of diminishing the coin reserves held to secure the redemption of the greenbacks.

The collapse, distinctly threatened for a year past, of the phenomenal prosperity of the iron shipbuilding industry of Great Britain has at last come. It was the inevitable consequence of the over-production of iron steamships. Their having the markets of the world to operate in, and the business of the world to do, has not, it seems, prevented the collapse. They have enjoyed free trade in its most perfect practical development, not being discriminated against in carrying the freights and passengers of countries which, in other respects, protect their home industries. It has been the freest of all trades, but in this case free trade has not proved the universal and unfailing panacea which the British *doctrinaires* hold it to be. The amount of property involved in the breaking down of the earning capacity of ships already built exceeds one thousand million dollars. The disaster to the industries directly and indirectly connected with the building of ships it would be impossible to estimate.

The London *Economist*, of December 15, says that since last August at least 4000 men and boys have been discharged from the shipyards on the Clyde alone, and that "week by week the process is being repeated in an increasing ratio." The dependence of the British manufacturers of finished iron and steel upon the prosperity of the iron and steel shipbuilding is very close, and the *Economist* adds:

Altogether, so far as the trade of the north of England and of Scotland generally is concerned, the year 1883 will, we fear, close upon a very unsatisfactory and depressing prospect.

The pension payments during the six months ending December 31, 1883, were $30,741,553, as compared with $23,914,016 during the six months ending December 31, 1882. The total expenditures (including interest on the public debt, but not payments on the principal) were $127,570,101 during the six months ending December 31, 1883, as compared with $129,951,328 during the six months ending December 31, 1882. The decrease in the interest payments was $3,455,342, but for which there would have been an increase instead of a decrease in the total expenditures.

During the year 1883 the shares of all the English railways, except two, declined in market value. The aggregate of the fall was $58,595,000, or four and a-half per cent., and was in excess of all the dividends declared during the year. The Irish and Scotch railways remained about steady in market value.

To the end of last November the new German gold coinage was 1857 million marks, or $464,250,000.

It is reported that the sub-committtee on pension appropriations, appointed by the House Committee on Appropriations, have come to the conclusion that the pension expenditures of the next fiscal year will be $70,000,000, and will be principally provided for by the $50,000,000 or $60,000,000 which they expect will be left over from the non-expenditure of money appropriated for the present year. All the official estimates hitherto made in respect to future pension payments have proved so unreliable, that the country cannot have much confidence in any estimates which are now made.

The London *Economist* of December 15, 1883, after indorsing the recommendation of the Director of our Mint that the coinage of silver dollars should be stopped, says:

As to the effect of the stoppage of the coinage of silver in the United States upon the market for that metal, it is enough to say that even for the silver market it would be better in the long run.

The *Economist* takes the view that our continued coinage of silver dollars is "an artificial system which must inevitably produce some day a dead lock and consequent disturbance."

It is said that the bill introduced into the United States Senate, by Mr. Hill, of Colorado, to erect a post-office building in every town in which the revenues are so large as to make the office a

Presidential appointment, and in which there is now no such building, would call for a good deal of expenditure. Some estimates make it $20,000,000. It is replied to this, that it would make at least an equal saving, by getting rid of the rents now paid for hired buildings, which would be true, provided the Government did not erect or purchase more costly buildings than it is now paying rent for. We incline to think that if Congress pass a general law on the subject, it would impose a limit reducing the average cost of post-office buildings below what it is now. Under the present system, such buildings are authorized by special acts, and the members for the districts in which they are authorized, who have the tact, influence, personal popularity among their fellow members, and good luck to secure appropriations at all, almost always contrive to secure large appropriations for the benefit and gratification of their constituents. A general law would be more closely watched, and would be likely to be more economical. There are obvious difficulties in devising a general law, which should adapt itself to all situations, but it may be possible to overcome them. Senator Hill's measure has one clear, undoubted, and important merit, which is, that it treats impartially all places yielding a certain amount of postal revenue, whereas appropriations as now made go, as kissings are said to, by favor. It is much better, at any rate, to spend $20,000,000 on post-office buildings, than on a new navy, which is not needed for any other purposes than corruption and patronage, which would probably consist of nautical abortions from the start, and which would be sure to be superseded by new improvements in ships and armaments before any occasion for its practical employment will arise.

The New York *Times*, of January 15, prints a long interview with William H. Vanderbilt. The object of the reporter was to get his opinions upon current railroad events, but Mr. Vanderbilt branched off into the following observations about the public debt:

> There are not securities enough, which the people have confidence in, to go round. The Government is paying off the debt too fast. Such investments make people lovers of their country.

No man can speak with the authority of a greater personal experience, than Mr. Vanderbilt, upon the effect of holding Government bonds, in inspiring patriotic sentiments.

In an interview published in the *Times* of the fourteenth of last October, he said:

> There is one thing that I do not like to see, and that is the redemption of the Government bonds. Look at the bonds to-day. They are quoted at 120. I bought mine at 104. They ought not to be called in the way they are. *The country should have a larger debt, and give every one who can an opportunity to buy.* That is what adds strength to France. If a man can hold a bond, that makes a loyal and loving citizen of him, and too much cannot be done to make all men love their country.

All the persons opposed to further payments on the public debt are not also in favor of increasing it, as Mr. Vanderbilt avows himself to be. But nothing is really more inevitable, than that the next step, if the reduction of the debt is once stopped, will be to make it larger. All experience proves it to be so. When financial budgets are arranged upon the general idea of an equilibrium between receipts and expenditures, so as to have nothing wherewith to pay off old debts, occasions for what are called extraordinary expenditures will certainly arise to compel the creation of new debts. In the multifarious public affairs of a great country, extraordinary expenditures are very nearly as regular and permanent as ordinary ones.

The enormous extent and marked prosperity of the banking operations of receiving deposits and loaning money in this metropolis, are shown from the official examination in December last of the thirteen (13) Trust Companies in New York and Brooklyn. Their aggregate net surplus, $13,598,511, is slightly in excess of their capital, which is $13,200,000. Ten (10) of these companies receive and hold deposits, which amount in the aggregate to $120,286,010. The business of Trust Companies has increased rapidly within the last half dozen years, although not so much as the number and the extent of the operations of private bankers. New York will surpass London as a financial center in less time than is commonly supposed.

A Washington correspondent of the New York *Tribune* says, that many leading Republicans insist that the issue of Treasury notes can have no constitutional warrant, except as a means of borrowing money, and that as the Government is not at present in need of money, Mr. Buckner's project of now issuing more Treasury notes cannot be justified. He also says, that the same persons insist that the issue of National bank notes can be sustained upon no other ground than that of assisting the Government to borrow money, as the present method of their issue does assist by making a larger market for Government bonds, and that the National banking system will be unconstitutional, if the basis of the circulation of the banks is shifted from such bonds to foreign bonds, to railroad bonds, to the capital and general assets of the banks, or to anything else. To what extent such views prevail in Washington, we are not specially advised.

Mr. Randall, as Chairman of the House Committee on Appropriations, has made and submitted to the Committee careful estimates of his own, in reference to past and future payments under the Arrears of Pensions Act, which are accepted in Washington as more reliable than any which the country has yet had. Mr. Randall's conclusions are:

1. That to June 30, 1883, there had been paid $130,013,646 under

the Arrears Act, excluding certain arrears which would have been payable if that Act had never been passed.

2. That there are pending 148,000 claims under the Arrears Act, of which sixty per cent. will probably be allowed, averaging $1200 per case, and calling for a total expenditure of $106,560,000.

3. That in all ways, including the placing upon the pension rolls of the names of persons who would not have applied for pensions except for the purpose of obtaining arrears, the total cost, past and future, of the Arrears Act, may be estimated at $254,739,381.

4. That under existing legislation the total roll of pensions will be brought up to 425,900, calling for $44,000,000 annually, independently of arrears.

It is quite certain, however, that new laws will be passed, increasing the pension rolls, and the additions may possibly be of great magnitude. The chance is more than an even one, that this Congress will vote pensions to the surviving soldiers of the Mexican War. Until we are sure that the bottom of this pension business is reached, the greatest caution should be observed in dealing with propositions to reduce the revenues, which are sure to fall off from the depression in business.

The Mark Lane *Express*, of January 7, says the present price of wheat in London is below the cost of its production in England, which is not true independently of the question of rent. The price of wheat in so densely populated a country will always exceed the cost of production, but if the excess becomes small, the owners of [illegible] must reduce their rentals correspondingly.

Low as the London price of wheat now is, the *Express* believes it must go lower, in consequence of the new competition of India the Argentine Confederation, Australia, and the Canadian North-West, and of the increased railroad facilities for bringing Russian and Indian wheat to the seaboard for shipment. Upon the whole case it declares that. "if there is any logical or economic bottom limit to the price at which wheat can be sold in British markets, it has not yet been reached."

It has been apparent for some time that the idea of basing the financial and economical prosperity of the United States upon exporting wheat to Europe, was the idlest of fancies. Experience has shown that the periods during which such exports have been profitable, have been exceptional and short, and all recent events have tended to diminish, rather than increase, the probability that they will be more profitable in the future. The areas in which the soil and climate are adapted to wheat are almost illimitable, and the cheapening of ocean freights from the use of steam and the construction of larger ships, is constantly bringing all the wheat fields of the world practically nearer to Western Europe. The prospects of American wheat growers would be truly gloomy if they had nothing to rely upon for the future except foreign markets, in which they must encounter the competition of Indian ryots and Russian serfs. Their permanent reliance for prices which will give value to their lands and also enable them to pay fair wages to laborers, must be upon the home market, which can be indefinitely enlarged by the multiplication of mining and manufacturing industries.

SMALL CIRCULATING NOTES.

Of all the questions involved in the policy of suppressing small bills, which is proposed by the interests represented in the Union League Club of the City of New York, the one most transcendent in importance, and completely overshadowing all others, is the question of its effect upon the total volume of money; or, in other words, its effect upon the prices of property, and the relation of debtors and creditors, both of which, other things being the same, depend absolutely upon the quantity of the monetary circulation.

It is established by a long experience, and is one of the universally admitted facts of the case, that to the extent that notes are introduced into the currency, they will be preferred in common use, from their greater convenience, to coins of the same value, and that, therefore, the amount of paper which can be kept afloat at a parity with coin increases in proportion as the denominations of paper are lowered, and thereby fitted to occupy the smaller channels of circulation. Or, in other words, it is agreed on all hands that the extent to which the total volume of money can be enlarged by the addition of paper kept at the specie standard, is greater if small notes are issued, than it can be without their employment. It is thus true that the consideration of the quantity of money is necessarily involved in the question of authorizing or prohibiting the use of small notes, and it is natural that the sides of that question which will be taken by different persons and different interests, will largely depend upon whether they prefer an enlarged currency or a restricted one.

It will be convenient here to notice that the total volume of money which will be enlarged by the use of small notes will ultimately be, not exclusively the volume of money in the country using such notes, but its volume in all countries whose currencies are at the metallic standard. It being admitted that there are financial laws which control the distribution among different countries of the total mass of money kept at that standard, nothing is more certain than that, in the words of Condy Raguet

(*Currency and Banking*, 1839), "every emission of a paper currency in any country must augment the currency everywhere, after time has been afforded for its distribution." It is, of course, equally true that every withdrawal of paper currency in any country must diminish the currency everywhere, after the lapse of time necessary to effect the same proportional distribution between different countries of the total money as had previously existed. Thus, if the new scheme of the Union League Club of the City is carried out, and the $413,659,435 of greenbacks and bank notes below the denomination of $20, in circulation October 31, 1882, are called in and destroyed, the currency of this country would not be reduced by that great sum, or by any near approximation to it. $413,659,-435 is roughly one-third of our whole money, and as the work of withdrawing it made progress our currency would become deficient relatively to the currencies of the world, and the consequent fall of our prices relatively to those of the world would cause coin to flow in until the old equilibrium was restored at a lower level.

The delusion once prevailed that the circulation of notes actually convertible into coin produced no effect in the way of reducing the value or purchasing power of money, and of raising the prices of commodities. This doctrine was laid down in formal terms by Adam Smith (1775-6), and was scarcely challenged during the next generation. As stated in his own language, this current theory of his own, and of his times, was:

> A paper money, payable upon demand, and, in fact, always readily paid as soon as presented, is in every respect equal in value to gold and silver money, since gold and silver can at any time be had for it. Whatever is either bought or sold for such paper must necessarily be bought or sold as cheap as it would have been for gold or silver.

Mankind now understand that when a new paper convertible money is added to an old coin money, the paper, although having the same value as the coin has after the addition is made, does not have the same value as the coin had before the addition was made, inasmuch as the aggregate volume of the currency, and consequently its relative proportion to the mass of other things, will have been increased to the extent of the addition. But Adam Smith had no conception of the real nature and source of the value of money, which is nothing else than the limitation of its quantity as compared with other things. He supposed, on the contrary, that the value of gold and silver was determined by the labor cost of their production, and if that was true he would have been right in believing that the value of gold and silver money would not be changed by supplementing it by paper money, inasmuch as no addition of paper does or can affect the amount of labor involved in mining the metals. His doctrines on that subject have been long exploded and abandoned, and it is not now doubted in either Europe or America, that paper additions to the total volume of money reduce its value and raise the prices of property of all kinds.

It is an inopportune time for the suppression of any part of the monetary circulation of the commercial world. Silver has been recently demonetized in some countries, and its right of coinage either restricted or wholly denied in other countries, and at the same time the consumption of gold in the arts is gaining so rapidly upon the production of that metal, that the whole yield of the mines of it will soon be diverted from monetary uses. The shrinkage of prices within recent years, and still continuing, is a fact recognized on all sides, whatever disagreement there may be as to either the degree of the shrinkage or all the causes which may have contributed to it. The demonetization of paper by the suppression of notes which have been in actual monetary use, has precisely the same effect upon the aggregate volume of money as the demonetization of silver.

While we have in this country persons and interests which are urging the destruction of existing paper money, we see efforts in Great Britain and France, the two chief commercial countries of Europe, to increase the present amount of circulating notes, which is a change much more suitable to the circumstances of this perilous and alarming period of shrinking money, falling prices, and depressed industries.

In France, the bank notes of the denomination of fifty francs ($10) have been increased from $2,075,160 on the twenty-ninth of January, 1880, to $47,251,490 on the twenty-fifth of January, 1883. Furthermore, the excess of the outstanding notes of the Bank of France above the coin in its vaults, which excess measures the addition made by bank notes to the total volume of French money, which was only $21,240,000 in October, 1879, was raised to $175,130,000 in October, 1881, and is now about $200,000,000. Both these changes, the enlargement of the issue of fifty franc notes and the increase of the total quantity of the paper issues, were dictated to the bank by the Government, as appears from the declaration of the Finance Minister in the Chamber of Deputies, in December, 1880, and the purpose of the changes was stated to be a counteraction of the constriction of metallic money, caused by various circumstances and intensified by the return of Italy to specie payments.

In Great Britain there has been no actual new legislation, but discussions have been active, in and out of Parliament, in respect to enlarging the fixed issues of paper generally in that country, and of removing the existing prohibition upon the circulation of £1 notes in England and Wales. It is not certain that there will be any new legislation in that country, inasmuch as the interests in favor f narrowing money, lowering prices and thus aggrandizing the osition of the creditor and income classes, are exceedingly powerful England. But the case for relief which is presented there is a ery strong one. The issue of paper not based upon gold was xed in 1844 at $160,000,000 by Peel's Bank Act, and has not been creased since. In fact, under certain peculiar provisions of that ct, it has rather diminished, being now about $157,000,000. The eory of the Act was to have the fixed issue sufficiently below the inimum to which notes retained in circulation and not presented r redemption could by any reasonable possibility fall, and it is altogether plain that if the figure of the fixed issue of 1844 was a corct one, it ought now, in view of the enlarged population and still ore enlarged trade, exchanges and wealth of Great Britain, to be ery much increased, even if the prohibition of £1 notes in England retained. But, of course, if £1 notes are permitted in the cirulation of England and Wales, which contain three-fourths of the opulation of the United Kingdom, the total amount of notes hich can be relied upon as always to remain in use and not to presented for redemption, will be larger. It is the plan of the ember (William Fowler) of the House of Commons, who moved solutions (May 28, 1882) looking to an issue of £1 notes, to crease the fixed issue by the sum of £25,000,000, or $125,000,000, though he declares his own opinion to be that £1 notes would splace £50,000,000 of the sovereigns and half sovereigns now emoyed in the actual monetary circulation.

The effect of the British adherence thus far to the amount of e paper issue, as fixed in 1844, has been to compel Great Britain draw gold from other parts of the world to supply the entire ldition to its currency which has been required by the growth its population, exchanges and wealth during the past forty years. 1844 the total gold money in the United Kingdom, in and out the banks, was estimated at only forty millions sterling. The *ncyclopædia Britannica* (edition of 1860), after the great outturn the California and Australian mines, estimated it then at from eventy to seventy-five millions sterling, and it is now estimated one hundred and twenty millions sterling. If these figures are orrect Great Britain has absorbed eighty millions sterling, or 400,000,000 of gold, in the necessary expansion of its currency, as consequence of the policy of keeping its paper issues stationary nce 1844.* The theory upon which their amount was then deter-

* The substantial accuracy of an estimate of an increase of £80,000,000 in the British gold rrency within forty years, is confirmed by the following extract from a letter appearing in e London *Times* of May 7, 1883, from Mr. Goschen, who is a very high authority in reect to the facts of British banking and money:

"More gold has been required to meet the wants of an increasing population and an ineased balance of transactions in all gold-using countries. No evidence is before us to prove at a fresh development of banking expedients has to such an extent further economized e use of gold, as to neutralize the normal rate of increase. *On the contrary, it is be-*

mined clearly required that it should be increased *pari passu* with the capacity of the country to absorb and float circulating paper.

That there was no movement until recently for an enlargement of the British fixed paper issue may probably be ascribed to the fact that the growth of British population and trade during this generation, sometimes attributed erroneously to the free-trade policy of England, really dates from and was principally caused by the gold discoveries in California and Australia. Under that temporarily excessive supply of metallic money for the commercial world, causing a rise of prices which culminated about 1865, an agitation for more paper money in England was, for the time being, inopportune. But, now that a constriction of gold is felt there and in all commercial countries, the attention of Englishmen is naturally directed to the fact that their paper issue is no larger than it was forty years ago, although it was then fixed at a very low figure.

The policy of circulating small bills has always prevailed in all parts of this country, and they have been issued of as small a denomination as $1 in the States using the most important amounts of currency. To change this policy will be an innovation upon a long-established practice, and must cause a positive contraction of the existing volume of money. In that particular the question presents a very different aspect in the United States from that which it presents in England, where it is proposed to issue £1 notes, which have not been known in use for fifty-five years.

In the report of the Committee of the Union League Club, the following statement is made:

"Inasmuch as the small bills issued by the Government were resorted to solely as a measure of war, none of the objections made by either creditors or debtors to important changes in the currency can be justly urged against the exclusion of such bills in a time of peace. It was expressly implied in the Act for their issue that they were temporary in their character, and were to be withdrawn when the war terminated. The matter comes up, therefore, free from all embarrassment of this description."

Persons having no other sources of information would be led by this report to believe that the use of small bills was unknown in this country before the Civil War, and that the Act of Congress then passed for the issue of greenbacks provided for only "small [greenback] bills," and that it was "expressly implied," whatever that may mean, that these "small bills," created for the first time under the exigencies of war, should "be withdrawn when the war

lieved that in England alone the gold circulation has grown by £20,000,000 within ten years."

The last ten years cover a period of falling prices and constricted currency in England, and the additions to the gold of that country were doubtless at a less rate than during the preceding twenty-three years which followed the California and Australian mining discoveries.

terminated." In fact, by neither of the laws passed during the Civil War affecting the paper currency—the law creating greenbacks, the law establishing the National banking system, or the law taxing State bank notes out of circulation—was any change made by Congress in the denominations of the current paper money. What was done was to transfer the issue of it from State institutions, partly to the National Treasury and partly to banks created and regulated by the National authority. Instead of its being true that small bills "were resorted to solely as a measure of war," they have existed in this country at all times, in peace as well as in war, since the beginning of this century.

In the United States Senate, February 15, 1878, the pending bill being the silver dollar coinage bill, Mr. Kernan, of New York, moved to amend it by providing that the silver dollars should be exchanged for the one dollar and two dollar greenbacks, and that these latter should be canceled. In opposition to that, Mr. Blaine said:

The point involved is the abolition of one and two dollar notes. I do not believe the people of the United States will ever agree to that, specie payment or no specie payment, silver or gold. They want the one and two dollar bills. They are a great convenience, and I do not believe they will ever be dispensed with. I am opposed to retiring any of these bills.

As already noticed, the effect upon the volume of the currency, and consequently upon the general range of prices, and upon the relations of creditors and debtors, is one of the most important and most vitally interesting questions connected with issuing, or prohibiting the issue of, circulating notes of small denominations. The only allusion to it, however, in the report of the Union League Club Committee, is in the paragraph last quoted from it. Not only is it not conceivable that they overlooked it, but it is not doubtful that it constitutes the primary and main motive for their proposition to revolutionize the paper-money system of this country. They admit that what they propose is "an important change in the currency," and one which might be justly objected to from the point of view of the relation between creditors and debtors, except for what they mistake for a fact, but which is the farthest possible from being a fact, that small bills originated during the civil war, and with an "expressly implied understanding between all parties and interests that they were "temporary in their character," and "to be withdrawn when the war terminated." The understanding to be implied from the real facts of this case seem to be the exact reverse of that assumed by the Committee of the Union League Club. The metals having been supplemented during our whole National existence by convertible paper of as low a denomination as our monetary unit, the total volume of currency having thereby been sensibly enlarged, and all existing public and private contracts to pay money—which are enormous in magnitude, and many of which extend over long periods of time—having been entered into in reference to such a scale of prices as results from a currency of the metals expanded by such an addition of paper, there is the strongest possible implication of an understanding among all concerned, and between the Government and the citizens, that the currency shall not, except under some overwhelming necessity, be narrowed and constricted by the destruction of the whole or any material portion of the paper addition. To claim the existence of such an understanding as that, is only to claim the benefit of the rule of the English common law, which has been justly said to be the perfection of human reason, that parties shall be presumed to have promised what, under the proved circumstances of a case, they ought in good conscience to have promised.

It is the chief reason for insisting upon the coinage of silver that it will tend to maintain the volume of metallic money at its old relation of quantity to the quantity of other things, the stability of which relation is essential to justice as between persons and classes of persons, and no sensible narrowing of which ever has occurred or can occur without the worst commercial and industrial disasters. The reason is identical in character, and equally strong, for insisting upon continuing the circulation of paper which has, in fact, constituted a part of the total money of any country, and also for increasing the circulation of paper, by any method which is within the restrictions of sound principle, whenever, by reason of a deficient supply of the metals, such an increase is clearly necessary to preserve the *status quo* as respects prices and the equity of contracts to pay money.

GEO. M. WESTON.

DEBASED CHINESE MONEY.—A China correspondent of the Philadelphia *Press* writes: "The money question is even more complicated here than in Japan. Mexican dollars are also the standard here, but the Chinese have no coins or script of their own. The result is that the coins of other nations are current, rendering money transactions sadly involved. The coins in commonest circulation are those of America, Japan, the English settlement of Hong Kong, and the Straits settlement. The most absurd of all the coins are the cash, about 1100 of which go to make np a Mexican dollar. As the Mexican dollar is about 10 per cent. less valuable than the American dollar, some idea of the intrinsic value of one of these "cash" may be had. The cash are threaded together, one hundred or more to a string. Ten cents worth of them makes a good load for a pocket, and with two or three pockets full a person may scatter fees everywhere he goes all day long in the most princely style without materially depleting his resources. There is a poor quality of cash sold for 40 or 50 per cent. of their face value. These are designed for bestowal upon the street beggars, and are so brittle that they break easily in handling

POLITICAL ECONOMY IN GERMANY.

[CONTINUED FROM THE JANUARY NUMBER.]

II. *Morality and political economy.*—Mr. Schönberg appears to believe that he and his friends have invented this conjunction, but the reader knows this is an anachronism; this conjunction was made before the learned professor of Tübingen had come into the world; what is new is the vagueness of the expressions. Mr. Schönberg wishes that "morality may be realized in the *Volkswirthschaft.*" If this word of double meaning here signifies political economy, it only expresses a truism or nonsense. It is a truism, if the meaning is that physics must not be contrary to mathematics; it is nonsense, if it is desired to realize physics in mathematics. But, if the word *Volkswirthschaft* signifies the condition of a country, the question belongs to the domain of politico-administrative art. We simple people, as are the liberals, have thought that the connection between morality and political economy warned personal interest to be so moderated as to satisfy the social interest, love of the neighbor, and other virtues. The new school wants man to come into the world so endowed with morality that it fills him entirely, and it is only after having received permission that he will dare to have a little bit of personal interest, just enough to prevent him dying of hunger. All this is not serious; we can study nothing without analyzing it, political economy by itself and morality by itself, and when we have got to the bottom of both, we may mix them for the application.

III. *The State and the Volkswirthschaft* (in the sense of the situation of a country). Political economy is charged with the determination of the relations that must exist between the State and the economic movement, relations very difficult to fix rigidly. So far we agree. The author shows that there are two economic schools, one liberal, the other authoritative, and states that one allows the State a minimum, the other a maximum, of the right of intervention. This is a truth not unknown to M. de la Palisse; let us try to get a deeper understanding of the differences. The authoritative school, which calls itself "realist," is under the influence of mystic ideas, considering the State at once as a union of all the individuals forming the nation, and as something above and beyond with its own proper mission: "It is the representative (*Träger*) of the ideas and moral efforts of the nation, the guardian of justice, humanity, and of the progress of civilization;" consequently it may have charge of many things. But a distinction must be made between the things committed to it without any rhetoric, and those committed with sonorous phrases; in other words, the State has a rational task—a task more or less understood—and its mystic mission, which is a matter of faith. What, then, are the fundamental (rational) functions of the State? The author enumerates them as follows:

1. To establish the essential conditions for the peaceful, free, and economically the best exercise of every individual's activity, namely: 1, security of person and fortune; without security there are neither labor, fortune, nor new enterprises; 2, administration of justice, without which there can be no business, exchange nor credit; 3, economic legislation for regulating the things belonging to the domain of law.

2. To watch our intellectual culture and morality. To organize the public education, science and the arts, to protect the church and religion, etc.

3. To watch over the public health.

4. Public assistance. It must take care of the poor and infirm, keep an eye on guardianship affairs.

5. "Direct collaboration in economic production." I like these short propositions very much, because the idea is comprehended more easily, and the error it may embody is quickly detected. You think, perhaps, that this proposition means that the State is to collaborate in *your* work or in that of your fellow citizens? You are mistaken; the author alludes merely to the State becoming a contractor, constructing canals and railroads, manufacturing uniforms and arms for the army, etc. The author adds that these enterprises may vary in different countries; they do not therefore constitute fundamental functions of the State.

6. Encouragements to agriculture, industry, commerce, either by subventions or in some other way.

7. The management of its own economy: that is, the State must procure the material objects needed by the administration. Does the author refer to the articles for office use, to fuel, perhaps to the fodder consumed by the army horses? In any case this No. 7 is not as important as the other numbers.

Such is, according to Mr. Schönberg, the State's task; with some corrections and reductions I can admit it, for my part; excepting one or two points it is a question of measure and judgment, depending partly upon the temperament of the person judging, and partly upon circumstances. There should be no discussion theoretically about the greater or less amount, but only about each application at the moment of acting. When the author comes to develop the State's mission, he falls into mysticism; we see an abstract State arise, I might say the shadow of a State, which, by its intervention, raises the people into the regions of morality and virtue. Has any one yet seen this abstract State that is not composed of a multitude of citizens organized politically? Certainly we are all of the opinion that man, society, humanity must progress morally and intellectually, we all acknowledge that material interests are not the only interests, and even that *they should not take the lead of moral interests* . . . I will admit all that you can say in this direction. But because selfishness must be restrained, it does not follow that an economic science can be created other than that answering to human nature. You claim to invent a science of observation outside of, and in spite of facts. You may write in your books all you please; neither pen nor paper refuses; but you are composing poetry and not prose, and your ideas are so little clear that you—confessed, seekers after "the ideal"—call yourselves realists, and you class us as idealists, reproaching us for not seeking the ideal good.*

After Mr. Schönberg's chapter we have two by Mr. de Scheel, one giving a sketch of the history of political economy, the other on socialism and communism. Space does not allow us to analyze these two chapters. The first—if we assume the author's point of view—is very well done. The author is strongly imbued with socialism, but he has become more moderate since leaving Berne. I should have more than one criticism or reservation to make, but it would be repeating things already said, or encroaching upon future discussions. I should like to devote the space left me to the chapter by Mr. Fr. J. Neumann (of Tübingen) on "the fundamental principles of political economy." Still I must limit myself, and only examine now the section entitled: The task of political economy, for we shall find the principles with their developments in the following chapters.

Mr. Neumann has a singular way of presenting his science; far from making the most of it, he only speaks of it with contempt. This is how he defines it: "The theory of the relations between men that arise from selfishness, and of the relations of economic things with the general good and public authority" (p. 116). Thus economics is the theory of *Selfishness*; this is going very far, most of his colleagues confine themselves to saying: theory of *personal interest*, an expression generally considered as less severe and more just. But Mr. Neumann has his reasons. First, he defines economic things; they are not only (1) material objects; they are also (2) services, and (3) rights; they are all things in relation to which individual interests may be in conflict. Selfishness would therefore be "an individual interest in conflict with other interests." This is a soothing definition, but we shall see what the author will draw from it or rather with what facility he will forget it. He

* The sciences of observation never have the happiness of meeting with the ideal; they perceive only real things.

applies his definition to the three kinds of economic things that have just been mentioned. Man, he says, often acquires personal gifts (qualities) without knowing it, or at least without any effort; such are modesty, piety, etc.; he may also acquire some by the power of his will, and without there being the least antagonism with any other interest: such would be learning, skill, flexibility (?). It is otherwise finally with economic things, especially with material objects: these objects have this in particular, that it is in our nature to need them, we must have them. We are free to acquire or not "personal gifts," moral or intellectual ones, but the material things are a condition of our existence. Also, if the acquisition of personal gifts occasions no conflict, rarely are material things procured without a divergence of interests. These conflicts, to put it in a word, are settled by exchange, by acquisition for a consideration, by buying and selling, and the objects, services, pecuniary or rights, bought or sold, are economic objects, and the fixing of the price is the cause of the conflict. •

Selfishness is the generator of this conflict, and the theory of this selfishness may give rise to a particular science, because its manifestations are always the same in similar cases, so that it was right to speak of economic laws (see below). But precisely because the action of selfishness is permanent, the intervention of public authority is justified. "It is not enough that selfishness is restrained in man by the sense of duty; this sense must also be sustained by the representatives of 'the moral idea' which are called State, commerce, church, etc., and this support is only realized by restricting the manifestations of selfishness." It is to justify legal and administrative restrictions that the word selfishness is used by preference. Man is born with bad instincts, the state with good ones, the bad instincts must be mastered by the good. The socialists of the chair confine themselves to putting as an axiom, as a postulate, that the State represents justice and morality: it is denying history, however. But the argument has need of it, that is enough. I resume the course of the author's reasoning. The manifestations of selfishness and the measures taken to put a restraint upon them have always been the subject treated by political economy, and the author approves of this delimitation of the economic domain, for if it were desired to extend it to the acquisition of virtues and personal qualities, thoughts on psychology, pedagogy, etc., would have to be mixed with the theory of economic things. This time it is my turn to approve of the restriction; I like the sciences free from all mixture. Mr. Neumann excuses himself for speaking of such mean things, making variations on Senior's saying, that to write on war is not exactly to recommend war, and in these variations there is more than one proposition that I willingly accept, but the whole is so vague that I begin to hesitate again.

Further on Mr. Neumann feels obliged to revert to selfishness and makes distinctions that I must notice. Let us recall first that the author (p. 109, note 11) considered the English were happy in having a language, in which every word has its twin or double: *income* and *revenue*, *wealth* and *prosperity*, etc. Well, the Germans enjoy the same advantage, for whenever they are suffering from a dearth of expressions, they borrow some without shame from their neighbors. I have unfortunately only two words at my disposal; I will nevertheless indicate the distinctions made by the author:

1 Personal interest is what induces man to take care of his own affairs, without any good or bad acceptation.

2. Selfishness is what incites man to assert his interest in the face of the interests of others, for example by buying an object, or by bargaining for a salary, a contract, or by passing a competitive examination.

3. Selfishness of the second power is that which exceeds the limits set by equity.

It seems to me that Nos. 1 and 2 may very well be put together; it is another case of hairsplitting; the author recognizes himself that No. 2 is legitimate; he shows even, p. 120, that selfishness is a better agent of production, assures the general welfare better than devotion. Naturally he insists on the necessity of restraining the excesses of selfishness, which leads him to consider as a restraint or a limitation of individual activity the common services undertaken or administered by the state, roads, education, and state aid; but the author is conscious that these public enterprises often present great difficulties, and, moreover, that it is not easy to say how many of these services should be managed by the state. There is also the question of the part to be imposed on every one. Should a service rendered by the state be paid for in proportion to the utility that the taxpayer derives from it, or must the tax be proportioned to the tax-payer's fortune; for example, must it be said: 1. You will pay so much per 100 litres of water, or, 2. You shall have water for a sum amounting to ten per cent. of your rent? The chicken might thus be plucked without making it cry out, that is, wealthy people would be relieved of as much as possible of their fortune, "sacrifices" would be imposed upon them without entirely discouraging them, and that *not with a view to justice*, but in the interest of the less wealthy classes. It is in our day especially, when fortunes become more and more unequal (neither Mr. Neumann nor any other socialist has ever proved this assertion), that this regulating intervention is incumbent on the state; the state, it is declared *ex cathedra*, should correct the distribution that the nature of things left to itself produces.

O. A. BIERSTADT.

THE CURRENCY QUESTION.

The following plan for a bank currency is from George A. Butler, Cashier of the National Tradesmen's Bank of New Haven, Conn. It is substantially the same as that suggested by him at the Bankers' Convention in 1880:

There are three conditions which should attend the issuing of paper money. These conditions are so important and necessary that they should be rigidly adhered to.

1st. All paper money should be convertible into specie at the will of the holder.

2d. The maximum amount of paper that may be issued should be an arbitrary one, and should be fixed by law. The amount should not exceed one-half the amount of the money of the country.

3d. Notes of the smaller denominations should be prohibited, unless such notes are fully covered by coin, and the coin held as a special reserve against the notes.

These conditions are indispensable to a good system of paper money.

It is so apparent and so generally admitted that convertibility is not only a desirable but a necessary condition that we may accept it as such without discussion.

The doctrine, that the maximum amount of paper money that may be issued should be a fixed one, is not so generally conceded, but I think that I shall not greatly err in saying that it is held by many of the best thinkers and students of monetary science, and I believe that it may well cause surprise that any should question it. It is, I confidently believe, the only way by which paper money can be issued without liability to excessive issues. This doctrine is the fundamental principle of the currency of England. Those who have studied the "Bullion Report" will readily admit that any other conclusion is hardly possible; and those who have studied the history of paper money in this country will have seen this truth brought out very many times. It is only fair to say that it is a debatable question whether the currency of England is not frequently inflated, even under this rule. If such should be the case, the inflation is caused by reason that the Bank of England is obliged to accept all gold that may be brought to it, whether in coin or bullion, and to issue notes for the same. It is undoubtedly true that the expansions and contractions of the bank-note circulation must be more frequent and more rapid under this provision of the "Bank Act" than they would be if the bank was not obliged to receive bullion. Whether the expansions and contractions are sufficiently great and prolonged to affect prices I am unable to say. The chances are that it may be so, and that this provision of the "Bank Act" is objectionable.

While there should not be a paper currency which is not convertible into specie on demand, convertibility without a limitation of the amount of paper that may be issued will not prevent inflation. Convertibility alone will arrest inflation when it has proceeded so far as to cause a rise in price to such an extent as to create an unfavorable condition of exchange. It is at this point only that convertibility becomes an active principle in the finances of a country; until a rise in prices has taken place, the principle of convertibility lies dormant, because there are not present the conditions necessary to activity. When a rise in prices does occur it becomes an active principle and a controlling power, not only checking further expansion of the paper circulation, but going much farther, and materially contracting the amount of the same.

The prohibition of small notes unless they are fully covered by coin is in accord with the best economic and financial thought of the age. It may fairly be said to be the cardinal principle of the currency systems of the leading nations of Europe.

The object to be attained by the prohibition of small notes is the accumulation in the country of a considerable amount of specie which shall be in the pockets of the people. The wisdom of having such a fund of specie will be seen in the fact that it will constitute the movable specie of the country, and the only fund from which the banks can draw to replenish their reserves. Also that it will largely be in the hands of people who would use it for their current expenses, making it active and flexible in its character and movements.

A further consideration is that people of small means would have in their possession only metallic money, and thus not be exposed to loss from any failure among the banks. This would be an important consideration under the old forms of bank notes, but is of little moment under a system of paper money such as is here proposed.

I contend that these three conditions should attend the issue of paper money. They are fundamental principles, and they should not be lost sight of. A system of paper money not based on these principles is unsound at its foundation and must be vicious in its operations, although for a time its weakness may not readily be perceptible on account of the insidious working of the poison contained therein.

Having laid down the principles which should be the basis of a paper currency, the next thing in order is to see if this country can have a paper currency based on these principles.

Evolution, not special creation, is now said to be the order of the universe. It should be true of banking and currency. We should not try to invent or create something new, but we should apply well-known principles to that which we have, and out of it evolve that which is best calculated to satisfy the conditions, and meet the necessities of the present time. In the National banking system we have an excellent foundation on which to build. Nay, more, we have not only the foundation, but a superstructure which requires but little change and addition to make it all that could be desired. We may easily make some changes in it which will bring it into harmony with the principles which I have mentioned, thus adding to it symmetry and strength, and thereby to its usefulness, and giving to it a solidity and permanency which shall be the more assured with each passing year.

The changes necessary to put the currency question where it will cease to be a constant and irritating cause of distrust and disturbance in the affairs of the country, are few in number, and can easily be made, and when made and the system well in operation will give the country a currency which will be far better than any it has ever had, and equal to any in the world, one which will grow stronger with time and the growth of the country.

1st. Repeal the clause of the National Banking Act which requires a deposit of Government bonds to secure the circulation.

2d. To begin with, fix the maximum amount of notes that may be issued at the sum total of the legal-tender notes and the National-bank notes now in circulation, and as the volume of the bank notes increases, retire an equal amount of the legal-tender notes.

3d. Prohibit the issue of notes below the denomination of ten dollars, unless they are fully covered by coin, and the coin held as a special reserve against the notes.

4th. Issue notes to the banks for only eighty per cent. of the paid up capital.

5th. Require the banks to keep at the Redemption Agency, twenty-five per cent. of their circulation in coin, as a reserve against the notes, and relieve the banks from the necessity of redeeming their notes at their own counters.

From an economic point of view we should then have a system of banking and currency far superior to any which the country has ever had and, I doubt not, second to none in the world. It would embrace every required principle of sound economics. Anything further that may be demanded or needed comes under the head of prudential, not economic considerations.

It may be urged against this plan that in so large a country it would not be possible to prevent excessive issues under a general banking law. Upon consideration the objection at once disappears. This plan provides for the establishment of the maximum amount of paper that may be issued. The manner of regulating the apportionment of the circulation is a matter of detail which can easily be arranged. At this point it may be well to say that the issuing of paper money is not a right inherent in the Government or in the banks. The general Government has no right to issue paper money in any form, and in doing so commits as gross a violation of the Constitution as it would in enacting a law which would generally confiscate private property. Any one at all familiar with the history of the formation of the Government is well aware that the "Articles of Confederation," provided that the Government might emit bills of credit, and that the original drafts of the present Constitution contained this clause, "to borrow money and emit bills on the credit of the United States." That after a full debate, in which the danger of such a power was insisted upon, the words "and emit bills on the credit of the United States" were stricken out, the Convention thus declaring that it was too dangerous a power to give to the general Government. The Convention also provided that none of the States should exercise the power which it refused to give to the general Government. Nine out of the eleven States voting on this question voted to strike out the words above mentioned. A power so emphatically withheld cannot by any implication be considered as a power given.

The banks cannot issue paper money without the right to do so is given them by law. And the law may say in what amount, and in what manner, and under what conditions and restrictions paper money may be issued by the banks, or whether it may be issued at all.

As it is a good currency that the country needs, it is proper to attach such conditions to the issuing of paper money as may be necessary to that end. As I am now considering how to obtain a permanently good system of currency, I shall do so without considering how it may affect individual banks or banks in general. The thing desired is a good currency, one which will be permanent in its character, and which will not be subject to the necessities and conditions of the finances of the general Government.

In this country there are only two kinds of currency permissible, and which possess any considerable degree of permanency. One is a purely metallic currency, real constitutional money; the other, a mixed currency of specie and bank notes. A Government currency is neither desirable nor is it constitutional, and we had better submit to any present evil than to resort to a Government currency; better endure the ills we now have than to invite still greater ones in the future.

It may be asked, how, under a general banking law, excessive issues are to be prevented? The question is a fair one, and should be fully answered.

I have already said that the maximum amount of paper money that might be issued should be an arbitrary one, and that it should be fixed by law. Congress could fix the amount at the sum total of the legal-tender notes and the National-bank notes now in circulation, and while allowing the banks already under the National Banking Act to keep the amount of circulation they now have, not to permit new banks to issue notes unless they have a paid-up capital of, say $300,000 or $500,000. This is merely a prudential suggestion, as it would make fraudulent transactions next to impossible, and increase the amount of bank notes only as fast as there should be developed a real necessity for further banking facilities of a substantial character. The fact that the maximum amount is a fixed one, will of itself, make excessive issues impossible. Then let Congress, as I have already said, enact that any increase of the bank-note circulation shall be followed by a corresponding decrease of the legal-tender notes. This would maintain the indispensable feature of a fixed maximum amount of paper, and at the same time inaugurate a policy looking to the ultimate extinction of the legal-tender notes, an event to be devoutly desired, and for which all prudent and patriotic men should work.

It may be finally urged that this plan does not give absolute security to the holders of the notes. Granted. Neither does the Government-bond plan under all circumstances. How would it have been with the banks and the notes if the late war had continued a couple of years longer? Cannot we see a possibility that the credit of the Government and the solvency of the banks would have gone together, and both have been destroyed? Then again, a decade has not yet passed since the country endured an agony of suspense and fear lest the lunacy of greenbackism should prevail, and repudiation in some, if not its worst, form take place. If we recall the political campaign which ended in the election of Mr. Hayes as Governor of Ohio, I think it will suggest some things not pleasant to contemplate, and perhaps modify our ideas of absolute security.

Take the possibility of another great war, and the probability that the first act of the Government would be a further issue of paper money as a necessity of the war. What does it suggest? But admitting that the Government bonds are an absolute security for the notes, does it follow that we cannot have a safe currency without them? If so, then we must do without paper money, and bring the country to a metallic currency. It is as good a time for it now as we shall ever have, and we might as well do it now as some years later. To say that we cannot have a safe currency without the Government bonds is childish, and the statement is not worthy of an intelligent people. We can have a safe and a better currency than we now have, because it will be in harmony with the principles of sound economics.

Under such a plan as is here contemplated, not one dollar need ever be lost to the holders of the notes. A recapitulation will conclusively show that there is no real need of deposited collaterals for the notes:

1st. There would be the capital and surplus of the banks.

2d. The liability of the stockholders to an amount equal to the par value of the shares owned by them.

3d. The circulation would be for only eighty per cent. of the paid-up capital.

4th. There would at all times be a coin reserve of twenty-five per cent. of the circulation, to be used only to redeem the notes. If we add to the above security a tax of one-half of one per cent. on the circulation, to constitute an insurance fund, out of which the notes of insolvent banks should be redeemed, in case resort to other means should not be sufficient, then we should have, not absolute security, for the absolute is seldom found in this life, but we should have all the security that is necessary.

The tax of one-half of one per cent. on the circulation would create a fund of more than $1,500,000, the first year, and would increase with each year until the general Government would hold in trust for the holders of the notes many millions of dollars. And as this plan is not suggested as a makeshift until such a time as we shall have become competent to deal with the question, but as a permanent system of banking and currency, the Government would in time accumulate a fund which would bear large proportion to the whole circulation. As figures and facts are better than mere opinions, I shall support my opinion by them. If this tax had been laid, instead of the one-per-cent. tax on circulation, and it had been used as a fund such as I have suggested, the fund would now amount to about $30,000,000.

During the twenty years of the National Banking Act, eighty-nine banks have failed, with a circulation of $14,424,684. If there had not been a dollar of assets in all of these banks, and the Government had redeemed all of the notes out of this fund, there would still be left more than would have been paid from the fund, or, to say in round numbers, about $15,000,000. Twenty years' experience, and that during a time peculiar for its financial dangers, demonstrates that a tax of one-fourth of one per cent. on the circulation would pay in full every note of the banks that fail, even if the assets of the banks were completely worthless.

To meet the popular demand for small notes, the banks might issue in addition to their regular circulation a certain amount of small notes, which should be fully covered by coin. This would not do any violence to the principle that small notes should not be issued, as the specie which they would displace in the circulation would be held on deposit, and the notes would merely be the representative of the specie.

The foregoing plan is substantially the same as the one which I suggested in the "Bankers' Convention," in 1880. The tax on circulation to establish an insurance fund has been objected to by some, on the ground that the good banks would be taxed to pay losses made by others. They say, "Let every tub stand on its own bottom." I believe that tubs generally do stand on their own bottoms, and also that when they fill their own sphere of usefulness they stand alone: not so with intelligent human beings; they do not stand alone, nor are they independent of each other. They cannot, if they would, escape from the influences of others. They touch at almost every point in life. Whether they acknowledge the benefits they receive, or not, they are still under obligations to others. We cannot measure the benefits which we have experienced by reason of the words and actions of others, actions and words of which we may have no knowledge. Neither do we know how much greater our burdens have been because of the words, actions, and perhaps unconscious antagonisms of others. I say nothing of the accumulation of benefits as the result of lives which closed before we were born. In the past men have not stood, nor do they now stand, alone; but few escape some damage from the actions of others, and there are none who have not been benefited by others. Let "tubs stand on their own bottoms," and let them stand alone; but men should stand together, and while each is working for his own interests, let him so work as to contribute somewhat to the welfare of others.

THE SENATE DEBATE ON THE SINKING FUND.

Senator Beck submitted a resolution to the Senate in December, directing the Secretary of the Treasury to report concerning the reduction of the public debt, and how much would be required in the future to comply with the laws relating to the sinking fund. The answer to this resolution is published elsewhere. When the resolution was before the Senate a debate took place, the chief points in which are herein given. Mr. Beck opened the debate by remarking that he desired to say it was perfectly apparent that the request of the Secretary of the Treasury made in his report the other day, asking taxation to be kept beyond the ordinary wants of the Government, at least $50,000,000 to be applied to the sinking fund, ought not to be thought of.

The Secretary shows this condition of things: That $85,000,000 of the public debt will be paid during the current year, and $106,000,000 is estimated to be paid during the next fiscal year before we can reasonably hope to change existing laws, leaving only $109,000,000 possible to be paid, in accordance with the present adjustment of our bonds, until 1891; and if we are to keep up $50,000,000 a year for a supposed sinking fund, that $50,000,000, after applying the surplus of this year and the amount estimated for the next now provided for, will in two years, or a small fraction over two years, pay off all we can possibly pay until 1891. There will be only $109,000,000 left after the now ascertained surplus, up to June 30, 1885, is applied. In any event, all the three per cent. bonds will be paid three or four years before we can pay any more, even if the provisions for the ever-pressing sinking fund are dispensed with.

In adjusting our taxation hereafter, I insist that we shall not make provision for the hoarding of money that we can not properly apply; and I insist that the present construction given to the sinking-fund law is not legitimate, and was never intended to be construed as it now is, by any legislation prior to 1875. For these reasons I have asked the Secretary to tell us, first, what the debt was in 1862, when the pledge, so-called, as to a sinking fund, was given. The law passed on the twenty-fifth of February, 1862, reads thus:

SECTION 5. *And be it further enacted*, That all duties on imported goods shall be paid in coin, or in notes payable on demand heretofore authorized to be issued and by law receivable in payment of public dues, and the coin so paid shall be set apart as a special fund, and shall be applied as follows:

First. To the payment in coin of the interest on the bonds and notes of the United States.

Second. To the purchase or payment of one per cent. of the entire debt of the United States, to be made within each fiscal year after the first day of July, 1862, which is to be set apart as a sinking fund, and the interest of which shall in like manner be applied to the purchase or payment of the public debt, as the Secretary of the Treasury shall from time to time direct.

Under that act about five hundred million dollars was borrowed, perhaps five hundred and fifty million dollars.

Mr. Bayard—In the revision of the statutes the date recited in the second clause of this section, "to the purchase or payment of one per cent. of the entire debt of the United States to be made within each fiscal year, after the first day of July, 1862,". does not find its place when carried into the revision of 1873, but it provides for "the purchase or payment of one per cent. of the entire debt of the United States to be made within each fiscal year," without limiting it to the date of July 1, 1862.

Mr. Beck—I read the law of February 25, 1862, for the purpose of showing what I meant by the first statement in the resolution, which reads:

That the Secretary of the Treasury be, and he is hereby, directed to inform the Senate, as soon as practicable, the amount of the public debt of the United States after the sums provided for in the Act of February 25, 1862, were obtained under its provisions.

The debt at that time was, in my opinion—I do not know accurately, and therefore I desire the information—somewhere about $500,000,000 or $600,000,000. Now, we have these facts, upon which we do not require any information: that the debt kept increasing from February, 1862, until the thirty-first of August, 1865, when it reached the enormous sum of $2,756,431,571.43, and that, by the last debt statement of December 1, 1883, the total debt of the United States on the first day of the current month, less cash in the Treasury, is $1,509,785,060.85, or a reduction since August, 1865, of $1,246,646,510.58. In other words, we have reduced the public debt as it existed on the thirty-first of August, 1865, more than double the total amount of the indebtedness of the United States, on the day when this so-called pledge to create a sinking fund was originally given. The whole debt then did not amount to much over $600,000,000, and since we began reducing the debt after August 31, 1865, up to the present time, we have paid $1,246,646,510.58, or more than double the whole original indebtedness.

It may as well be stated that there never was a sinking fund created or maintained; nor was the law of 1862 in any sense attempted to be complied with in that regard until 1870; yet nobody thought we were neglecting the public credit. Governor Boutwell, then Secretary of the Treasury, perhaps paid off a small sum in 1869; but in 1870, for the first time, the sinking fund was put in shape, and then many things were done that I do not care to advert to, which caused great criticism and I think did great wrong to the tax-payers of the country by the purchase of bonds unnecessarily and at enormous premiums.

What I desire to get at is to show to the country and to show to the Senate that in the readjustment of taxation we ought now to say what every creditor of the United States wants us to say, that there is not only no necessity for keeping up taxation to the extent of paying fifty millions a year more than the legitimate expenses of the Government require, but that we ought to allow the outstanding bonds to remain, what few of them exist, as surety for the circulation of the National banks, and for the many other business purposes for which they are needed, and to reduce taxation in some way, I do not care to say how now, and give the people the relief from taxation to which they are entitled.

The sinking fund has been fully, fairly provided for, for fifteen or twenty years yet to come. We have cancelled $700,000,000, at least, beyond any requirement of law. As I said, the sinking fund was merely intended to give security or assurance to creditors that the debt would be paid. Who now doubts either our inclination or ability to do so? From 1862 to 1870 no fund was applied, and there never was since that time anything except the surplus revenue applied. The sinking fund account was only a bookkeeping invention of a secretary. When the surplus was small but little was applied, and when it was greater, of course more was applied. But the average, year by year, shows the total result in a reduction of $1,246,000,000, or nearly half of the whole National debt at its maximum; and it shows, in the existing condition of things, that there are hardly any bonds left to which we can apply it. I do not know what the present Secretary, or any future Secretary, might say under the authority given him to apply the surplus revenue "to the purchase or payment of one per cent. of the entire debt of the United States, to be made within each fiscal year after the first day of July, 1862, which is to be set apart as a sinking fund, and the interest of which shall in like manner be applied to the purchase or payment of the public debt, as the Secretary of the Treasury shall from time to time direct," that at the end of two or three years, when we can no longer purchase bonds, I do not know but he will consider it his duty to apply the surplus to the payment of the non-interest-bearing portion of the National debt, and pay off the greenback circulation, which is costing nothing, under the authority given him to pay when he has funds on hand.

I desire Congress to take the matter in its own hands, and tell any Secretary, as we told him in the legislation of 1878, that he can not pay off the legal-tender greenback circulation, and to say to him that he shall not buy bonds not payable at any premium he pleases, and say to him that there is no use in taxing the people $50,000,000 annually, as he requests us to do, in order to create a sinking fund, which, as he shows himself, can not by possibility be used, unless he does apply it to the payment of the non-interest-bearing legal-tender notes that are now outstanding—and that would not last him very long, only six years, at the rate he proposes; it would not begin to bridge over the time until 1907—and that he shall not pay premiums to syndicates or others to get hold of bonds not due.

Mr. Sherman—The senator has quoted the old act of 1862 which set aside one per cent. of the amount of the public debt as a sinking fund. That has always been construed to mean one per cent. of the amount of debt due each and every year thereafter; not the amount of bonds due exactly on the day of the passage of that act, which was the twenty-fifth of February, 1862, but the amount of the entire public debt of the United States, due from year to year, and the one per cent. is taken of the debt due at the time the statement is made up. So on the first of July, 1883, the amount of debt due then is so much; then to that is added the annual interest on bonds that have been redeemed from year to year, and these aggregate sums make up the amount annually appropriated by law for a sinking fund.

Therefore I say there is now in the report of the Secretary of the Treasury all the information that can possibly be given under the resolution except this:

Stating how the amounts so required can be applied to the sinking fund prior to 1907.

And also when the sinking fund will pay off the debt. That is a matter of uncertainty; it necessarily must be so from year to year. The officers may approximate an estimate of what the sinking fund will be next year and the year after, but they can not give you a statement of what it will be exactly, because that will depend upon the interest of the bonds that are redeemed subsequent to the making of this statement. If they redeem bonds bearing four per cent. interest, then the interest goes on to the credit of the sinking fund at four per cent.; if they redeem bonds bearing three per cent. interest, then the interest goes on upon the basis of three per cent.; and consequently it is not possible to state for the future exactly what the sinking fund will be from year to year, but they can approximate it, and the Secretary does substantially state that it may be so many millions for next year, but he cannot tell exactly, because he can not tell precisely how many bonds he will buy during the coming fiscal year, nor at what rate of interest they shall be computed, and so it varies from time to time, but a substantial statement, an estimated statement of the sinking fund is carried on year by year, and can be carried on. I have no doubt according to the statements which are sent to us that the present sinking fund will pay off the public debt in about fourteen years or a little more. I am not quite sure about the period, for the operation goes on much less rapidly now than it formerly did, because the computation is based now upon the purchase of three per cent. or three and a-half, or four per cent., while formerly it was based upon the purchase of five or six-per-cent bonds. It is impossible to state exactly the effect of the operation of a sinking fund unless you know all the elements that enter into the cost of the bonds, what is paid for them, what interest they bear, and what interest they will carry to the credit of the sinking fund.

The Secretary of the Treasury will no doubt give you his estimate of what the sinking fund will be next year and the year after, and so on, and when it will pay off the National debt gradually; but he can not tell certainly, because the elements vary according to the price of the bonds and the rate of interest the bonds bear at the time he purchases them.

But, sir, as the Senator seems to desire the information to be given in the form called for in his resolution, I have no objection. It will be communicated to him in that way probably more speedily than we shall have the formal documents printed.

Now, in regard to the continued payment of the Sinking fund, it is true, as the Senator says, that the Government in time past has paid off more bonds than sufficient to satisfy the sinking fund.

Up to 1873 we had gone largely in excess of the payment of the public debt, because the accumulated money in the Treasury had to be applied, after paying the current expenses, to the extinction of the debt, and was so applied. There was some question as to the power of the Secretary of the Treasury to buy bonds, but, from the necessity of the case, he had to exercise that power. In 1873 and thereafter, on account of the financial panic that occurred in that year, the revenues of the Government fell off so rapidly that the Government did not maintain the sinking fund. One year it only paid $6,000,000; another year $15,000,000; it did not pay one-fourth or one-fifth of the sinking fund of those years; but in 1877 the revenues had so increased and the expenditures had been so diminished that we commenced again the process of paying off rapidly the public debt, and now for some years we have paid off much more of the public debt than is demanded by the sinking fund. As to precisely how much has been overpaid I can not state, but the question arises, has the Government of the United States, which has agreed to pay annually a certain sum, the right, in justice to its public faith so pledged, to apply a sum of money paid off in one year in excess of the sinking fund to make up a deficiency in a subsequent year?

I am inclined to think that in equity and fairness we may say that we are dealing with this question as a public question, and that when we do substantially equal to what we have agreed to do, that is a compliance with the law, and no man can question the faith of the United States because it, for three or four years, was unable, unprepared, from its current revenue to pay the sinking fund, provided it has on the whole more substantially made good the promise. I agree with the Senator from Kentucky on that point, that as a question of public faith we have at least done what we agreed to do, and more, too. But at the same time, the policy of a continued payment of the public debt, the policy of standing by the public engagement to every year pay off so much, not less than one per cent. of the public debt, to the accumulated sinking fund, is a wise public policy, and I, for one, do not wish to see that interrupted. If there is a time when the revenue falls off and we are unable to do it, it ought to be only a temporary exigency. The law ought to stand, and the moment we can resume this public policy of paying off the National debt it should be resumed, until that debt is paid off to the uttermost farthing, according to the plain language of the law under which the debt was created.

Upon the main question of the policy of maintaining the honor of the country to the fullest extent in preserving our sinking fund intact, never to be departed from, except where by a temporary stringency in the money market there may be a deficiency of the revenue, to be made good as soon as practicable, of continuing the steady and sure payment of the public debt until every dollar of it is extinguished, I am willing to stand. Upon that ground I agree with the Secretary of the Treasury. I believe that he and all those who agree with him are right that this policy should be maintained according to the full letter of the law.

There is now no question about his power to purchase bonds. A law passed at a time when this Senate was Democratic, a law that was properly passed, upon the motion of the Senator from Delaware [Mr. Bayard], authorized the Secretary of the Treasury to apply the surplus revenue to the purchase and payment of bonds whenever he has any surplus so to apply. So there is no question of power; and it is no doubt his duty, whenever there is a surplus of revenue in the Treasury more than sufficient to meet the funds required by the resumption act and to pay off the silver certificates and the gold certificates and the other demand liabilities of the Government, to apply that surplus revenue to the purchase of the public debt, and he must make the best terms he can; he must buy in open market. If the debt bears but three per cent. interest he must pay it off. He has no option. He must go on and carry out that policy.

It is right also that the policy proclaimed by the act of Congress to set aside a special fund which may not be diminished except under extraordinary circumstances, and to apply that sum to the payment and gradual reduction and extinction of the public debt, should be carried out.

Mr. Bayard—After the people of the United States had themselves resolved to take this fund in question into their own hands and, by a condition of public affairs unprecedented in the history of any civilized government, had resolved that they would themselves retain the obligations of the Government payable at the will of the Government and at a lower rate of interest than the face of those obligations called for—when the people of the United States, as I say, in this unprecedented, voluntary manner signify their absolute confidence in their Government and in the public credit, and it became competent for the Treasury to extinguish the interest-bearing debt of the United States at the convenience of the Government, it was, as the Senator from Ohio said, upon my motion that an amendment was added to one of the appropriation bills, as I remember, authorizing any surplus in the Treasury to be applied to the extinguishment of the public debt. We were in that happy position, and are still in it, in which the debt was payable at the pleasure of the debtor, and not at the will of the creditor. In such a state of affairs as that, it was in my judgment a wise use of legislative power and of discretion to empower the Secretary of the Treasury to apply the surplus revenue to the extinguishment of the interest-bearing debt of the American people. We should have been delinquent in my judgment if such a provision had not been adopted.

I shall be very glad to see the whole history of this diminution of the public debt verified by a recapitulation from the Treasury, and by a reference to the laws under which it has been accomplished. There were many years, from 1869 to 1874, in which I think a most disastrous policy was pursued. But it was pursued, and we have had indirectly the benefit of it of paying off a debt long before it became due and paying an advance premium upon it to accomplish that object. It was one of those incredible policies in finance difficult to imagine the wisdom of at the time and impossible to see the wisdom of to-day; but the benefit of it nevertheless came. A part of the debt has been paid; the burdens of the public have been reduced although in a costly manner and injurious, I think, to the interests of the people. But that is all in the past, and I can only see, by the true history brought now and anew before the people of this country, benefit in every way to them by way of instruction and strengthening to the public credit of this country.

I therefore shall vote for this resolution of the Senator from Kentucky, and I only hope that the Secretary in complying with it will state the condition of the law under which he applies the surplus in the Treasury to the extinction of the public debt. There is nothing in that in my judgment that has not been warranted by the letter if not by the spirit of the statute of 1862. I do not think there is any force in the statement that that statute of 1862 contemplated only the debt existing at that period. This country was then engaged in a great struggle for the maintenance of its jurisdiction over the entire territory of the United States, and it was in the midst of that struggle, contemplating still further expenditure, that that promise was made. All statutes speak generally *in futuro*: they are not bound by the affairs of the moment: they will not be retrospective unless they expressly declare that intent upon their face; and no one I think can reasonably suppose that when the words "entire debt of the United States" were used they did not mean the entire public debt of the United States at any time it may exist, and so I suppose the construction has followed the application of the money, the one per cent., to the diminution of that interest-bearing debt. But I also know that since that time, either by the direct instruction of Congress or the inferential construction of Congress, there has been authority for the diminution of the public debt by the application of the surplus revenue in the Treasury. I shall be very glad to have a recapitulation made of all that. I shall be very glad to have a recapitulation made of the statutory history under which this has been done, because it is impossible for us at all times to understand definitely these vast financial transactions, to comprehend what are our resources, and our resources may themselves be measured in proportion to our liabilities. We can best say what diminution in the burdens of taxation may then be made, and I probably shall be found agreeing with my friend from Kentucky in favor of lessening the public taxation as much as possible. There may possibly be some results from his refusal to extinguish the bonded debt of the United States that he has not fully contemplated, and I think he will find allies of an unexpected kind in favor of his proposition of maintaining the bonded debt, not paying it off at a premium, that he does not now anticipate. That, however, the future will disclose.

Mr. Plumb—Mr. President, we seem to be engaged in a discussion about the sinking fund, which as I understand has not been practically for many years anything but simply a matter of bookkeeping. There has been a certain amount of money applied, at all events for many years, on the books of the Treasury in excess of the amount required by what is technically called the sinking fund; but I understand that practically not a dollar of money ever went into it—neither a dollar in money nor a single bond of the United States; and, consequently, the sinking fund has simply been something represented by certain entries on the books of the Treasury, but nothing in the vaults of the Treasury; and it is a fiction which it is proposed should be kept up.

What the people of the United States have been doing is to extinguish the public debt. They have seen that go on rapidly, and have only been sorry it did not go on more rapidly. I believe that outside of the persons who are interested in maintaining the National banking system, and who have some sort of idea that a National debt is a National blessing, the great mass of the people of the United States, ninety per cent. of them, I have no doubt, would hail with joy the extinguishment of the last dollar of that debt, and at the earliest possible moment of time. For that purpose they have paid, and are now paying without murmuring, as they always have paid, the taxes that are used and applied to that purpose. If I were to criticize the Secretary of the Treasury, it would be because he has not extinguished the debt fast enough.

In the first place, I could never understand why he has to keep money on hand, an accumulation of $15,000,000 or $10,000,000, before he feels called upon to call in bonds, say for a million dollars. I never could understand, when he knows what the revenues will be just as well to-day for next month as when next month comes, why he did not issue a call, saying, "I will pay so many millions a week," thereby relieving the Treasury from the payment of unnecessary interest. I believe a calculation, and not a very close one, would determine that the Secretary of the Treasury has paid more than $15,000,000 of unnecessary interest during the past ten years, because a policy of that kind was not pursued, and large sums of money were taken out of the currency of the country and hoarded until multiples of ten, fifteen, and twenty millions were accumulated in that way before even a notice was issued, and then the notice would be for sixty or ninety days, and another accumulation of like amount would occur before payment would be made. It seems to me that there is a manifest indisposition to pay this debt on the part of those charged with that very solemn duty in an executive capacity. I believe that the people of the United States want this payment to go on with an accelerating ratio, if possible, until it is all paid.

Now, the Senator from Kentucky says we have only three hundred millions to pay, and he does not want $50,000,000 annually levied to pay that off, because it will be paid off in six years; and he makes, as I understand, a complaint that we have paid bonds that we did not need to pay. This matter is dwarfed, according to his comprehension and statement, into a controversy between the bondholders and the Government, as if the bondholders were struggling to hold on to their bonds, and had some sort of right to hold on. I never have understood it that way. I do not believe it is a question in which the bondholders have any interest, legal or moral, to be considered. The debt that we are now paying is a debt that was due at the option of the Government. It is not any concern to me whether a bondholder wants his bonds paid or not. I do not think the Government of the United States ought to furnish some man a safe and profitable way of using his money. Therefore I think that the bondholder himself may be entirely left out of the account. The matter of the payment of the debt is a question of public policy, not a question as to whether a man who has the bond of the Government wants his money or not.

If we pay $50,000,000 a year for six years, that carries us down to 1890 before the $300,000,000 which are now due at the option of the Government are paid. It will be only one more year before we shall reach the four and a-halfs due in 1891 at that rate. There may be a great many contingencies, I know, between now and then that will diminish the revenues of the Government below even $50,000,000 in excess of the requirements of current expenditures; but even if there were not, in two years from now the premium on the four-and-a-half-per-cent. bonds will begin to diminish. It is not now 121, but about 112; the premium is about twelve per cent. When we get to a point where the rate of interest represented by the principal and premium on the bonds is less than two per cent. the premium will go down; money will bring at least two per cent. per annum; and in 1889 or 1890, when we shall have paid off the remainder of the three-per-cent. bonds, if this reduction goes on at the rate of $50,000,000 per annum, the premium on four-and-a-half-per-cent bonds will not exceed two per cent., and I would not be willing, as far as I am concerned, that a matter of two per cent., or five per cent. either, should stop the payment of the public debt. Money is worth what it costs in the market to get it. The people are now paying money into the Treasury that is worth more to them than the three per cent. which it is saving to the Government in the discharge of the public debt, but they are paying it willingly, and they will pay it when that rate of interest shall be reduced and is not more than two per cent., and just as willingly as they pay it now.

Then at that particular time there will come this option to the Government of paying this $250,000,000 of four-and-a-half-per-cent. bonds then to be due, or of continuing them. We shall be confronted with the same plan we were confronted with here when the six per cents. and five per cents. became due, and that is, to issue another bond to run for a term of years, in order to avoid the necessity or the obligation of paying off the debt too soon. I do believe that any Congress of the United States representing the people will vote to issue another bond, and when those four-and-a-half-per-cent. bonds become due I want the Government to be ready to take up a considerable portion of them and continue the reduction from day to day and from time to time until they are speedily taken up, and nothing will meet, as I think, the popular demand of this country, which in any way puts the Government in a condition where it can not go on with the extinction of the National debt.

The National banking system has been alluded to here as one of the beneficiaries of the continuance of the debt. It is simply a question as to whether a boy shall continue to wear his jacket after he has outgrown it, or whether he shall keep on wearing it until it gets tighter and tighter for two or three years longer. The United States do not need to keep up a debt for the purpose of keeping up a National banking system. It has manifested that by paying off the debt. The National banking system is just as certainly doomed as the payment of the National debt goes on: I mean the National banking system as a provider of currency for the people of the United States. That is inevitable, even if the debt were not diminishing, because the demands of this country for currency are constantly increasing, and a system which simply halts and stands still and does not furnish currency according to the increasing needs of the people, would itself be condemned in a very short time as being inadequate for the purpose for which it was created.

If the element of flexibility, if the element of extension is left out of the National-bank system, it possesses no merit whatever, because it goes without saying, I think, that the Government of the United States can issue a piece of paper directly, which shall be of as great value, as perfectly safe, as absolutely current as a National bank can issue, because it comes back to the same source. So, therefore, the National-bank system, both because it can not enlarge now, even if the reduction of the public debt was to stop, would prove inadequate for the future, and because of the fact that the bonds are to be paid and entirely wiped out, and that very soon, preventing it even from maintaining its present status for any length of time. For these two reasons that system might as well be left out of account in any prognostication about the public debt. Something else must take its place. And it is the wisdom of statesmanship, of good judgment, of patriotism to provide now for something which shall take its place.

THE NATIONAL SINKING FUND.

The Secretary of the Treasury has sent an answer to the inquiry of the Senate concerning the sinking fund. Dividing the resolution into its several points of inquiry, and replying to them *seriatim*, Secretary Folger first submits a detailed statement, showing "what was the amount of the debt of the United States after the sums provided for in the Act of February 25, 1862, were obtained under its provisions."

From this statement it appears that the amount of the principal of the public debt created by virtue of the Act of February 25, 1862, was $515,000,000 in the fiscal year 1865, but the amount of the public debt, "after the sums provided for in the Act of February 25, 1862, were obtained under its provisions," and, under the provisions of the supplementary Acts of March 3, 1864, and January 28, 1865, was, at the close of the fiscal year 1864, $1,815,784,370.57, and on June 30, 1865, was $2,680,647,869.74.

Secretary Folger thereupon remarks that, in estimating the amount of the public debt, the Treasury Department takes into the account the $346,000,000 of United States Treasury notes, which it is required by law to keep outstanding [Act May 31, 1878, 20 Stat. L, 87]. The Secretary then quotes the second branch of the resolution of inquiry, to wit: "How much the public debt has now been reduced beyond the amount required to be supplied as a sinking fund by the provisions of Sections 3694 and 3696 of the Revised Statutes," and replies to it by counter interrogatories and statements, as follow:

SINKING FUND REQUIREMENTS.

(*a*.) What is the amount required to be supplied as a sinking fund? A computation based upon the annual application of one per cent. of the principal of the public debt outstanding on the first of July of each year, together with an amount equal to the interest on the annual redemptions, shows that the amount to be supplied as a sinking fund for each year would be as follows: (Cents omitted.)

FOR THE FISCAL YEAR.

1863	$5,556,270	....	1874	$38,012,931
1864	12,184,090	....	1875	39,536,020
1865	20,233,683	....	1876	40,681,331
1866	30,400,707	....	1877	41,470,673
1867	33,080,532	....	1878	43,042,917
1868	33,736,307	....	1879	44,905,686
1869	34,638,937	....	1880	47,249,042
1870	35,959,652	....	1881	46,229,771
1871	36,370,258	....	1882	47,157,161
1872	36,507,573	....	1883	46,321,564
1873	36,859,924	....		

Making a computed total requirement up to this time of $750,-225,030.45.

(*b*.) How much has the public debt been reduced in that period? The total debt of the United States, less cash in the Treasury, at its maximum point August 31, 1865, was $2,756,431,571.43. On June 30, 1883, it was $1,551,091,207.48. Thus is shown a reduction of the debt, including accrued interest, less cash in the Treasury, of $1,205,340,363.95, or $455,115,333.55 more than would have been supplied by the sinking fund under the provisions of sections 3694 and 3696 of the Revised Statutes, had the requirements of the sinking fund Acts, embodied in those sections, been strictly complied with. It is to be remembered, however, that for a time the state of the public Treasury was such that no payments could be made, and it was not until the year 1869 that the first supply to the sinking fund was effected. I use the phrase above "including accrued interest." It is well to state that the principal of the public debt has been decreased during the same period, $960,477,-898.49, or $210,252,868.06 beyond the amount herein stated as required for the sinking fund.

Third. What sums will hereafter be required annually until the maturity of the four-per-cent. bonds in 1907, in order to comply with the provisions of said sections, as now construed in the Treasury Department.

(*a*.) How are the provisions of section 3694 and 3696, United States Revised Statutes, now construed by this department? The Act of February 25, 1862, and sections 3694 and 3696 of the Revised Statutes, and other ancillary statutes, are now construed by the Secretary of the Treasury as they have been construed by all his predecessors since the passage of the Act of February 25, 1862. That construction is that there must be a purchase and payment, within each fiscal year, of one per cent. of the entire public debt of the United States, as it exists at the beginning of each fiscal year, however much the public debt has been decreased by the payment of it, otherwise than by supplies to the sinking fund; and further, that an additional amount equal to the interest on the bonds, or other interest-bearing obligations thus purchased and paid, shall in like manner be applied annually to the purchase or payment of the public debt, and the rate of interest to be observed is that which such bonds or other obligations bore at the time of such purchase or payment.

(*b*.) Assuming that the amounts required by the terms of the sinking fund law only shall be annually applied to the redemption of the public debt, it is estimated that the following sums will hereafter be required to fulfill the conditions of that law: (Cents omitted.)

FOR THE FISCAL YEAR.

1884	$45,816,741	....	1895	$60,444,313
1885	46,269,757	....	1896	62,257,643
1886	47,195,152	....	1897	64,225,372
1887	48,139,055	....	1898	66,152,133
1888	49,101,836	....	1899	68,136,697
1889	50,083,873	....	1900	70,180,798
1890	51,085,550	....	1901	72,286,222
1891	52,735,390	....	1902	74,454,809
1892	54,581,128	....	1903	76,688,452
1893	56,491,468	....	1904	78,980,106
1894	58,468,669	....	1905	29,982,575

HOW THE AMOUNTS CAN BE APPLIED.

Fourth. How the amounts required can be applied to the sinking fund prior to 1907? I read this inquiry as seeking my opinion of what may lawfully be done in that regard and not my judgment of what it may be expedient to do. I think that Acts of Congress authorize supplies to the sinking fund in the following ways:

(*a*.) By calling in the three-per-cent. bonds. So long as there remain outstanding and unpaid any of the three-per-cent. bonds of 1882, calls for their redemption can be made, and the amounts redeemed thereunder applied to the sinking fund. There will probably be outstanding of those bonds on July 1, 1884, about $250,000,000, all of which, it is estimated, will be exhausted by the terms of the sinking fund during the fiscal year 1889.

(*b*.) By purchase of the four-and-a-half-per-cent. bonds. After the three per cents. are thus absorbed, the four-and-a-half-per-cent. bonds of 1891 come next in order for redemption, but as they are, by the terms of their issue, not redeemable until September 1, 1891, the department can only obtain them up to that time by purchase. The amount of these bonds outstanding is $250,000,000, and they can, in all probability, be extinguished by the purchase and redemption by the end of the fiscal year 1894.

(*c*.) By purchase of the four-per-cent. bonds. The only interest-bearing debt then left for redemption will be the four-per-cent. bonds of 1907, of which there are now outstanding nearly $738,000,000. They must be got by purchase. By the application of the terms of the sinking fund to the purchase of these bonds, it is estimated that the whole issue will be exhausted prior to July 1, 1905. I do not mean by the foregoing that the four-and-a-half and four-per-cent. bonds must be purchased in that order. That is the order in which, by their terms, they are redeemable. They may be purchased without regard to that order.

HOW THE DEBT HAS BEEN REDUCED.

Fifth. Under what provision of law has the reduction of the public debt been effected? Under the Act which first provided for a sinking fund, and additional Acts, to wit: Act of February 25, 1862 (12 Stat. at L., p. 346); recognized by joint resolution of March 17, 1864 (13 Stat. at L., p. 404); Act of July 14, 1870 (16 Stat. at L., p. 273, Sec. 6); United States Revised Statutes, Sections 3693 to 3699, both inclusive; Act of March 3, 1875 (18 Stat. at L., p. 401); Act of April 17, 1876 (19 Stat. at L., p. 33, Sec. 2); and Act of March 3, 1881 (21 Stat. at L., p. 457, Sec. 2).

The Act of July 14, 1870, above cited, contains the following clause: "Any bonds hereafter applied to said sinking fund, and all other United States bonds which have been purchased by the Secretary of the Treasury, with surplus funds in the Treasury, and now held in the Treasury of the United States, shall be canceled and destroyed. . . . Any bonds hereafter applied to said sinking fund, and all other United States bonds redeemed or paid hereafter by the United States, shall also in like manner be recorded, canceled and destroyed," etc.

This is an implied, if not a direct, recognition that the purchase of United States bonds with surplus moneys is a lawful use thereof. The second section of the Act of March 3, 1881, also cited above, is as follows: "That the Secretary of the Treasury may at any time apply the surplus money in the Treasury not otherwise appropriated, or so much thereof as he may consider proper, to the purchase or redemption of United States bonds; provided that the bonds so purchased or redeemed shall constitute no part of the sinking fund, but shall be canceled."

The requirements of law, that a fixed proportion of the existing debt shall each year be paid, render imperative the purchase or redemption of United States bonds. Other provisions of law cited permit the use of surplus moneys in the Treasury for the payment of the public debt.

FRAUDULENT INDORSEMENT OF STOLEN CERTIFICATE.

UNITED STATES COURT OF CLAIMS.

Arnold A. Kulb v. *The United States.*

1. One who buys a United States certificate of deposit indorsed to the order of the owner, from whom it was stolen, and the indorsement erased so skillfully as not to admit of detection by the closest scrutiny, acquires no title thereto as against the owner.

2. To buy a negotiable instrument at a price much below its market value is a suspicious circumstance, impeaching the good faith of the transaction.

3. The course of exchange between London and New York explained.

OPINION.

Richardson, J., delivered the opinion of the court:

This suit was brought to recover the amount of a gold certificate issued by the defendants, through the Assistant Treasurer of the United States at New York, for $ 5000, payable to the order of E. H. Birdsall, a subordinate of the Assistant Treasurer, and by him indorsed, bearing date November 14, 1866.

The genuineness of the certificate is not controverted. The defendants refuse and resist payment to the claimant, because the ownership of the certificate having been claimed by another person, one Burr S. Craft, Congress passed an Act directing payment to be made to him, upon his giving a bond of indemnity, and he has been paid the full amount.

The title to the certificate, as between the claimant and Burr S. Craft, is therefore the only question in controversy.

The facts upon which the respective parties rely in support of their several claims of title, concisely stated, are these:

Craft received the certificate for a valuable consideration, and in the ordinary course of business, in New York City, when it was indorsed in blank by the payee, E. H. Birdsall. He thereupon caused to be written over the name of Birdsall the words, "Pay to the order of Burr S. Craft."

On the night of the 18th and 19th of December, 1873, this certificate, so indorsed, with others of like kind, was stolen from him in the city of New York, of which fact he immediately gave public notice, and he has never since authorized its sale or transfer. The ownership of the certificate by Craft up to that time is not controverted.

On the 13th of February, 1879, Congress passed the following Act for his relief (20 Stat. L., 596). He gave the bond of indemnity therein required, and was paid from the public Treasury the full amount of the certificate:

CHAP. 66.—An Act for the relief of Burr S. Craft.

Be it enacted, &c., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Burr S. Craft the sum of five thousand dollars in gold coin of the United States, in lieu of certificate of deposit numbered twenty-five thousand three hundred and seventy-eight, issued under Act of Congress, approved March third, eighteen hundred and sixty-three, by the Assistant Treasurer of the United States at New York, on the fourteenth day of November, eighteen hundred and sixty-six, for the sum of five thousand dollars, payable in the gold coin of the United States, to the order of E. H. Birdsall, and by the said E. H. Birdsall indorsed, payable to the order of Burr S. Craft, which said certificate, it is claimed, was lost or stolen on or about the eighteenth day of December, eighteen hundred and seventy-three;

Provided, That before the payment hereinbefore authorized, the said Burr S. Craft shall first file in the Treasury a bond in a penal sum double the amount of the said missing certificate, with sufficient sureties, with condition to indemnify and save harmless the United States from any claim because of the said lost or missing certificate; which bond shall be executed in the same manner and form as required under section thirty-seven hundred and five of the Revised Statutes for the issue of duplicate registered interest-bearing bonds of the United States.

FEBRUARY 13, 1879.

On the 21st of October, 1879, more than thirteen years after this certificate was first issued, nearly six years after the robbery, and more than eight months after Congress had passed an Act which, after describing the certificate by date and number, and as having been indorsed "Payable to Burr S. Craft," authorized its payment to him, it was purchased by the claimant, a banker and money changer, at his place of business in London, England, of one Braham, also a citizen of London, well known to the claimant.

At the time of this purchase by the claimant the words "Pay to the order of Burr S. Craft," which had been written over the indorsement of Birdsall while in the possession of Craft, were not to be seen. Between the time of the robbery and of this purchase those words had been fraudulently erased by some person unknown, and so skillfully was the erasure made that no trace of those words could be discovered by the closest examination and scrutiny.

How the claimant's vendor, Braham, obtained possession of the certificate, or what was its condition when it came into his hands, does not appear. Although the claimant was well acquainted with him and knew his residence in London, he did not take his deposition, while he took the depositions of other persons there.

The only question of law arising from these facts is whether, under the circumstances, the claimant acquired a good title to the certificate as against Craft, on whose account the defense is made.

It has long been settled as a general rule of law that a fraudulent change of the face of a promissory note, bill of exchange, or other written commercial instrument, by either adding, altering, or erasing any material words or figures, so as to give a different legal effect or operation to the contract from that agreed upon by the original parties, is not only a forgery, but one which renders the instrument void or voidable as against the promisor, even in the hands of a *bona fide* holder, who purchased it for a full and valuable consideration and without notice of the alteration. (2 *Daniel on Negotiable Instruments*, §§ 1373-1416; 2 *Parsons on Notes and Bills*, 2d ed., 571, 584; *Story on Promissory Notes*, 7th ed., § 371, note; 6 *Wait's Actions and Defences*, 469; *Fay* v. *Smith*, 1 Allen, 477; *Wade* v. *Withington*, 1 Allen, 561; *Citizens' National Bank* v. *Richmond*, 121 Mass., 110; *Wood* v. *Steel*, 8 Wall 80.

In some States it has been held an exception to the general rule that when the maker of a note or other commercial paper puts it in circulation so negligently and carelessly drawn as to leave room for easy alteration without defacing it, and without thereby giving cause of suspicion or fraud to the most careful examiner, he is not without fault himself, and having thus contributed means for the commission of the fraud, he has been held to be bound by the alteration so made when the instrument had passed into the hands of a *bona fide* holder for valuable consideration without notice (2 *Daniel on Negotiable Instruments*, §§ 1405, 1406).

As where a note was written partly in ink and partly in pencil, and the words in pencil were fraudulently erased. (*Harvey* v. *Smith*, 55 Ill., 224; *Elliot* v. *Levings*, 55 Ill., 214; *Siebel* v. *Vaughan*, 69 Ill., 257.) So where the maker left a blank after the words "one hundred," and before "dollars," and the word "fifty" was fraudulently inserted, he was held liable for the note as altered, on account of his own gross negligence and fault, on the principle that where one of two innocent persons must suffer, the loss should fall on the one who has furnished the opportunity. (*Garrard* v. *Haddon*, 67 Penn. St., 52; *Zimmerman* v. *Rote*, 75 Penn. St., 188; *Brown* v. *Reed*, 79 Penn. St., 370; *Yocum* v. *Smith*, 63 Ill., 321; *Vicher* v. *Webster*, 8 Col., 109; *Rainbolt* v. *Eddy*, 35 Iowa, 440.)

But in Massachusetts the general rule is followed without such exception. It has been held there that the alteration of a promissory note by one of the makers, increasing the amount by the insertion of words and figures in blank spaces left in the printed form, avoids the note as to such makers as do not assent thereto, even in the hands of a *bona fide* holder for a valuable consideration. (*Wade* v. *Whittington*, 1 Allen, 561; *Greenfield Savings Bank* v. *Stowell et al.*, 123 Mass., 196, where the leading authorities are reviewed.) There are other States, also, in which exceptions to the general rule in similar cases are not recognized. (*Wait* v. *Pomroy*, 20 Mich., 425; *Holmes* v. *Trumper*, 22 Mich., 427; *Washington Savings Bank* v. *Ecky*, 51 Mo., 273.)

These principles and the reasoning upon which they are founded, thus concisely stated, must be our guide in the consideration of the present case.

The findings show that Craft was the owner of the certificate in controvery in 1873, that it was stolen from him, that at the time of the theft it had upon it an indorsement, "pay to the order of Burr S. Craft," and that before its purchase, six years afterwards, by the claimant, those words had been fraudulently erased. This erasure was a forgery of a material part of the instrument, and, according to all authorities, had it been perpetrated upon the face of the note would have made it void as against the promisor, even in the hands of an innocent indorsee, who purchased for a valuable consideration without notice. There would seem to be no reason why the same rule should not apply to such a forgery upon the back of the instrument, and render the title thereto void as against the owner, who held title under the indorsement, who had never authorized its erasure, and who had not himself transferred the property. Commercial paper is sold in the market in many respects like other chattels, and purchasers must take the risk of the title as affected by fraud and forgery, relying, as in other cases, upon the warranty of their vendors, which is always implied in the sale of property. (*Benjamin on Sales*, § 639.)

In *Wait* v. *Pomroy*, 20 Mich., 425, Campbell, C. J., having under consideration the question whether or not the maker of a note which had been altered after its issue was responsible by reason of having himself left the contract in a form which could be easily altered, says: "But it was well suggested on the argument, no one is bound to guard against every possible felony. And, practically, it is a matter of every-day occurrence to feloniously alter negotiable paper as successfully by changes on the face as by any other way. The public are not very much more likely to be defrauded in one way than another. *There can never be absolute safety, except in looking to the character and responsibility of the persons from whom such paper is received, and who are always bound for the consideration, if it is forged.*"

The circumstances of this case are not such as to entitle the claimant to any exception to the general rule that forgery by material alteration avoids the validity of a note, even in the hands of an innocent holder, who purchased for valuable consideration without express notice of the fraud.

As soon as the loss occurred Craft gave public notice, and subsequently Congress passed an Act for his relief, authorizing payment to him. This Act was notice to the Treasury Department, whence the certificate was issued, and to the office of the Assistant Treasurer at New York, where it was made payable, if, indeed, it were not notice to everybody dealing in certificates of that kind. Inquiry at either place at the time of the purchase by the claimant, eight months after the passage of the Act, would have revealed the claim of Craft. There was enough suspicion attached to the offer of sale to have induced a prudent man to make such inquiry, which, by means of the cable, he could have done in a few hours, and with small expense as compared with the discount offered.

The buying and selling in London of exchange on New York is of such magnitude that bills of exchange, bankers' certificates of deposit, checks on banks, payable in the latter city, and obligations against the United States Treasury in the form of bonds, coupons, &c., are staple articles of trade, with all the numerous banking and exchange houses in that great commercial centre, and command a ready sale at very nearly uniform prices well known to sellers.

Although commercial bills vary somewhat in price according to the credit of the drawers, genuine certificates of deposit and drafts issued by the United States Treasury, like first-class bankers' bills, are not subject to variation in market value on that account. They command the highest price, according to the rate of exchange, which is published every day in the public journals, and may be known alike to all persons dealing in them, either as buyers or sellers.

A person having a $5000 certificate of deposit from the United States Treasury honestly in his possession in London never need to offer it below its maket value as shown by the published rate of exchange, and to make such an offer would create suspicion against the validity of the certificate or the holder's right to it.

The claimant bought this certificate much below the market rate. By revised Statutes, section 3505, it is enacted that the value of the pound sterling for all payments into the Treasury shall be deemed equal to four dollars eighty-six cents and six and one-half mills, and that is supposed to be the relative intrinsic value of the pound sterling or sovereign of Great Britain, as compared with the gold coins of the United States, independently of the question of exchange between the two countries. Upon that basis the coin representative of the certificate was £1027 8s. 7¾d. Exchange rarely or never varies more than one per cent. from that value one way or the other, because of coming into competition with the importation or exportation of coin, which always takes place whenever it can be done cheaper than bills of exchange can be purchased. Taking exchange at the point most unfavorable to the seller, and this certificate ought to have commanded £1017 5s. 10½d. At that price, in the hands of an honest holder without suspicion, it would have found a purchaser at any first-class banking house in London. But the claimant bought it for £990, or a discount of about $150 below its market price.

That the claimant did not take the testimony of his vendor, whom and whose residence he well knew, leaves the suspicious circumstances which are proved, unexplained.

On the whole facts, we are of opinion that the claimant is not entitled to recover, and that his petition must be dismissed.

OVER-DUE DRAFT.—A draft was without any explanation of the reason outstanding nearly five months after its date. *Held*, that it was overdue and dishonored so as to charge any one taking it with any defense or set-off which the drawer held against it in the hands of the holder. The cases are almost innumerable in which it has been held that paper payable on demand had been outstanding so long, when transferred, as to be deemed overdue and dishonored, so as to subject it, in the hands of the purchaser, to any defenses which the maker or drawer had against it in the hands of the payee; and in none of these cases is the question whether or not the paper had been, before the transfer, presented for payment to the maker or drawee, referred to as at all material. *Down* v. *Halling*, 4 Barn. C. 330; *First Nat. Bank of Newton* v. *Needham*, 29 Iowa 249; *Cowing* v. *Altman*, 71 N. Y. 435; *Sylvester* v. *Crapo*, 15 Pick. 92; *Ranger* v. *Carey*, 1 Metc. 369; *Herrick* v. *Woolverton*, 41 N. Y. 581; *Story, Prom. Notes*, § 207 and note; *Thompson* v. *Hale*, 6 Pick. 258; *American Bank* v. *Jenness*, 2 Metc. 288; *Carlton* v. *Bailey*, 27 N. H. 230; *Parker* v. *Tuttle*, 44 Me. 459; *Nevins* v. *Townsend*, 6 Conn. 5; *Camp* v. *Scott*, 14 Vt. 387; *Morey* v. *Wakefield*, 41 id. 24. *Le Duc* v. *First National Bank of Carson*. Minn. Sup. Ct.

ILLEGALITY OF SPECULATIVE CONTRACTS.

UNITED STATES CIRCUIT COURT. DISTRICT OF KANSAS.

Cobb v. *Prell.*

When it is the intention of the parties to contracts for the sale of commodities that there shall be no delivery thereof, but that the transactions shall be adjusted and settled by the payment of differences, such contracts are void.

It is the duty of the courts to scrutinize very closely contracts for future delivery, and if the circumstances are such as to throw doubt upon the question of the intention of the parties, it is not too much to require a party claiming rights under such a contract to show affirmatively that it was made with actual view to the delivery and receipt of the commodity.

As the evidence in this case establishes the fact that the parties did not intend the actual delivery of the corn contracted for, but did intend to speculate upon the future market, and to settle the profit or loss of defendant upon the basis of the prices of grain on the 3d of May, 1881, as compared with the prices at which defendant contracted to sell, the contracts sued upon are void, and plaintiff cannot recover.

McCrary, J.—It is an action at law in which the plaintiff claims damages for breach of contract. The complaint alleges that during the months of February, March and April, 1881, the defendant, who is a grain dealer, residing at Columbus, Kansas, authorized the plaintiff, who is a commission merchant at St. Louis, Missouri, to sell for him certain quantities of corn, to be delivered to the party or parties to whom the plaintiff might sell the same, at the option of defendant, during the month of May 1881. The complaint further alleges that the plaintiff contracted for the sale of said corn to be delivered during said month of May, but that defendant failing to deliver said corn, the plaintiff having contracted to sell the same in his own name, was obliged to and did pay the damages resulting from such failure, to wit: the difference between the price of corn at the place of delivery on the 31st day of May, and the price at which defendant had agreed to sell and deliver the same, amounting in the aggregate to $2945.25, for which, with interest, he prays judgment.

The answer alleges that the contracts set out in the complaint were options or marginal contracts, and that said plaintiff well knew them to be such, and so made the contracts of sale of said corn, not expecting to receive of the defendant any portion of the amounts of corn for delivery, but expecting to pay any losses or receive any gains that might accrue for or against said defendant; that said contracts were made for the purpose of speculating on the rise and fall of prices, the plaintiff to receive commissions for said transactions; and that said contracts were mere wagers on the fluctuating of the price of grain in the market of the city of St. Louis.

The case therefore turns upon the question whether or not it was the intention of the parties that the corn should be delivered. If such was the *bona fide* intention, then the plaintiff is entitled to recover; but if, on the other hand, it was understood that the defendant was not required to deliver the corn, and that the transactions should be adjusted and settled by the payment of differences, then the contracts were void, and the plaintiff can not recover. Upon this controlling element in the case, as might reasonably be expected, the testimony of the plaintiff and defendant is in conflict. Under such circumstances we are obliged to determine the controversy by reference to the actions of the parties in connection with the transactions and their contemporaneous declarations, especially those in writing, having a bearing upon the subject. If we can learn from these what interpretation the parties themselves have put upon their own contract, we shall find a satisfactory guide in determining the case.

The evidence satisfactorily shows that the plaintiff was largely engaged at and about the time of these transactions in dealing in options. He was also largely engaged in buying and selling grain for actual delivery. It appears that he adopted and had in use two blank forms, upon which statements of accounts were rendered to his dealers, one of which was used when the grain was actually delivered, and the other when it was not delivered, and the settlement was made upon the basis of the differences. In the former statement, as might be expected, we find charges for freight, inspection, insurance, weighing, storage and commissions. These are charges which necessarily entered into the transaction where the grain was shipped and delivered. In the latter statements these items do not appear. They show only the number of bushels of grain bought, the price at which bought and the month of delivery; the price at which the same was sold and the net loss or gain. There are in evidence thirty-four of these last-named bills, used in the settlement of option deals between June 26th, 1881, and July 30th, 1881, all representing transactions between plaintiff and defendant. Of the bills representing actual sales from the defendant to plaintiff between September 18th, 1880, and April 19th, 1881, there are fifty-seven; so that it appears that the course of dealing between the plaintiff and defendant was such that sometimes the grain contracted for was to be delivered, and at other times it was not to be delivered, and the transactions were to be settled upon the basis of margins. It only remains to be determined whether the transactions in controversy belong to the former or to the latter class. If the question were to be determined upon the testimony of the parties themselves, conflicting as it is, in connection with the facts already stated, it would probably depend upon the question, upon which party rests the burden of proof? And I am inclined to the opinion that, without reference to other evidence, the plaintiff would fail.

It is the duty of the courts to scrutinize very closely these time contracts, and if the circumstances are such as to throw doubt upon the question of the intention of the parties, it is not too much to require a party claiming rights under such a contract to show affirmatively that it was made with actual view to delivery and receipt of the grain. *Barnard* v. *Backhaus*, 9 N. W. Rep. 595.

It appearing that the parties were in the habit of dealing in options, and the evidence being equally balanced upon the question whether these were option contracts or not, the court would be obliged, I think, to say that the plaintiff has failed to make out his case by a preponderance of evidence. But whether this be so or not, a reference to the written evidence, to be found in the correspondence of the parties at and near the time of the transaction, strongly corroborates the defendant. A number of letters, written about the time of these transactions, and evidently referring to them, are in evidence, and an examination of them will show that the plaintiff was constantly insisting, not upon the shipment of the quantity of corn purchased by him, but upon the payment of margins, either in cash or by the shipment of enough corn to cover margins. February 11th plaintiff writes to defendant, referring to the transactions between the parties as "option deals." April 22d, he writes, "We had to put up over $2000 on your deals," &c. May 2d, he says, "You must ship us some corn as a margin." May 7th he says, "If you can't ship us any corn to cover margins, please send us $500." May 18th, he writes, "We draw $500 on you. This is margins for your corn deals, which we hope you will pay. This will leave you about $300 behind to make corn deals up to market." May 27th, he says, "We have written you and drawn on you for margins."

Perhaps the most significant letters bearing upon this question are those of May 30th and 31st, the dates on which the time for the delivery of the corn expired. If it was a *bona fide* transaction, and plaintiff was expecting the delivery of the corn, we should expect to hear him, in these letters, complaining or expressing surprise that the time was about expired and the corn had not been delivered. But, on the contrary, a reference to the letters of those dates will show that the only complaint was that defendant had not furnished the margins. Thus, on May 30th, plaintiff writes, "We cannot carry these deals when you not only refuse to give us margins, but seem to pay no attention to our demands." On the 31st plaintiff writes to explain the manner in which he had closed out the May corn, and expressing regret at the serious loss to the defendant, but says nothing to indicate that he expected the corn to be shipped. Upon all of the evidence I am of the opinion, and therefore find the fact to be, that the parties did not intend the actual delivery of the corn contracted for, but did intend to speculate upon the future market, and to settle the profit or loss of the defendant upon the basis of the prices of the grain on the 31st of May, 1881, as compared with the price at which defendant contracted to sell. Such being the fact, the law is well settled that the plaintiff cannot recover. *Melchert* v. *Am. Un. Tel. Co.*, 11 Fed. Rep. 193; *Gregory* v. *Wendell*, 39 Mich. 337; *Pickering* v. *Cease*, 79 Ill. 328; *Barnard* v. *Backhaus*, *supra*.—Judgment for defendant.

SURETYSHIP — PARTNERSHIP NOTES — WITHDRAWAL OF PARTNER FROM FIRM.—Three partners, A, B and C, executed their firm notes to C, who indorsed the same, and the firm paid interest thereon until A withdrew from the firm, B and C taking all the assets and assuming all liabilities. It was held that as between themselves, upon this state of facts, B and C became principal debtors, and A surety, upon the notes. It is a well settled principle in equity, that a surety, upon paying the debt to the principal, is entitled to be substituted in the place of the creditor as to all securities held by the latter for the debt, and to have the same benefit that he would have therein. 1 *Story's Eq. Jur.*, § 327; *Warner* v. *Beardsley*, 8 Wend. 199; *Lewis* v. *Palmer*, 28 N. Y. 275; *Marsh* v. *Pike*, 8 Sandf. Ch. 210; *S. C.*, 10 Paige, 595; *Webster* v. *French*, 11 Ill. 275; *Barnard* v. *Cushman*, 35 id. 452; *Snyder* v. *Spaulding*, 57 id. 488. A surety, after the debt has become due, may without making payment himself come into a court of equity and compel the principal to pay the debt. *Hale* v. *Wetmore*, 4 Ohio St. 600; *Tankersley* v. *Anderson*, 4 Dessau. Eq. 44; *City of Keokuk* v. *Love*, 31 Iowa 199. *Moore* v. *Topliff*. Ill. Sup. Ct.

LEGAL MISCELLANY.

SURETYSHIP—EXTENDING TIME TO PAY BUT RESERVING RIGHT TO SUE, DOES NOT DISCHARGE SURETY.—The law is well settled that when the note of a principal debtor upon a bond is taken, payable at a fixed future time, the surety is not discharged if the right of immediate action upon the bond is reserved. See *Brandt Suretyship*, §§ 318, 329; *Paine* v. *Voorhees*, 26 Wis. 522; *United States* v. *Hodge*, 6 How. 279; *Wyke* v. *Rogers*, 1, De Gex. M. & G. 408; *Fox* v. *Parker*, 44 Barb. 541; *Clagett* v. *Salmon*, 5 Gill & J. 314; *Hagey* v. *Hill*, 75 Penn. St. 108; *Owen* v. *Homan*, 13 Beav. 196; *Price* v. *Barker*, 4 El. & Bl. 760: *Viele* v. *Hoag*, 24 Vt. 46; *Webb* v. *Hewitt*, 3 Kay & J. 438. *Jones* v. *Sarchett*. Iowa Sup. Ct.

MONEY HAD AND RECEIVED FROM ONE PARTY FOR ANOTHER—WHEN DEMAND UNNECESSARY.—The defendant as agent for S and M, to pay their employees, deducted from the wages of the men the amount due from them severally to the plaintiffs on store account, and then retained in his own hands the sums thus deducted, alleging that the plaintiffs were indebted to him to that amount, when in fact they owed him nothing. *Held*, that the plaintiffs were entitled to recover the sums thus retained by the defendant, in an action for money had and received, and that it was not necessary to show a demand before bringing the action. The case falls within the doctrine maintained in *Hall* v. *Marston*, 17 Mass. 575, which has been affirmed and supported in many other cases. An action for "money had and received" is a most liberal action, and may be as comprehensive as a bill in equity. It was held in the case cited that the action may be supported without any privity between the parties, other than created by law, and that the law may create both the privity and the promise. The broad ground is there taken that whenever one man has in his hands money which he ought to pay over to another, he is liable to the action, although he has never seen or heard of the party who has the right to it. This doctrine applies to all cases when no rule of policy or strict law intervenes to prevent. *Freeman* v. *Otis*, 9 Mass. 272; *Hills* v. *Bearse*, 9 Allen 403; *Lewis* v. *Sawyer*, 44 Me. 332. *Keene* v. *Sage*. Maine Sup. Ct.

PAYMENT—NEGOTIABLE INSTRUMENT ACCEPTED IS NOT UNLESS PAID—TOWN DEBT.—(1) The creditor of a town received from the treasurer a check in part payment of the debt, and a negotiable note signed "T. B. Swan, treasurer of the town of Minot," for the balance. *Held*, that the note, having been taken by the creditor under a misapprehension caused by the treasurer, was not evidence of a payment *pro tanto* of the demand for which it was given, and that the town was liable on the original demand to the extent of such note. *Melledge* v. *Boston Iron Co.*, 5 Cush. 158; *Perkins* v. *Cady*, 111 Mass. 318; *Appleton* v. *Parker*, 15 Gray 173; *Fowler* v. *Ludwig*, 34 Me. 455; *Paine* v. *Dwinel*, 53 id. 52; *Strang* v. *Hirst*, 61 id. 15; *Olcott* v. *Rathbone*, 5 Wend. 490; *Everett* v. *Collins*, 2 Camb. 515; *Puckford* v. *Maxwell*, 6 D. & E. 152, (2) Where the money is in fact paid over to the creditor on such a debt, and re-borrowed by the treasurer on the credit of the town, and a note signed as above given therefor, the creditor cannot recover the amount of such note of the town without showing that the money was in fact appropriated to the legitimate uses of the town. *Bessey* v. *Unity*, 65 Me. 347; *Parsons* v. *Monmouth*, 70 id. 262; *Billings* v. *Monmouth*, 72 id. 174. (3) A debtor who appropriates the funds out of which a check given by himself or his agent in payment of a debt is to be paid, and thereby causes the check to be dishonored, cannot afterward claim that there has been a payment by means of it. *Atkinson* v. *Inhabitants of Minot*. Maine Sup. Ct.

NEGOTIABLE INSTRUMENT — STIPULATIONS IMPAIRING NEGOTIABILITY. — Stipulations written upon the face and on the back of a promissory note, the effect of which is to divide the sum represented thereby among three different owners held to destroy the negotiability of the instrument. The authorities are full and satisfactory to the effect, that though the agreement or written instrument may have to some extent the form of a promissory note, and may use in its body the conventional terms that ordinarily invest such instruments with the character of negotiability; yet if by a stipulation in the body of the instrument, these elements which give it negotiability are limited and qualified, the negotiability of the instrument is destroyed. *Woods* v. *North*, 84 Penn. St. 407; S. C., 24 Am. Rep. 201; *Farquer* v. *Fidelity Ins. Co.*, 13 Alb. L. J. 330. It is also well settled that any memorandum or agreement of the parties written across the face, or on the back of the instrument contemporaneously with its execution, and intended and understood by them to constitute a part of the contract, is a substantial part of such note, and limits and qualifies it in the same manner as if inserted in the body of the instrument itself, and with it, constitutes a single contract. 1 *Daniel Neg. Inst.*, 59, 60–79–149; *Carlin* v. *Knealey*, 12 M. & W. 139; *Warrington* v. *Early*, 2 Ellis & Bl. 763; *Hartley* v. *Wilkinson*, 4 M. & S. 25; *Benedict* v. *Cowden*, 49 N. Y. 402; *Leeds* v. *Lancashire*, 2 Camp. 205; *Springfield Bank* v. *Merrick*, 14 Mass. 322; *Barnard* v. *Cushing*, 4 Metc. 230; *Shaw* v. *Methodist Soc.*, 8 id. 223; *Fletcher* v. *Blodgett*, 16 Vt. 26; *Jones* v. *Fales*, 4 Mass. 245; *Johnson* v. *Heagan*, 23 Me. 329; *Briggs* v. *Lapham*, 12 Metc. 475; *Smith* v. *Nightingale*, 2 Stark. 375. *Goldman* v. *Blum*. Texas Sup. Ct.

RESCISSION OF CONTRACT—PURCHASE OF NOTE AFTER ATTACHMENT.—The plaintiffs were the owners of a promissory note made by a firm in New Orleans. The note was sold by note brokers of New York to the defendant. On the same day, an hour before the sale of the note, an attachment, upon which their establishment was seized, was issued against the makers of the note by local creditors. The money received by the note brokers for the note being paid into court, the question remained whether the plaintiffs or the defendant, both parties being ignorant of the attachment and acting in good faith, should bear the loss. *Held*, that the defendant might rescind the contract for the purchase of the note and recover back what it paid therefor, on the same principle that the plaintiffs would have been allowed to rescind had the note been paid for the day following in bills of an insolvent bank. The almost unbroken line of authority seems to establish the doctrine that if bills of a broken bank, or the notes of a party who has previously failed, are transferred in payment of a debt, both parties being ignorant of the failure and innocent of fraud, the creditor may repudiate the payment upon a tender or return of the dishonored note, and recover the amount due. It is a mutual mistake of fact. *Lightbody* v. *Ontario Bank*, 11 Wend. 9; *Ontario Bank* v. *Lightbody*, 13 id. 101; *Young* v. *Adams*, 6 Mass. 182; *Thomas* v. *Todd*, 6 Hill, 340; *Harley* v. *Thornton*, 2 id. (S. C.) 509; *Fogg* v. *Sawyer*, 9 N. H. 365; *Westfall* v. *Braley*, 10 Ohio St. 188; *Roberts* v. *Fisher*, 43 N. Y. 159; *Baldwin* v. *Van Duesen*, 37 id. 487; *Houghton* v. *Adams*, 18 Barb. 545: *Townsends* v. *Bank of Racine*, 7 Wis. 185; *Leger* v. *Bonnaffe*, 2 Barb. 475; *Stewart* v. *Orvis*, 47 How. Pr. 518; *Harris* v. *Hanover National Bank*. U. S. Circ. Ct., S. D. New York.

CURRENT EVENTS AND COMMENTS.

FIGURES FROM THE CENSUS.

The total number of business enterprises in the country, whether in the hands of one man or a corporation, June 1, 1880, was 703,328. The amount of capital in business at that date was $4,199,199,833, and the value of real estate owned or occupied by the business and manufacturing enterprises referred to was $3,269,229,044; total, $8,177,505,862. Of this total, $1,158,245,050 is the capital and property of incorporated manufacturers.

New York stands at the head of the States in which this business and industrial wealth is located, its share being $1,822,000,000. Massachusetts easily takes the second place with $1,041,000,000. The largest States are as follows: Pennsylvania, $867,000,000; Ohio, $595,000,000; Illinois, $486,000,000; Michigan, $300,000,000. The North-eastern States claim 20½ per cent. of the aggregate capital; the Middle States, 34½; Southern States, 10½; the Western States, 30; and the Pacific States not quite 4½ per cent. In the value of the capital to each trader, manufacturer and corporation, the largest is Massachusetts—$27,000; Rhode Island second, $21,000; Connecticut third, $19,200; New York fourth, $17,200; Maine has $92,616,000 invested in business, and 11,672 traders.

CONSUMPTION OF GOLD IN THE ARTS.

The consumption of gold for other than monetary purposes has more than quadrupled in thirty years, and has quite trebled in twenty years. It is more than five times what it was a century ago, when gold was used for personal ornament to a greater amount per capita than to-day. The great mass of gold which has flowed from the mines has been absorbed in the same opulence and luxury of the times which has swallowed up the flood of genuine gems, great in volume beyond any former precedent and almost outnumbering the pasty jewels of the glassmaker's art. Five-sixths of the current production of gold is absorbed in the arts and manufactures of the Western World and in British India. A part of the remaining sixth is lost by the wear of coins, the forgotten hoards of misers, and in war, shipwrecks and fires a great proportion is lost and destroyed. It is possible that the production of gold may increase. It is also possible that it may decrease, as it actually has been decreasing for many years; but there is no uncertainty about the consumption, which is sure to grow with the growing opulence and luxury of the world. The consumption of the precious metal has been trebled within the past twenty years, and if it only doubles within the next twenty years it will exceed the production.

DRAINING LOUISIANA SWAMP LANDS.

"A few months ago," says the New Orleans *Times-Democrat*, "a Mr. Watkins made a large purchase of lands from the State, amounting to nearly 1,000,000 acres, situated in the parishes of Vermillion, Cameron, and Calcasieu. They consisted of overflowed and swamp lands, and were wholly unsettled and uninhabited. Mr. Watkins announced at the time that his motive in making this purchase was to improve these lands, open them for agricultural purposes, and sell them to settlers. The company engaged in this task has a capital of $2,500,000 invested in England and this country, and is fully prepared to carry out its undertaking. It has already provided itself with dredge-boats, steam-plows, and other machinery necessary for the work, and is prepared to begin it at once. We have heard much of the Disston purchase in Florida, and the wonderful results to be accomplished by the drainage and redemption of Southern Florida. The enterprise undertaken in Louisiana by this company, of which Mr. Watkins is the manager, is fully as important and valuable. The country it is proposed to improve and develop stretches along the Gulf for a distance of 100 miles, extending inward thirty miles. It contains as fertile land as any in the world; but it is, for all this, a dismal, uninhabited swamp to-day. In a few years, however, it will bloom like a garden."

BRITISH SPECULATORS.

The stock and grain speculators of Great Britain occasionally get hard raps from the press, as witness the following from the *British Mercantile Gazette:* Outsiders have but the faintest possible idea of the ruin caused by the abuse of speculation. In the old days at Crockford's gambling hell, play was remarkably high, and public opinion abolished the nuisance. But all the mischief of the hells of St. James' was child's play compared with a fortnight's hazard in Capel Court. For instance, there is in existence barely £1,800,000 worth of Brighton A, yet it frequently happens that over £50,000,000 of differences are cleared on a busy settling day. This, of course, means that wagers on the rise or fall under the false pretense of buying or selling stock, have reached a yet more formidable amount. Again, Mexican ordinary figures in the share list is about £1,250,000 stock, yet at last monthly settlement 25,000,000 or 30,000,000 sterling had to be adjusted. Our forefathers who fulminated against the "infamous practice of stock jobbing," would turn pale at the modern refinements of speculative art.

SAN DOMINGO'S SALT MOUNTAIN.

The salt mountain of Nevba, in the Island of San Domingo, is a remarkable natural curiosity. It is a solid mass of crystalline salt nearly four miles long. It is near the town of Salina, about fifteen miles from the south coast of the island. The natives have mined salt from it for hundreds of years. At one point there is a palisade of pure white salt rising almost perpendicularly to a height of sixty feet, affording a vertical area of about three thousand square feet of salt without a seam or crevice, and as sound as a block of marble. The salt can be seen cropping out in spurs from the mountain, and at places where the rains have washed away the overlaying soil. The mountain is estimated to contain 1,267,200,000 cubic feet, or 89,337,600 tons of salt. The salt is exceedingly pure, containing only two per cent. of foreign matters. It can be cut out in huge blocks as hard and as clear as crystal. Type can be read through a solid foot of some of these specimens. The mountain, geologists say, was once a plain at the bottom of the sea, and, as the island rose from the ocean, this plain formed the bottom of a shallow lagoon, where the salt was deposited.

RUSSIAN INDUSTRIES.

In *Unsere Zeit* for September, Dr. W. Eras gives his impressions of the development of manufacturing industry in Russia between his visits to that country in 1877 and 1880. The number of works of all kinds has considerably increased, and skilled workmen are even higher paid than elsewhere; but the proportion of skilled workmen to the whole laboring population is small, and the condition of the agricultural laborers he considers wretched in the extreme. After reviewing the results of Russian manufactures as seen at the Moscow Exhibition and Nishni-Novgorod fair, he advises his countrymen not to try a retaliatory tariff war. He reminds them that Russia has cheap sea transit, accessible both in the north and south, and could much more easily dispense with a German market than Eastern Germany can with a Russian market. The high Russian tariff has already had a very considerable effect in decreasing German exports, and encouraging the Russian iron trade.

INDIA INDUSTRIAL CENSUS.

British journals bring interesting details of the industrial census of India in 1881. The total population of the country is 253,891,821, and of this enormous number only 85,544 persons are British-born subjects, and 56,646 are soldiers and 12,088 females. Practically less than 17,000 male civilians, wielding an army of 56,000 men, control the vast empire. The whole number of Europeans returned is only 146,612. The occupations of 102,629,000 persons are defined, and of these 71,199,000 are engaged in agriculture or the care of animals. In industrial occupations 21,041,000 persons are engaged, 12,859,000 males and 8,182,000 females. The workers in cotton and flax number 5,485,455; in clothing, 2,815,280; in vegetable food, 3,165,429; in stone, clay and earthenware, 1,850,974; in houses and buildings, 836,453; in gums and resins, 762,526; in bamboo, cane, rush, straw and leaves, 680,732; in gold, silver and precious stones, 472,956; and in iron and steel only 473,361. Engaged in the work of government, national, local and municipal, are 1,843,000 persons, of whom 315,000 are classed as belonging to the army. The professional classes embrace 1,451,000 persons. It is interesting to notice how widely the proportion of persons engaged in these several departments in India differs from that which prevails in Western nations. On the other hand, it will be a surprise to many to learn that in the distinctively manufacturing employments as many as 12,500 persons are engaged in India, though that proportion—about one in eight of the persons employed—is considerably less than in this country. One would suppose that 5,500,000 workers in cotton and flax ought to be able to supply the population, without the importation of such a vast quantity of goods as England sends; but the manufacture is mainly by processes far less effective and economical than those used in the Western nations, though the manufacture by machinery has of late grown rapidly in India.

BOOK NOTICES.

A Treatise on the Law of Collateral Securities as Applied to Negotiable, Quasi-Negotiable and Non-Negotiable Choses in Action. By WILLIAM COLEBROOKE, Chicago: Callaghan & Co., 1883.

This is a valuable work. The principles relating to collateral security are of constant application. The work begins with a definition of the terms "collateral" and "collateral security," followed by a statement of the principles relating to negotiable instruments, bills of exchange and promissory notes, bonds and coupons, notes and mortgage securities, and the rights, duties and liabilities of the holder, creditor, surety, accommodation acceptor or indorser, or guarantor, holding collateral securities from the principal. These matters are first considered. The second class of subjects covers documents of title, which are, by commercial usage, quasi-negotiable, certificates of stock, bills of lading, and warehouse receipts, and the rights of stock and other brokers, dealing under the usages of exchanges with the collateral stocks and other securities of their customer, and of the factor as pledger. Besides these classes are non-negotiable choses in action, and equitable assignments of funds available as collateral. More than four thousand cases have been cited. The work is sure to fill a very important place in the law library, especially of lawyers who are devoted to the mercantile branch.

A Manual of Investment. Facts and figures concerning Southern Investment securities.

This is a pamphlet issued by Mr. John L. Williams, banker and broker at Richmond, Va. It affords valuable and timely information as to the State, city railroad and other securities of Virginia and North Carolina, and of the bases upon which their respective values may be estimated.

The Silver Dollar, the Original Standard of Payment of the United States of America, and its Enemies. By HENRY CAREY BAIRD. Philadelphia: Henry Carey Baird & Co.

Taxation: a Plain Talk for Plain People. By JAMES H. CANFIELD, New York: Society for Political Education.

Proceedings of the Convention of the American Bankers' Association, held at Louisville, Kentucky, October 10th and 11th, 1883. New York: Published by the Bankers' Publishing Association, 1883.

The Genesis of a New England State. (Connecticut.) By ALEXANDER JOHNSTON, A. M. Baltimore: Published by the Johns Hopkins' University.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. DRAFTS PAYABLE "IN EXCHANGE."

Having read with interest the communications regarding checks or drafts payable "in exchange," and your replies thereto in January and previous numbers of the Magazine, I desire to state to you my views on this subject, and as the question arose from paper made payable at this bank, I trust you will pardon the intrusion.

The question was not stated quite fairly at the outset by your Salina correspondent, for it represented the drafts as being drawn *on* the bank, which was not the case, though I do not think it material.

The facts are simply these: the principal stockholders in this bank have large cattle interests further west, and in buying cattle instruct their agent or buyer to draw on them at this bank, payable in New York or Kansas City Exchange.

Now the position I take is this, that if it is satisfactory to the party of whom the property is purchased to have the drafts drawn in this way, third parties, or collecting banks, have no right in law or equity to dictate terms of payment when presented, as the instrument itself is not misleading or vague, and all they have to do, if they do not wish to handle it according to its expressed terms, is to *refuse* it; that they have no right to demand currency, and protest if not so paid, and that any collecting agent, bank or notary would be liable in damages for protesting paper of this kind if exchange was tendered in payment.

I hold further that if the stockholders of this bank, by drawing drafts in this way, can save to the bank express charges on currency (which in this country is no small item) that it is their *duty* as well as right to do it, and as before stated, no one has a right to complain of the practice if satisfactory to the parties to the original contract.

REPLY.—We agree with our correspondent that collecting banks have no right to dictate the terms of payment, and that their only remedy is to refuse to handle the paper. This remedy we would advise them to avail themselves of. For the mere fact that it may be convenient to the parties to make their drafts in this form, furnishes no reason why the drafts should be treated by banks as commercial paper, and dealt with as such, any more than if they were made payable in grain, manufactured goods, or any other commodities useful to the sellers of the cattle, to whom the drafts are given. We do not think, however, that any one would be liable for protesting the paper under the circumstances stated. In our view it is not negotiable paper, and not subject to protest, which under any circumstances would be an idle and useless ceremony. We do not see, therefore, how any one would be injured by it. It may be that a bank, which undertakes to collect paper drawn in this form, would be liable to the owner for refusing to accept exchange tendered in payment, if any loss to the owner is caused by such refusal; and, so, doubtless, it would be, if it undertook to collect a draft payable in cattle and refused to accept cattle, when tendered under similar circumstances.

II. Should a Dishonored Draft be Held until Due?

A draft at three days' sight on a firm in this place comes to us from a bank in C., with the following letter:

"We inclose for collection, N. P. N. A., No. 4376, on Brown & Jones, $500."

Acceptance was refused, and as the "no protest" was for "non-acceptance" only, we handed the paper when due and unpaid to the notary. The Bank of C. refuses to credit the protest fees, on the ground that when acceptance was refused it was our duty to return the paper at once.

We claim that the draft was sent to us for *collection*, and not for acceptance only; and that under the instructions of their letter we could have been holden for negligence, had we not protested it at maturity. Which is right?

Reply.—The Bank of C. is right. The dishonor of the draft was complete when acceptance was refused, and due protest for non-acceptance was necessary to hold the drawer and indorser. By the omission to protest for non-acceptance, in accordance with the instructions contained in the letter, the drawer and indorser were discharged from all liability. Protest for non-payment was, therefore, unnecessary and useless, and the C. Bank cannot be held liable for the expenses incurred in making it. There is nothing in the letter which justified the protest for non-payment; and it is, as we understand it, proper and in accordance with banking usage, in cases of this kind, to return the paper at once after acceptance is refused, and not to hold it until due and present again for payment.

III. Identity of Drawee.

A bank issues a draft to the order of John Jones. Another John Jones receives it, and an innocent bank cashes it. Who loses the money?

Reply.—The "innocent" bank, unless it can recover from the fraudulent J. J.

A Singular Bequest.—The late Joseph Arnold, who was for a very long time cashier of the Birmingham (Conn.) National Bank, has willed to the town of Derby thirty shares of the bank's stock, "which, with the accumulations and increase of the same, shall be held and allowed to increase and accumulate until such principal and accumulations shall equal and be of the value of $5,000,000, and when said trust fund shall reach this amount, if said town of Derby shall be free from indebtedness, except such as may have been contracted for ordinary expenses," then the money is to be paid over to the town. The stock is now worth $4,500, and the town, according to the giver's terms, will not come into possession of the fund for 150 years. Among other remarkable traits Mr. Arnold was noted for a powerful memory. The following illustration of it is related. A few years ago a public reader then in vogue read Longfellow's "Hiawatha." Such an impression did the poem make upon Mr. Arnold's mind that after he got home he repeated it from beginning to end without mistake, and he never forgot it. One day he chanced to mention to a friend that when a boy he once read through the first chapter of the Gospel of St. Matthew, and he had never seen it since. Yet he said that he could repeat it then word for word, which he proceeded to do (his friend holding the book), hard genealogical words and all, correctly.

FAILURES FOR 1883 AND TWO PREVIOUS YEARS.

COMPILED BY R. G. DUN & CO.

No. in Business in 1883.	STATES & TERRITORIES.	1883. No. Failures.	Amount of Liabilities.	1882. No. Failures.	Amount of Liabilities.	1881. No. Failures.	Amount of Liabilities.
	EASTERN STATES.		$		$		$
13,151	Maine	223	2,253,110	61	942,014	76	442,708
7,813	New Hampshire	75	418,799	54	395,045	51	332,404
6,703	Vermont	45	5,724,263	39	147,348	22	155,000
42,447	Massachusetts	391	4,560,833	327	2,888,161	319	3,835,795
	Boston City	235	20,908,858	107	6,064,450	97	3,856,450
5,925	Rhode Island	109	3,251,792	96	2,155,419	77	1,612,011
14,292	Connecticut	119	744,242	88	898,963	130	836,788
90,331	Total Eastern States	1,197	37,861,897	772	13,491,400	772	11,071,156
	MIDDLE STATES.						
83,057	New York	585	10,794,708	444	7,144,217	429	4,851,074
41,297	New York City and Brooklyn	545	28,210,225	455	21,212,508	388	14,674,314
23,949	New Jersey	121	2,182,425	113	1,871,998	77	4,536,346
70,906	Pennsylvania	531	10,062,071	431	5,655,815	250	1,853,522
21,503	Philadelphia City	174	3,500,349	109	4,005,887	134	4,341,787
3,685	Delaware	15	206,757	12	79,400	7	73,200
14,493	Maryland	127	1,864,502	80	1,261,140	75	2,484,991
3,131	District of Columbia	38	278,497	23	154,887	12	109,304
262,021	Total Middle States	2,136	57,108,534	1,667	41,385,652	1,372	32,924,538
	SOUTHERN STATES.						
13,149	Virginia	134	1,448,815	137	2,235,299	98	670,583
7,545	West Virginia	55	407,053	45	389,458	41	188,233
9,305	North Carolina	154	1,357,806	134	931,822	83	591,874
6,120	South Carolina	93	1,151,666	93	908,542	90	684,558
11,537	Georgia	213	2,180,839	138	1,930,563	132	2,379,548
2,865	Florida	34	297,677	17	167,320	16	223,352
8,159	Alabama	55	650,710	85	1,188,276	104	2,041,340
8,216	Mississippi	151	2,658,722	197	2,335,957	153	1,942,129
9,541	Louisiana	177	3,335,678	178	3,162,948	106	1,604,577
18,857	Texas	320	3,057,865	204	1,644,254	234	2,713,920
6,853	Arkansas	84	596,723	95	754,724	102	952,532
19,869	Kentucky	154	1,667,727	131	3,716,096	93	1,083,413
13,143	Tennessee	220	974,326	164	1,632,864	187	1,393,353
135,159	Total Southern States	1,844	19,785,607	1,618	20,998,123	1,439	16,469,412
	WESTERN STATES.						
61,921	Ohio	536	10,485,273	288	2,686,817	187	1,292,067
	Cincinnati City	79	1,765,575	47	765,734	48	1,507,806
33,953	Indiana	270	3,426,182	124	1,688,565	78	683,289
60,064	Illinois	328	3,188,733	158	1,193,740	108	585,718
	Chicago City	277	13,203,279	103	2,239,584	37	1,980,700
32,466	Michigan	275	4,347,095	189	1,456,870	209	1,750,832
25,803	Wisconsin	173	2,867,432	97	1,106,942	77	1,469,616
29,119	Iowa	420	2,249,651	194	1,415,773	75	926,601
15,312	Minnesota	116	1,129,882	70	355,990	73	391,827
39,231	Missouri	155	885,669	221	1,446,450	163	1,062,720
	St. Louis City	71	2,252,262	79	2,701,720	55	1,878,331
15,677	Kansas	161	726,670	267	1,510,967	262	1,704,810
9,331	Nebraska	100	350,700	113	450,023	132	360,415
322,877	Total Western States	2,961	46,878,403	1,950	19,019,175	1,504	15,594,732
	PACIFIC STATES AND TERITORIES.						
289	Indian Territory	—	—	—	—	—	—
4,445	Oregon	93	955,106	35	193,500	33	296,214
21,105	California	281	1,599,600	237	1,552,000	169	1,437,000
	San Francisco City	148	2,832,300	138	2,195,000	106	1,353,000
7,157	Colorado	182	1,986,664	169	1,260,191	97	687,479
1,411	Nevada	35	310,200	29	182,200	24	267,000
2,424	Utah	51	305,220	15	274,071	10	18,200
1,543	New Mexico	31	544,324	12	135,500	4	51,500
629	Wyoming	5	13,300	—	—	2	4,000
982	Idaho	18	173,300	5	12,500	4	63,000
8,256	Dakota	90	1,075,780	33	194,952	12	121,108
2,111	Montana	26	315,000	7	71,000	4	68,000
2,277	Washington	50	546,837	20	128,300	12	99,593
946	Arizona	36	582,100	31	454,000	18	630,000
30	Alaska	—	—	—	—	—	—
53,605	Total Pacific States & Territ's	1,046	11,239,731	731	6,653,214	495	5,096,094
[illegible]3,993	Grand totals	9,184	172,874,172	9,738	101,547,564	5,582	81,155,932
65,452	Dominion of Canada	1,384	15,949,361	787	8,587,657	635	5,751,207

BANKING AND FINANCIAL ITEMS.

ASSIGNED BONDS.—The Treasury Department is receiving daily called bonds bearing assignments witnessed by cashiers or presidents of National banks, but not verified by the bank's seal. Heretofore the signatures of bank officers have been certified by Treasury officials after comparison with the signatures on file in the office of the Comptroller of the Currency and known to be genuine. It has been decided, however, that this practice involves too much risk, and hereafter when the seal of the bank is missing the bonds will be returned to the senders.

CALL OF BONDS.—Secretary Folger issued on January 17th a call (the 125th), maturing March 15th, for $10,000,000 of three-per-cent. Government bonds, numbered as follows, all numbers being inclusive: $50—Original No. 504 to original No. 846; $100—Original No. 4893 to original No. 5446, and original No. 9465 to original No. 9469; $500—Original No. 2140 to riginal No. 2353; $1000—Original No. 15,615 to original No. 16,450, and original No. 22,666 to original No. 22,675; $10,000—Original No. 23,821 to original number 24,725.

THE HOUSE COMMITTEE on Banking and currency, on Jan. 29th, by a vote of 8 to 4, adopted a resolution declaring it the sense of the Committee "that the public welfare demands that the benefits of the National Banking system be substantially preserved and continued for the time being, provided that this resolution shall not be construed to be a declaration in favor of the perpetuation of the public debt." The negative votes were cast by Messrs. Buckner, of Missouri; Brumm, of Penna.; Miller, of Texas; and Yaple, of Michigan.

NEW YORK.—A bill is now before the Legislature to amend section 435 of the Penal Code, which reads as follows.

"A person who, with intent to affect the market price of the stocks, bonds, or other evidences of debt of a corporation or association, knowingly circulates any false statement, rumor, or intelligence, is punishable by a fine of not more than $5,000, or by imprisonment for not more than three years, or both."

The proposed amendment strikes out the word "knowingly," thus making it a penal offence to circulate any false report to affect values.

A NEW AFTERNOON DAILY newspaper devoted to commercial and financial interests has been established in this city, the first number to appear February 15. Especial strength is given to this undertaking by the controlling interest in its stock being held by prominent merchants in various branches of trade. The editorial management is such as assures for its columns independence and life. The name of the new journal is *The Dial*, and its price two cents per copy, or five dollars a year.

IN VIEW of the present state of the money market, the fact is significant that members of the Cotton Exchange have been notified by the Farmers' Loan and Trust Company and the Bank of the State of New York, that after the 1st of February only two per cent. instead of three per cent. will be allowed on margins.

COMPTROLLER KNOX has recently received a letter from Napier, New Zealand, requesting copies of his report, and enclosing an editorial from the Hawkes Bay *Herald*, which highly praises the national banking system of the United States.

COLORADO.—Three failures of banks occurred at Leadville in January. The first was that of the City Bank, which made an assignment on the 18th to D. H. Dougan. This was formerly the private bank of C. C. Howell, and was incorporated in 1880 with a capital of $25,000, which was afterwards increased to $100,000. Mr. Howell, who was formerly President, became embarrassed early in 1883. The bank has since been in difficulty.

On January 23 the First National bank of Leadville closed its doors after a heavy run. The President De Walt and Vice-President Finn of the bank left the city in a carriage at daybreak on that morning. There is much talk of irregularity in the accounts, and the failure is generally believed to be a very bad one. The deposits probably aggregate $325,000, with few tangible assets. Comptroller Knox, upon receiving information of the failure of the bank, requested N. P. Langford, National Bank Examiner, who was at Denver, to proceed to Leadville and make an examination of its affairs. A dispatch was received by Mr. Knox from the examiner, on twenty-fourth, stating that he is in charge of the bank, and that an officer of the bank has absconded with important books.

After a heavy run by depositors the Merchants and Mechanics' Bank of Leadville suspended on January 30. The property was immediately attached for $37,000, more attachments following. No estimate of the liabilities or of what the bank will probably pay is at present obtainable.

CONNECTICUT.—A resolution has been offered in the Connecticut Senate directing the Bank Committee to inquire whether legislation is advisable to compel Savings banks directors to pay more dividends to small depositors than to large depositors. Such action is now permissable, but very few of the bank officers exercise their power.

BONDED WHISKEY BILL.—Representative John A. Anderson, of Kansas, who has taken much interest in the extension of the bonded whiskey period, was asked not long ago what he thought of the bill introduced by Mr. Willis, of Kentucky. He answered: I am against it. I was opposed to the measure last session, and shall use all honest and parliamentary means in my power to defeat it. Did you ever stop to think what they are asking us to do? Let me show you. According to the report of the Commissioner of Internal Revenue there was remaining in distillery warehouses October 1st, 1883, 73,405,261 gallons of whiskey. Now, the distillers ask for an extension of two years to pay the tax on that whiskey. According to law it ought to have been taken out of bond on the 1st of December last. The request of the distillers amounts to a loan from the Government to them of $132,592,103. You see the tax is ninety cents per gallon. That would be $66,061,824. Double this and we have $132,129,649. Add to this interest on the money at 3½ per cent. per annum and we have a grand total of $132,592,103. That sum they want the Government to loan them for two years, and at the end of two years they propose to take the whiskey out by paying ninety cents per gallon tax on all that has not been lost by leakage and evaporation, which, at a rough guess, would lose to the Government at least $500,000, and at the same time benefit the whiskey men $30,000,000 by reason of the increase in value in their whiskey on account of age.

SALEM'S BANK CASHIERS.—Salem has probably the oldest bank cashiers in Massachusetts, if not in the United States. Mr. William H. Foster, who has just entered upon his 87th year, has been fifty-nine years in the service of the Asiatic National Bank, of which fifty-six have been as Cashier; Mr. Edward H. Payson has been for fifty-seven years Cashier of the First National Bank, formerly the Commercial; and Mr. Joseph H. Towne has just closed a service of forty years with the Naumkeag National Bank, of which thirty-three were as Cashier.—*Boston Transcript.*

NEW HAMPSHIRE.—Ex-Gov. Frederick Smyth, who has been Cashier of the First National Bank of Manchester, N. H., throughout the twenty-eight years of its existence, has just been made its President.

MATURITY OF RAILROAD DEBTS.—A compilation, made by Mr. William Hosea Ballou, shows the amount of the funded debt of the railroads of the United States maturing each year. It appears that the largest amount to mature in any one year is $220,424,080, in 1921, and the smallest is $90,000, in 1940. In 1884 nearly $14,000,000 matures; in 1885, about $38,000,000; in 1886, $15,000,000; in 1887, $19,600,000; in 1888, $32,000,000; in 1889, $24,600,000, and in 1890, $42,000,000. From his figures we have prepared the following table, showing the aggregate amount for different periods:

1884 to 1890	$185,236,067
1891 to 1900	608,033,145
1901 to 1910	917,534,958
1911 to 1920	592,813,007
1921 to 1930	521,977,147
1931 to 1940	282,810,180
1941 to 1984	66,528,400
Total	$3,174,932,904

—*New York Indicator.*

RAILROAD FORECLOSURES.—The encouraging feature in the railroad situation is the very small number of foreclosures which occurred in 1883. The number reported by the *Railway Age* is only eighteen, with an aggregate debt of $28,505,000 and capital stock of $18,825,000, a total capitalization of $47,330,000. Compared with 1882, there is an increase of two in number and a decrease of over $18,000,000 in capitalization. Compared with 1880, when the largest amount of capital was foreclosed, there is a decrease of nearly $227,000,000. The following table published by the *Railway Age* shows the sales of railroads under foreclosure for the past eight years:

Year.	*No. of roads.*	*Mileage.*	*Capital invested.*
1876	30	3,846	$217,848,000
1877	54	3,875	198,984,000
1878	48	3,906	311,631,000
1879	65	4,909	243,288,000
1880	31	3,775	263,882,000
1881	29	2,617	127,923,000
1882	16	867	65,426,000
1883	18	1,354	47,100,000
Total for eight years	291	25,145	$1,476,312,000

The most important sales during the year were of the Columbus, Chicago & Indiana Central, with stock and bonded debt of $25,750,000, or over one-half of the aggregate; the Cleveland, Tuscarawas Valley & Wheeling, with a capitalization of $4,755,000, and the Massachusetts Central, with a debt of $7,250,000. These three roads represent a mileage of 789 miles and a capitalization of $37,755,000, being about 60 per cent. of the total mileage and about 80 per cent. of the total capitalization. The remaining foreclosures, therefore, were far from being either important or significant, except so far as they indicate the very favorable situation of railroad enterprises throughout the country.

GAMBLING IN PRODUCE.—The New York *Journal of Commerce* remarked in a recent issue: "If we go upon the mercantile exchanges we find the members either gambling on their own account, or busily engaged in placing the ventures of others. Out of bargains for nearly ten million bushels of wheat, which we had carefully analyzed in one day's business, less than fifty thousand bushels were actually bought and sold between parties who expected to deliver and receive the property; the rest was composed of gambling wagers, having no proper relation to legitimate business. Cotton, coffee, and most other commodities are speculated upon in the same way. Many of the agents and dealers are simply acting as brokers, and thus may claim that theirs is a legitimate calling, but the fever-stricken throng of gamblers who stand behind them, make the contracts and put up the margins, are really trying to get something for nothing; they are seeking to win a return for which they never proposed to give any equivalent whatever."

KENTUCKY.—The town of Hopkinsville was electrified on January 3, by the announcement that James A. Wallace, Cashier for nineteen years of the Bank of Hopkinsville, had absconded on January 1, carrying away $50,000 of money belonging to the bank. Col. Wallace was one of the most prominent, public spirited, and universally esteemed citizens of Hopkinsville, whose fall was a revelation so painful as to be almost incredible. The money stolen was part of the reserve fund of the bank, whose capital of $250,000 is not impaired, nor is there any interruption to its business by reason of the theft. The loss falls upon Wallace's bondsmen.

NEW YORK.—The annual report of the Superintendent of the Banking Department, Mr. Willis S. Paine, shows that on October 1, 1883, eighty-four banks, regularly organized under the laws of this State, are in active business, nine of these, with total capital of $3,126,000, having been organized during the past fiscal year. The reports of the several banks give evidence very favorable to the system of free banking. The aggregates on September 22, 1883, of items named were as follows: Capital, $21,761,700; due depositors, $113,914,963; loans and discounts, $96,338,963; profits and surplus, $11,146,418; total resources, $160,716,393. The report presents also the condition of the Trust, Loan and Mortgage Companies, the Safe Deposit and Building Fund Associations.

In the year 1881 Messrs. Dowd and Paine were appointed to compile and revise the banking statutes of the State, and to suggest any amendments which should appear necessary. Under this authority one of the recommendations submitted was in reference to the use of corporated names by private banks. Mr. Paine calls attention to this as follows:

"We then said in substance that this kind of private banking was on the increase in this State. No institution should be permitted to so conduct its business by means of advertisements, or otherwise, as to lead the public to infer that it was in fact a corporation duly organized under the general law, and surrounded by all the safeguards which have been the fruit of years of corrective legislation. Such practices are demoralizing. There should be some appropriate legislation which, while checking such abuses, would at the same time encourage the formation of organizations under the immediate control of the banking department.

"I desire to add it is believed that the amount of capital employed by this interest equals the sum used by both the regular State and National banks. It is the imperative duty, in my judgment, of the legislature to compel private banks to advertize themselves as such 'private banks,' and to do business as such. They compete for the business of the regularly organized corporations, while subject to few of their burdens; and it is a remarkable fact that with a keen realization of the benefits to be had by preserving a name, the credit of which was obtained while carrying on business as an association created in pursuance with the terms of the Free Banking Act, they have, in many instances, assumed the corporate title while they possess nothing of a corporate existence. Why should the State forbid 'an individual banker' to take a corporate name if this license is given to a private banker? If one of these private bankers having a corporate name sees fit to so manage his affairs as to result in a disastrous failure, the unthinking portion of the community in this State, and the better informed elsewhere, very naturally draw a conclusion to the disparagement of our regular associations; a conclusion unjust in the extreme. No doubt some of these private banks are managed in the most conservative and judicious manner, but the fact remains that they make no reports of the condition of their affairs, and there is no supervising authority which may subject them to an examination."

A DEFAULTING BANK CASHIER.—Tilden G. Abbott, for ten years Cashier of the Union Market National Bank, of Watertown, Mass., has absconded, taking funds of the bank aggregating, as far as known, $31,160. The bank has since suspended.

OHIO.—The first semi-annual statement of the Cincinnati National Bank shows a credit to surplus fund of $15,000, although the capital of $500,000 has only recently been all paid in. Mr. Albert M. Larkin, Paying Teller of the bank, has been elected Assistant Cashier, having earned his promotion by diligent devotion to the duties of preceding positions.

Cincinnati.—Mr. John R. De Camp, hitherto Cashier, has been elected Vice-President of the Metropolitan National Bank. Mr. Charles W. Edwards has been appointed Cashier in place of Mr. De Camp.

CANADIAN BANKS.—The statement of the condition of the banks in Canada at the close of December indicated a quiet condition of trade during the month. The circulation has fallen off $418,000. The public deposits increased about $380,000 during the month. The banks have strengthened their reserves materially, the aggregate of specie and Dominion notes being $1,640,000 larger than at the close of November, and this amount appears to have been obtained by drawing upon the balances in New York, as the latter are down $1,240,000. Commercial loans have been further slightly reduced, for although an increase of $820,000 occurs in the loans to corporations, the discounts are $1,035,000 less. Overdue debts are of about the same amount as in November. The condition of the foreign exchanges is still very favorable. The net balance due from agents in the United States and Great Britain at the close of the year being $20,700,757, against $22,626,383 in November, a decrease of about $2,000,000, against which may be offset the increase in specie and Dominion notes.

MEXICO.—Negotiations are in progress at the City of Mexico for the consolidation of the National and Mercantile Banks. Changes in the Government concession to the National Bank will be necessary. The combined capital of the two banks is $20,000,000, 40 per cent. of which is paid up. The combination inspires entire confidence.

ITALIAN MONEY.—Travelers are warned that henceforth francs will not circulate in Italy, and that lire will be refused in France. The coins are identical in weight and in value, but the Monetary Convention between the countries ended with the old year, and a rule which seemed for mutual advantage no longer has force.

FRAUDS UPON BANKS.—The business of every highly developed country is necessarily based on the theory that men can safely trust one another. Not only does every trader work more or less with borrowed money, but every commercial house has to repose confidence in one or more of those it employs to such an extent that he or they could at any moment ruin it. Take, for example, a great joint-stock bank. It borrows deposits from the public many times the amount of its own capital, and as its shareholders cannot themselves work it, they elect as their representatives a Board of Directors, who can, if so disposed, make ducks and drakes of all this money. Some of those directors are without skill or experience, and are chosen because they are supposed to possess influence. The rest are generally merchants who have large private concerns to look after, and little time to give to the affairs of the bank. Practically, therefore, the directors are unable to control the bank which they are supposed to manage; and in any case they have but a small interest in its success. Yet they are absolute over its whole business, and may ruin it by neglect. Under them, again, are paid managers and assistant managers, secretaries and heads of departments, and under these clerks of various degrees. How great are the facilities for fraud possessed by several of these paid agents, the public fully realizes only when it becomes acquainted with such a crime as has received exemplary punishment in the person of the secretary of the River Plate Bank of London.—*London Saturday Review.*

OBITUARY.

WILLIAM P. RATHBURN, President of the First National Bank of Chattanooga, died in that City on January 11th, at the age of sixty-four. Major Rathburn was the leading capitalist in Chattanooga, and has been closely identified with every important industry established there. For many years he has been President of the Roane Iron Company, and had also for a long time been connected with the banking business and iron interests of Ohio and West Virginia. He was engaged in mercantile business at Wilkesville, Ohio, previous to 1849.—*Sun*, Jan. 12th.

EDWIN K. THORNTON, Cashier of the Bank of Kansas City, Missouri, died in that city on January 13th. Mr. Thornton was born 44 years ago, in Versailles, Ky., of which place his father was a prominent citizen for many years. In early manhood the deceased came to Missouri, where he remained until the outbreak of the war, when he returned to Kentucky. At Versailles he was for a number of years Cashier of the Commercial Bank. In 1880 he again removed to Missouri. In 1881 he was elected Cashier of the Bank of Kansas City, a position which he filled to the entire satisfaction of the public and the officers of the bank. At a meeting of the Directors of the bank, held January 14th, appropriate resolutions, expressing their high estimate of Mr. Thornton's character and ability were unanimously adopted.

SAMUEL WILLIAMSON, a prominent citizen and financier of Cleveland, died on January 14th. He was born in Crawford County, Penn., but moved to Cleveland at an early age. In 1826 he entered Jefferson College, Pennsylvania, and was graduated with honor. He then studied law in Cleveland, and was admitted to the bar in 1832. In 1872 he retired from practice. Mr. Williamson served in the lower and upper houses of the General Assembly of Ohio, was a director of the Cleveland, Columbus, Cincinnati and Indianapolis Railway Company, and for the last fifteen years has been President of the Cleveland Savings Bank.

NATIONAL-BANK AND LEGAL-TENDER CIRCULATION.

STATEMENT of the Comptroller of the Currency on February 1, 1884, showing the amounts of NATIONAL-BANK NOTES and of LEGAL-TENDER NOTES outstanding at the dates named, and the increase or decrease:

NATIONAL-BANK NOTES.

Amount outstanding June 20, 1874	$349,894,182
" " January 14, 1875	351,861,450
" " May 31, 1878	322,555,965
" " at date*	348,781,159
Decrease during the last month	971,775
Decrease since February 1, 1883	12,677,992

LEGAL-TENDER NOTES.

Amount outstanding June 20, 1874	$382,000,000
" " January 14, 1875	382,000,000
" retired under Act of January 14, 1875, to May 31, 1878.	35,318,984
" outstanding on and since May 31, 1878	346,681,016
" on deposit with the Treasurer U. S. to redeem notes of insolvent and liquidating banks, and banks retiring circulation under Act of June 20, 1874	41,447,388
Increase in deposit during the last month	2,146,544
Increase in deposit since February 1, 1883	1,218,565

JNO. JAY KNOX, *Comptroller of the Currency.*

* Circulation of National gold banks not included in the above, $718,734.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from January No., page 557.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
DAKOTA	Miller	Citizens' Bank	Chase National Bank.
	$25,000	R. C. Anderson, *Pr.*	Wm. H. Waters, *Cas.*
"	Scotland	Commercial Bank..(H. M. Montelius.)	Merch. N. B. *Chic.*
"	Woonsocket	Citizens' Bank	Gilman, Son & Co.
		Henry Widner, *Pr.*	Mark Harris, *Cas.*
ILL.	Monticello	Bank of Monticello. (Wm. Noecker.)	....
"	Saybrook	Bellau & Freeman	National Park Bank.
"	South Chicago	Calumet Nat'l B'k of South Chicago.	....
	$50,000	Horace P. Taylor, *Pr.*	Clark P. Wilder, *Cas.*
IOWA	Clarinda	Clarinda National Bank	....
	$50,000	Frank W. Parish, *Pr.*	Isaac J. Poley, Cas.
"	Lucas	Farmers' & Miners' Bank.	Chase National Bank.
		S. H. Mallory, *Pr.*	A. D. Mallory. *Cas.*
"	Maxwell	B'k of Maxwell.....(E. D. & D. D. Dorn.)	First N. B. *Chic.*
"	Waverly	First Nat'l B'k of Waverly	....
	$100,000	J. H. Bowman, *Pr.*	H. S. Burr, *Cas.*
KANSAS	Quenemo	Quenemo Bank......J. S. Cloud, *Cas.*	First Nat'l Bank.
"	Yates Center	Woodson National Bank	....
	$50,000	Geo. D. Carpenter, *Pr.*	N. F. Follett, *Cas.*
MICH.	Addison	Exch. Bank of Addison (F. E. Curtis.)	Chase National Bank.
"	Ishpeming	Marquette Co. Bank	American Exchange Nat'l Bank
	$50,000	S. S. Curry, *Pr.*	E. D. Nelson, *Cas.*
"	Plymouth	Plymouth National Bank.	....
	$50,000	Theo. C. Sherwood, *Pr.*	....
MINN.	Minneapolis	Manufacturers Nat'l Bank	....
	$300,000	J. W. Johnson, *Pr.*	J. H. Ray, *Cas.*
"	Wabasha	First National Bank	....
	$50,000	Lucas Kuhn, *Pr.*	Bruce Florer, *Cas.*
MO.	DeWitt	DeWitt Exchange Bank	United States National Bank.
	$10,000	W. S. Ruckel, *Pr.*	E. W. Rucker, *Cas.*
"	Fairfax	Farmers' Bank of Fairfax.	Continental Nat'l Bank *Chicago.*
	$150,000	John F. Sly, *Pr.*	G. W. Smith, *Cas.*
"	Louisiana	Exch. N. B. of Louisiana	....
	$50,000	Marcus Dreyfus, *Pr.*	Richard J. Hawkins, *Cas.*
"	Louisiana	Mercantile N. B. of La.	....
	$50,000	J. Stuart Carkener, *Pr.*	W. G. Tinsley, *Cas.*
"	Milan	First Nat'l Bank of Milan	....
	$75,000	L. T. Hatfield, *Pr.*	J. C. McCoy, *Cas.*
"	Mound City	Mound City Bank	First National Bank, *Chicago.*
"	Salem	Bank of Salem	Continental, *St. Louis.*
	$13,000	William R Love, *Pr.*	Wm. A. Young *Cas.*
MONT.	Billings	First National Bank	....
	$60,000	W. R. Stebbins, *Pr.*	H. H. Mund, *Cas.*
NEB.	Ainsworth	Farmers' & Merchants' B'k	Kountze Brothers.
		J. W. Sherwood, *Pr.*	L. P. Albright, *Cas.*
"	Bloomington	Bloomington Ex. B'k (John DeWalt & Son)	Gilman, Son & Co
"	Broken Bow	Custer Co. B'k (Burnham & Jewett.)	Donnell, L. & Simpson.
"	Cedar Rapids	Cedar Valley Bank	Kountze Brothers.
		F. S. Thompson, *Cas.*	
"	Genoa	Genoa State Bank	Nebraska National Bank, *Omaha.*
		John Linderholm, *Pr.*	Emma Linderholm, *Cas.*
"	Grand Island	Citizens' National Bank	American Exchange Nat'l Bank.
	$60,000	Henry A. Koenig, *Pr.*	D. H. Vieths, *Cas.*
"	Louisville	Louisville Bank	First National Bank, *Chicago.*
	$10,000	J. J. Manker, *Pr.*	H. E. Manker, *Cas.*

State.	*Place and Capital*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
NEB....	Neligh	Citizens' Bank........... J. D. Bacon, *Pr.*	Donnell, Lawson & Simpson. Edward L. Hatch, *Cas.*
" ..	Odell.......... $11,000	Bank of Odell............ Franklin R. Joy, *Pr.*	Chemical National Bank. Howard R. Joy, *Cas.*
N. Y....	Warrensburgh.	L. W. Emerson & Co....	Continental National Bank.
OHIO...	Ashtabula Har.	Marine Bank............. Henry H. Hall, *Cas.*	Lamprecht, Hayes & Co., *Cleveland, O.*
PENN...	Kittanning $100,000	Farmers' National Bank of Kittanning............. John A. Colwell, *Pr.*	George W. Doverspike, *Cas.*
TENN...	Tullahoma $50,000	First N. B. of Tullahoma Litle D. Hickerson, *Pr.*	.... S. J. Walling, Jr., *Cas.*
TEXAS..	Marshall....... $75,000	First Nat'l B'k of Marshall R. C. Garrett, *Pr.*	.... E. Key, *Cas.*
VA......	Abingdon	Exchange & Deposit Bank	Kountze Brothers.
W. VA	Huntington ... $50,000	First N. B. of Huntington J. L. Caldwell, *Pr.*	Third National Bank. M. C. Dimmick, *Cas.*

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from January No., page 558.)

No.	*Name and Place.*	*President and Cashier.*	*Capital.*
3097	First National Bank............ Billings, MONT.	Wm. R. Stebbins, H. H. Mund,	$50,000
3098	Manufacturers' National Bank... Minneapolis, MINN.	J. W. Johnson, J. H. Ray,	300,000
3099	City National Bank............. Hastings, NEB.	Lyman H. Tower, Joseph S. Allison,	50,000
3100	First National Bank............ Wabasha, MINN.	Lucas Kuhn, Bruce Florer,	50,000
3101	Citizens' National Bank......... Grand Island, NEB.	Andrew A. Koenig, D. H. Vieths,	60,000
3102	Calumet National Bank .... South Chicago, ILL.	Horace P. Taylor, Clark P. Wilder,	50,000
3103	Exchange National Bank....... Louisiana, MO.	Marcus Dreyfus, Richard J. Hawkins,	50,000
3104	Farmers' National Bank........ Kittanning, PA.	John A. Colwell, George W. Doverspike,	100,000
3105	First National Bank............ Waverly, IOWA.	J. H. Bowman, H. S. Burr,	100,000
3106	First National Bank............ Huntington, WEST VA.	J. L. Caldwell, M. C. Dimmick,	50,000
3107	First National Bank............ Tullahoma, TENN.	Litle D. Hickerson, Smith J. Walling, Jr.	50,000
3108	Woodson National Bank........ Yates Center, KANSAS.	George D. Carpenter, N. F. Follett,	50,000
3109	Plymouth National Bank........ Plymouth, MICH.	Theodore C. Sherwood, ...	50,000
3110	First National Bank............ Milan, MO.	L. T. Hatfield, J. C. McCoy,	75,000
3111	Mercantile National Bank....... Louisiana, MO.	J. Stuart Carkener, Walter G. Tinsley,	50,000
3112	Clarinda National Bank .... Clarinda, IOWA.	Frank W. Parish, Isaac J. Poley,	50,000
3113	First National Bank .... Marshall, TEXAS.	R. C. Garrett, E. Key,	75,000
3114	First National Bank............ Alamosa, COL.	Wm. Barth, H. J. Ross,	50,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from January No., page 558.)

	Bank and Place.	*Elected.*	*In place of*
N. Y. City.	Garfield Nat'l Bank	A. C. Cheney, *Pr.*	G. H. Robinson.
		G. H. Robinson, *V. P.*	....
Col.	State Nat'l Bank of Denver	Charles Hallock, *Pr.*	G. N. Wheeler.
		J. C. Lewis, *V. P.*	C. F. Hendrie.
Conn.	American Nat'l B'k, Hartford	Joseph H. King, *Cas.*	J. G. Root.
"	Birmingham National Bank	Chas. E. Clark, *Cas.*	J. Arnold.*
Ga.	Griffin Banking Co., Griffin	J. P. Nichols, *Cas.*	D. D. Peden.
"	Sav. B'k & Tr. Co., Savannah	James H. Hunter, *Cas.*	M. Hatch.
Ill.	First National Bank, Canton	G. Barrere, *Pr.*	A. C. Babcock.
		W. J. Crendorff, *V. P.*	G. Barrere.
"	Mer. Loan & Tr. Co., Chicago	J. W. Doane, *Pr.*	J. Tyrrell.
"	Home Nat'l Bank of Elgin	J. W. Ranstead, *Pr.*	H. L. Borden.
"	First Nat'l B'k of Farmer City	R. O. Crawford, *Pr.*	J. H. Harrison.
		A. M. Cumming, *V. P.*	R. O. Crawford.
"	Second Nat'l B'k, Galesburg	J. T. McKnight, *Pr.*	....
		M. W. Gray, *V. P.*	J. T. McKnight.
		J. G. Vivion, *Cas.*	W. W. Washburn.
"	First National Bank, Galva	Wm. L. Wiley, *Cas.*	G. W. Hough.
		M. E. Ericson, *Ass't C.*	....
Ind.	Aurora National Bank, Aurora	Will. F. Stevens, *Pr.*	W. T. Stevens.
"	Adams County Bank, Decatur	David Studabaker, *Pr.*	R. B. Allison.
Iowa	Second Nat'l Bank, Dubuque	George B. Burch, *Pr.*	W. L. Bradley.
"	Fort Dodge National Bank	G. F. Dunscomb, *V. P.*	....
		G. B. Wheeler, *Cas.*	S. T. Miscroey.
		W. E. Dunscomb, *Ass't C.*	G. B. Wheeler.
Kan.	Bank of Galena, Galena	Oscar T. Street, *Pr.*	....
		W. E. Stice, *Cas.*	....
Ky.	Second Nat'l Bank, Louisville	John E. Green, *Pr.*	J. Bridgeford.
"	Third Nat'l Bank, Lexington	Jas. H. Shropshire, *Cas.*	O. L. Bradley.
Maine	Newcastle National Bank	Austin Hall, *Pr.*	Joseph Haines.
Md.	National Bank of Rising Sun	H. H. Haines, *Pr.*	J. M. Evans.
		John D. Haines, *Cas.*	H. H. Haines.
Mass.	Globe National Bank, Boston	Wm. B. Stevens, *V. P.*	F. A. Gray.
"	Merchandise Nat'l B'k, Boston	Charles H. Kilham, *Cas.*	J. F. R. Foss.
"	Suffolk National Bank, Boston	A. L. Edmands, *Pr.*	D. R. Whitney.
"	Holliston National Bank	Sidney Wilder, *Pr.*	A. Leland.
		T. E. Andrews, *V. P.*	S. Wilder.
"	First Nat'l Bank, Leominster	J. Smith, *Pr.*	S. Putnam.
"	Old Lowell Nat'l Bank, Lowell	John Davis, *Pr.*	E. Tuck.
"	Nat. Mt. Wollaston B'k, Quincy	E. H. Dewson, *Pr.*	E. B. Pratt.
"	Naumkeag Nat'l Bank, Salem	Nath'l A. Very, *Cas.*	J. H. Towne.
Mich.	Merch. & Manuf. Nat'l Bank, Detroit	Frederick Marvin, *Cas.*	F. W. Hayes.
		H. L. O'Brien, *A. C.*	F. Marvin.
	First Nat'l Bank, Cassopolis	J. K. Ritter, *Pr.*	A. Kingsbury.
		M. L. Howell, *V. P.*	D. M. Howell.
	Ishpeming National Bauk	C. H. Hall, *Cas.*	I. N. Oie.
"	First Nat'l B'k, Three Rivers	C. L. Blood, *Pr.*	E. S. Moore.
		J. P. McKey, *Cas.*	C. L. Blood.
Mo.	Continental Bank, St. Louis	Charles W. Bullen, *Cas.*	W. P. Keating.
"	Laclede Bank, St. Louis	J. T. Burch, *Cas.*	A. G. Donaldson, *A. C.*
Neb.	First Nat'l Bank, Falls City	John W. Holt, *Cas.*	D. R. Holt.
		J. C. Lincoln, *V. P.*	J. W. Holt.
"	City National Bank, Hastings	A. A. Sweet, *Cas.*	J. S. Allison.

* Deceased.

	Bank and Place.	*Elected.*	*In place of*
N. J....	Nat'l State Bank of Camden...	J. W. Heulings, *Pr*......	J. Gill.
" ..	Hunterdon Co. National B'k, Flemington.	J. C. Hopewell, *Pr*......	C. Bartles.
		W. P. Emery, *V. P*......	J. C. Hopewell.
" ..	Freehold Nat. B'g Co., Freehold	William Statesir, *Pr*....	....
" ..	Lambertville National Bank.	Charles A. Skillman, *Pr*.	....
		A. C. Barber, *V. P*......	C. A. Skillman.
" ..	Essex Co. National Bank, Newark.	W. H. Curtis, *Pr*.......	A. S. Reeve.*
		Thos. W. Crooks, *Cas*...	W. H. Curtis.
N. Y....	First National Bank, Albion...	R. T. Coan, *Cas*........	W. R. Burrows.
" ..	Manufacturers National Bank of N. Y., Brooklyn.	John Loughran, *Pr*......	J. R. Furman.
		William Dick, *V. P*......	J. Loughran.
" ..	Long Island Bank, Brooklyn...	Crowell Hadden, *Pr*.....	J. L. Morgan.
" ..	Syracuse Savings Bank........	Henry L. Duguid, *Pr*....	E. W. Leavenworth
" ..	Wyoming Co. National Bank, Warsaw.	L. H. Humphrey, Jr. *Cas*.	H. A. Metcalf.
		F. J. Humphrey, *Ass't. C.*	....
OHIO...	Ex. Nat'l Bank of Cincinnati...	Franklin Alter, *Pr*.......	B. F. Power.
" ..	Metropolitan National Bank, Cincinnati	J. R. DeCamp, *V.P*......	J. R. Brown.
		Chas. W. Edwards, *Cas*..	J. R. DeCamp.
" ..	Farmers' National Bank, Bryan	J. W. Leidigh, *Pr*.......	J. W. Nelson.
" ..	First National Bank, Bryan..	D. C. Baxter, *Cas*.......	O. Eaton.
		Oscar Eaton, *V. P*.......	....
" ..	First National Bank, Chillicothe.	Amos Smith, *Pr*.........	Wm. Cook.
		Alex'r Renick, *V. P*.....	....
" ...	Commercial National Bank Cleveland.	D. Z. Norton, *Cas*.......	J. Colwell.
		J. Colwell, *V.P*.........	A. Stone.
" ..	First National Bank of Geneva.	T. W. Tuttle, *Pr*.......	A. J Ford.
		F. W. Tuttle, *Ass't Cas*..	....
PENN...	Bradford National Bank.....	O. F. Schonblom, *Pr*.....	R. F. Borckman.
		P. T. Kennedy, *V. P*....	O. F. Schonblom.
" .	Jefferson Co. National Bank of Brookville.	George T. Rodgers, *Cas*.	E. A. Litch.
"	Indiana Co. Dep. B'k, Indiana.	James M. Watt, *Cas*.....	E. H. Wilson.
" ..	Keystone National Bank Reading.	Aaron Wilhelm, *Pr*......	I. McHose.
		Jacob Holl, *Cas*.........	T. D. Fister.
TENN...	Nat'l Bank of McMinnville.....	Jesse Walling, *Cas*......	S. J. Walling, Jr.
TEX....	National Bank of Texas, Galveston.	W. L. Moody, *Pr*.......	M. Kopferl.
		J. E. Wallis, *V. P*.......	J. J. Hurdley.
" ..	First National Bank, Texarkana	J. H. Draughon, *V.P*....	....
" .	Citizens' Nat. B'k, Weatherford	W. F. Altfather, *Cas*....	A. R. Andrews.
VT.....	Factory Point National Bank	James P. Black, *Cas*.....	....
		Allen L. Graves, *V.P*....	....
" ..	First Nat'l Bank of Fair Haven	R. C. Abell, *Pr*..........	Z. C. Ellis.*
WASH..	Columbia Nat. Bank of Dayton	N. P. Hall, *Cas*..........	J. G. Paine.

SAVINGS BANKS IN RUSSIA.—The London *Economist* of recent date has the following: "Savings banks have been in existence in Russia for upward of forty years, but until recently the people seem to have been but little disposed to make use of them. During the past two or three years, however, they have been coming into greater favor, mainly as the result of new regulations, which came into force in 1881, and which provided, among other things, for a considerable increase in the number of the banks and an increase from 3 to 4 per cent. in the rate of interest paid to depositors. A comparison of the returns, dated respectively the 1st of January 1881, and the 1st of August 1883, shows the following results:

	August 1, 1883.	*January* 1, 1881.	*Increase.*
Number of accounts—			
State savings banks........	132,582	100,262	32,320
Municipal savings banks....	4,925	3,810	1,114
Amount of deposits—			
State savings banks........	£1,054,000	£734,000	£320,000
Municipal savings banks....	36,000	20,000	16,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from January No., page 559.)

ALA.	Troy	Pike County Bank; sold out to Farmers & Merchants' Bank.
ARK.	Hope	Hope Exchange Bank. Sidney B. Wood is now proprietor.
COL.	Leadville	First National Bank; failed January 22.
"	"	Merchants & Mechanics' Bank; suspended January 30.
"	"	City Bank; failed and assigned.
"	Pueblo	Barndollar Bros. & Rankin; now Barndollar Bros.
"	Trinidad	Bank of Southern Colorado, now owned by Loring Horn. Sewell T. Collins, *Cas.*
ILL.	La Salle	City National Bank of La Salle. In voluntary liquidation, January 8, 1884.
"	Neponset	Bank of Neponset. J. A. Russell; deceased. Bank is closed.
IND.	Muncie	Muncie Bank; closed.
"	Sullivan	Farmers' National Bank; succeeded by Farmers' State Bank. Same officers and correspondent. $50,000.
IOWA	Clarinda	Valley Bank; now Clarinda National Bank. Frank W. Parish, *Pr.* I. J. Poley, *Cas.* $50,000.
"	Osage	Mitchell County Bank (Sweney Bros. & Libby); now Sweney Bros.
"	Waverly	Bank of Waverly; now First National Bank. $100,000. Same management.
KANSAS.	Arkansas City	Creswell Bank; now Arkansas City Bank.
"	Newton	Farmers & Merchants' Bank; title changed to Newton Bank. Same officers.
MASS.	Watertown	Union Market National Bank; suspended.
MICH.	Allegan	Allegan City Bank; succeeded by Chaddock & DeLand.
MINN.	Wabasha	Bank of Wabasha; now First National Bank.
MO.	Louisiana	Exchange Bank; now Exchange National Bank. Same management. $50,000.
"	"	Mercantile Bank; now Mercantile National Bank. J. Stuart Carkener, *Pr.* Walter G. Tinsley, *Cas.* $50,000.
NEB.	Grand Island	State Central Bank; succeeded by Citizens' National Bank. Henry A. Koenig, *Pr.* D. H. Vieths, *Cas.* $60,000.
N. Y.	Alfred Centre	A. E. & W. H. Crandall; succeeded by the University Bank. E. S. Bliss, *Pr.* A. E. Crandall, *Cas.*
"	Patchogue	Patchogue and Suffolk County Bank; failed and assigned.
OHIO	Wapokoneta	Farmers' Bank; closed.
VA.	Abingdon	Greenway Bros. & Co.; succeeded by Exchange & Deposit Bank. Chartered.

NON-BONDED OFFICERS.—Third Auditor of the Treasury, Keightley, in his annual report, calls attention to the practice of employing non-bonded officers to disburse government funds, a practice which has resulted in great loss to the government. He says 120 non-bonded officers are disbursing in the quartermaster's department alone, having in their hands $210,000, too large a sum to be held and paid out by any class of men upon the security of honor alone. In the engineer department the entire amount appropriated by the river and harbor and fortification bills is disbursed by officers not under bond. The sums so paid out aggregate millions of dollars every year. "I believe firmly in the honor and fidelity of the great body of our army officers, but I also believe that, in the interest of the government, inherent honesty should be supplemented by a good and sufficient bond."

DAILY PRICES OF STOCKS AND BONDS, JANUARY, 1884.

Government Bonds and Currency.—Closing Prices at the New York Board during January.

	Interest Periods.	2	3	4	5	7	8	9	10	11	12	14	15	16	17	18	19	20	22	23	24	25	26	28	29	30	31
4½s, 1891......reg.	Q.-Mar.	114⅞	114⅝	114¼	—	114⅛	—	—	—	—	114¼	—	—	—	114⅜	—	—	—	114¼	—	114⅜	114¼	—	—	—	—	—
4½s, 1891......coup	Q.-Mar.	114⅞	114⅝	114¼	—	114⅛	—	114¼	—	—	—	114⅛	114¼	114⅜	—	—	114⅛	114⅜	—	114¼	—	—	—	—	—	—	—
4s, 1907......reg.	Q.-Jan.	123⅝	123½	123⅜	—	—	123¼	123⅜	—	123⅝	123½	123¾	124⅛	—	—	—	—	124	123⅞	123¾	—	—	—	123⅞	123¾	—	—
4s, 1907......coup.	Q.-Jan.	123¾	123⅜	123¼	123⅜	—	123¼	—	123⅜	—	123⅜	—	124	—	—	124⅛	124¼	124	123¾	—	—	—	123⅞	—	123¾	—	—
3s, option U. S......reg.	Q.-Feb.	100¼	100¼	100	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	100⅞	100½	—	—	—	—
6s, cur'cy, 1895......reg.	J. & J.	128	128	130	128	—	—	—	—	—	128½	128¾	—	—	—	—	—	—	—	—	—	—	129	—	—	—	—
6s, cur'cy, 1896......reg.	J. & J.	130	130	132	130	—	—	—	—	—	130½	130¾	—	—	—	—	—	—	—	—	—	—	131	—	—	—	—
6s, cur'cy, 1897......reg.	J. & J.	132	132	134	132	—	—	—	—	—	132½	132¾	—	—	—	132¼	132¾	—	—	—	—	—	133	—	—	—	—
6s, cur'cy, 1898......reg.	J. & J.	134	134	135	134	—	—	—	—	—	134½	134¾	134½	—	134¾	—	—	—	—	—	—	—	135	—	—	—	—
6s, cur'cy, 1899......reg.	J. & J.	135½	135½	—	—	—	—	—	—	—	—	136½	136	136½	—	—	—	—	—	—	—	—	137	—	—	—	—

New York Stock Exchange.—Daily Highest Prices for January.

RAILROAD STOCKS.	2	3	4	5	7	8	9	10	11	12	14	15	16	17	18	19	20	22	23	24	25	26	28	29	30	31
Atchison, Topeka & S. F.	79¾	—	—	—	80¾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Boston Air-Line, pref.	82⅛	82¼	—	—	81¾	—	—	—	—	82⅛	—	82¼	81¾	—	—	—	—	—	—	—	—	—	—	—	82½	—
Bur., Cedar Rap. & No.	85	—	—	—	—	—	—	80	—	—	—	—	75	70	—	—	—	—	—	—	—	—	—	—	—	—
Canadian Pacific	55⅝	57	—	57⅜	57⅛	56⅛	—	56⅝	56⅛	56⅛	56⅜	—	56¼	—	58¼	57⅝	57⅛	57½	58	57½	57⅞	57⅜	56¾	56⅝	56½	55
Canada Southern	51	52	—	53	53¼	52⅝	53¼	—	52⅝	52¾	52⅛	50¾	50⅝	50½	51½	51	50¼	50½	50¾	—	51⅝	52¼	—	53⅜	54¼	54¾
Central of New Jersey	85¼	86⅛	86⅜	86¾	—	—	88	89¼	90	—	89½	88¼	88	87¼	87½	—	87	86⅞	87⅛	—	86	86½	88	—	87⅝	87¼
Central Pacific	64	64⅞	66⅛	66⅛	—	65¼	66⅝	67¾	66¾	66⅞	66⅜	65¼	65	64⅞	65½	65⅜	64⅝	64½	65⅛	65¾	65⅞	66⅛	66⅝	67¼	67⅛	66⅞
Chesapeake & Ohio	15	—	14½	15½	15	15½	15	—	—	—	—	—	14	15	14¾	—	14	15	14½	—	14¾	15	13⅞	15	14¾	—
Do. 1st pref.	27	—	26	—	25⅜	24⅛	25	—	—	25⅛	26	—	23	25½	23	—	21	25	22¼	23	—	23¾	24	23⅝	24	—
Do. 2d pref.	16½	18	17⅛	—	17	15¾	17½	—	16¾	17½	—	16½	17½	15	17	—	—	18	17	—	16	17½	17	—	17½	17¾
Chicago & Alton	134½	134	133¾	134	134⅛	136	135½	—	—	—	135	—	134½	135	—	—	—	135½	—	—	138	—	—	138½	139½	—
Chicago, Bur. & Quincy	120⅞	121½	121	122½	122¾	121⅛	121¾	—	121	121¾	121	120⅛	120¼	120	121⅛	120	119½	120	120½	120¼	121½	121¾	122	123	—	122½
Chicago, Mil. & St. Paul	93⅛	94¼	93¾	93⅞	—	93	93⅜	94⅛	92⅝	93	92⅝	89¾	88⅝	88½	89	88¾	86⅓	87	87⅝	87½	88½	88½	89½	90⅝	90¾	89⅞
Do. pref.	117	116¾	117	116	116½	—	115½	117	115⅞	115¾	115⅛	114	114⅛	—	—	114	—	—	114½	115⅛	114⅛	—	114¾	116¼	116½	—
Chicago & Northwest	118	118⅜	118⅛	118⅜	118⅝	117½	117⅞	118¼	117¾	117⅝	117½	116¼	115¾	—	116½	115½	114⅜	114⅞	115⅛	115½	116½	116⅜	117	118½	118⅝	118⅞
Do. pref.	146	147	146½	—	146¾	145	145¼	144⅞	145	—	143	142½	—	142	144	142¼	142	141⅛	142½	141⅞	142⅞	143	145	145½	145¾	145⅜
Chicago, R. I. & P.	116¾	117½	117¼	116⅝	117⅜	117¼	117¾	—	117½	117⅛	117	116½	—	116	116⅜	116	115⅝	116	117	—	117⅛	117	117¾	118	—	117¾
Chicago, St. Louis & Pitts.	11½	12	—	13¼	14	—	13	—	11½	13	—	12½	13	—	—	11	10½	11⅛	10	9⅝	10	13	11	10	—	—
Do. pref.	34½	—	36	35	35⅛	—	35	35½	35	—	33½	32¼	34½	34	33½	32	—	31	29	30	30⅛	30	—	—	—	—
Chicago, St. P., M. & O. M.	33¾	34½	34	34⅜	34½	33⅞	34	—	33½	32⅝	31¾	29¼	29⅝	30	30½	30	29	29⅛	29½	—	30⅛	31	31¾	32⅛	32½	32¼
Do. pref.	93½	94¼	94⅛	95	95¼	94½	—	—	94	93½	—	91½	91⅛	91	91¾	91	89¾	89½	89⅛	89½	90⅛	91	91¾	93	94	93¼
Cincinnati, Sand. & Cleve.	40	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cleveland, Col., Cinn. & Ind.	65	66⅛	66	67½	68	—	66½	—	—	65	—	64	—	—	—	—	60	—	58	60	61	60	61½	64	—	—
Cleveland & Pittsburg, guar.	138¾	—	—	139	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

New York Stock Exchange.—Daily Highest Prices for January.—Continued.

RAILROAD STOCKS.	2	3	4	5	7	8	9	10	11	12	14	15	16	17	18	19	21	22	23	24	25	26	28	29	30	31
Columbus, Chic. & Ind. Cen.	1½	—	—	—	—	—	—	—	—	—	—	—	—	2	—	—	—	—	—	1½	—	—	—	—	—	—
Delaware, Lack. & West	117	117¼	117¾	118	117⅛	116⅞	—	117⅛	117	116⅞	116⅝	115⅝	115⅛	116⅛	116½	116⅝	115⅝	116⅛	116¾	116⅝	116⅞	117⅜	118¼	120½	122	121¼
Denver and Rio Grande	25	25⅝	25¼	25⅜	25½	24⅝	24¾	—	23⅝	24¾	24⅛	23¼	23	22½	23⅛	22½	20½	—	—	21¼	21½	21⅛	22	22⅛	22⅛	21¾
East Tenn., Va. & Ga.	6	6¼	5¾	6⅝	6¾	—	—	—	6⅝	6¾	—	—	6⅛	6	—	—	5¾	5½	6	—	—	6¼	6½	6⅛	6¼	6⅜
Do. pref.	11⅞	12	13	12¾	12½	—	—	13	—	—	—	11½	12	11½	11	11½	11	—	11½	10¼	11½	11⅛	11½	12	12⅜	12⅝
Evansville & Terre Haute	53	—	—	—	51	—	—	—	—	—	—	—	—	—	40	—	—	—	—	—	—	—	—	—	—	—
Green Bay, Winona & St. P.	6	—	—	7	—	6	—	—	—	—	—	—	—	7	6	—	—	5½	—	—	—	5	—	5½	6	5½
Hannibal & St. Joseph	38½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Do. pref.	92	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Harlem	190	—	193	—	—	—	—	—	195	—	—	—	193	—	—	197	—	—	—	—	—	—	—	—	—	196
Houston & Texas Central	55	54	51	53	55	—	50	52	50	—	49½	49	48	—	—	—	—	45	46	45	—	46	46½	47	45	46
Illinois Central	132	133⅛	134	133½	134	133½	133¾	134	133⅜	134	133½	132⅞	—	136	136½	136	135¾	135¼	—	136	136¼	136	136¼	136⅞	137⅛	137
Do. leased line	83	—	—	—	—	82½	—	—	81½	—	—	—	83	83¼	—	—	82¼	—	—	82¼	—	—	82¼	82¾	83⅛	—
Indiana, Bloom'n & Western	17½	—	18	20¼	19⅞	18½	18¾	19	19½	18¼	19	—	17	16	16½	15¾	15	16	16	15¾	16	16¼	16½	16¾	17¼	17½
Lake Erie & Western	18¼	18½	18¾	19¼	19¾	18½	—	19¾	—	19	18½	17⅝	16⅞	16½	16	—	—	16½	16¼	15¾	16⅞	17½	18½	—	18¼	18
Lake Shore	95¾	96½	97	97⅜	—	96½	97	97⅛	96¾	96⅝	96½	95½	95⅞	95⅛	95⅜	95	94⅜	95½	95⅜	95⅜	96	96¼	98	99	99⅛	98¾
Long Island	67	67½	67	69	—	—	67	66¾	68¾	—	—	68½	—	68	66½	66	—	65⅝	67½	70	67½	67	68	—	68¼	67¾
Louisiana & Missouri River	25	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Louisville & Nashville	44⅞	45¾	46¼	47¼	47¾	47	47½	48	47¼	47	46¼	45⅜	45¼	45	45¾	44½	43¾	44¾	44½	44⅝	45	45½	46⅞	47¼	48	49½
Louisville, N. Alb. & Chic.	38	—	35	—	—	—	33	36	31	—	30½	—	—	—	29	—	—	—	25	—	—	—	28	27½	29	—
Manhattan Elevated	42½	43	—	42	43	—	—	42⅞	43	—	42	—	41½	42	—	—	41	—	41½	49	47	49	—	48	47	48
Do. 1st pref.	90	—	—	88	88½	88	87½	88	—	—	—	—	84	88	—	86½	82	87	—	—	—	—	—	—	—	—
Do. common	42½	43	—	42½	43	—	—	—	—	—	—	42	—	—	—	—	—	41	42	43¾	49	51½	55	—	53½	54⅝
Manhattan Beach Co.	15½	—	—	—	—	16	—	—	—	—	—	—	15½	—	—	—	15¾	16¾	15½	16	17	18	19	18¼	19	18½
Memphis & Charleston	32⅞	34	—	35	36	37	36½	37	40	—	35	34¼	—	34	—	33	—	35	—	—	34	—	—	—	36	—
Metropolitan Elevated	94	—	—	—	—	90	—	94	—	—	90	92	9	92	—	90	—	92	—	—	—	91	92	—	93	—
Michigan Central	87⅜	87⅝	87⅜	90	90⅜	89⅛	92	93½	92¼	92½	91⅝	89⅛	89¾	88	89½	89	87¼	92½	90½	90⅝	91½	91¼	92⅜	92⅞	92⅛	92
Mil. L. Sh. & West	12¼	—	—	—	16	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Do. pref.	39	—	38	—	—	—	—	—	—	—	37	—	35	34	—	—	—	33½	—	33⅛	33½	—	—	34	34½	35
Minneapolis & St. L.	16⅞	—	—	18¼	18½	17¾	18	—	—	17	16	—	15	16	16¼	15	15⅛	15	16	16¼	16½	17¼	16¼	17¼	18	17⅛
Do. pref.	34	35	—	35¼	36	—	—	—	—	35	36	—	—	33	32	34	31½	32	31¼	32	—	35	—	—	36	34
Missouri, Kansas & Texas	21¾	22¼	22⅜	23¼	—	22½	23	—	22⅛	22	—	20⅞	20½	20⅛	20⅞	19¾	18¼	18⅝	19⅛	18¾	19⅜	20	19⅞	20⅝	21⅛	20¾
Missouri Pacific	88⅜	89⅝	—	91	91⅜	90¼	91⅜	91⅝	90⅜	90¾	90	88½	88	—	88½	87⅝	86⅜	87⅜	—	87¼	88¾	89¼	89⅜	90⅛	90⅝	92
Mobile & Ohio	10⅛	—	—	—	—	—	10½	11½	11¼	—	—	—	—	—	—	10	—	—	—	—	8½	—	—	—	10	—
Morris & Essex	124	123½	124	—	—	—	123½	123	124	123½	122	122½	122¾	123	—	122¾	123	121½	—	122½	—	123½	—	127	—	—
Nashville, Chat. & St. L.	56	—	—	—	—	—	55	—	54	—	—	52	51	50½	—	50	46	48	50	49	—	51	52	—	50	53
N. Y. Central & Hudson	113	113⅛	113⅝	114⅝	—	113⅝	113¾	—	113½	113⅜	113⅛	112⅝	112½	112¼	112⅜	112⅛	111⅞	112½	114	113⅛	113¾	114¼	114⅜	115¼	115⅝	115
N. Y. Chic. & St. Louis	8⅞	9¼	—	9⅛	9¼	—	9¾	—	9⅛	9¾	—	9⅛	9	8¾	9	—	8½	8¼	8¾	9	8½	9	—	9⅛	—	9⅛
Do. pref.	18½	18¾	—	20	—	19⅛	19¼	18½	20	19⅞	18¼	18	17¼	—	18	17¼	17	18	—	17	—	—	20	—	19⅞	20
New York Elevated	130	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	125	—	—	—	—	—	—	—	—	—
N. Y., Lack. & Western	86	86¼	85⅞	87	86½	86	86¾	86½	—	—	86	85½	85	85¼	—	86	86¼	86	—	—	86⅛	87	—	87¾	87½	—
N. Y., Lake Erie & W.	27⅛	27½	—	28⅜	28⅛	27⅜	27½	28	27¼	—	26⅝	24⅞	25⅛	25¼	25⅞	25⅝	24⅞	25⅜	25⅛	25⅜	25⅞	25¾	26	26½	26⅞	26⅝
Do. pref.	—	70	—	—	—	—	—	—	—	—	—	—	66½	67⅞	68¾	69	—	—	—	67	—	—	—	—	69⅜	69
N. Y. & New England	14⅜	—	15½	17⅜	17¼	15⅛	16¼	16½	16	16½	15¾	15¼	15⅞	15	15⅜	15	—	—	14¾	14	—	13	—	—	14	—

N. Y. New Haven & Hart	178	—	—	—	—	—	180	—	176½	—	—	178	—	—	—	—	—	—	—	—	—	177½	—	—	—	—
N. Y., Ontario & Western	15⅞	16¼	16⅛	16	16⅝	16⅛	15¼	13¼	13⅜	13⅝	12⅞	11⅝	10⅛	10⅝	11⅜	11	10½	12	11½	11	11½	10¾	11¼	12	11	11⅞
N. Y., Susq. & Western	5	5½	—	—	5⅜	—	5⅜	—	5	—	—	5½	—	—	5	—	—	4	4	3⅞	—	4½	5	—	—	4⅞
Do. pref	16	—	—	—	14	—	16¼	17	16⅛	—	—	15	—	—	13	14	14½	—	—	—	—	14	—	—	14½	—
Norfolk & Western	13¼	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Do. pref	40	40⅜	41	—	—	—	40½	40	—	—	39⅞	39½	38⅛	37⅝	—	38½	—	37½	—	38	38⅝	—	—	39	—	39¾
Northern Pacific	25⅜	25⅝	26½	26⅞	27	26¼	26⅜	26¾	26¼	26⅛	26	24¼	24¼	24½	24⅞	24⅛	23⅛	23¼	22⅞	21¾	21⅞	21½	23	23⅜	—	22⅞
Do. pref	52¾	53⅝	56	56⅞	57⅝	55¼	56	55⅞	55⅛	55¼	54¼	53¾	52½	51¾	52⅞	51½	49¾	48⅛	45⅝	43¾	43⅞	43¾	49¾	48¾	48¾	47¾
Ohio Central	2¾	2⅞	2¾	3	3⅛	—	3	—	2⅞	3	—	2½	2¾	3	2⅞	2½	—	—	2¾	—	2⅞	—	—	3	—	—
Ohio & Mississippi	22	—	22¾	24¼	24½	—	23¾	—	24½	24	24⅛	23½	23	23½	—	23	23¼	23⅜	23	22⅛	—	22⅝	23	23¾	23⅜	22⅜
Do. pref	112½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ohio Southern	8½	—	—	8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8	8½	—	—	—
Oregon & Trans-Continental	31⅞	32⅛	32½	34⅜	34⅝	32¾	31½	31⅜	—	32	31¼	30⅝	27½	26	—	25	23⅞	23⅛	21⅝	18⅛	19	20	23	24	25⅛	25½
Peoria, Decatur & Evansville	14	—	—	—	15	—	14	14⅞	13¾	14	3½	13⅝	13⅜	13¼	13¾	13⅛	13¼	13½		13	13⅜	14	14½	15⅜	15½	15¾
Philadelphia & Reading	55⅝	57⅜	58⅜	59¼	59⅛	58¼	58⅞	59⅜	58	57¾	57⅞	56⅛	55⅞	—	—	55⅝	54½	54⅜	54¼	53⅞	54	54¼	—	54½	55¼	54⅝
Pittsburg, Ft. Wayne & Chic.	132½	—	—	—	—	131½	122⅛	—	131½	—	—	—	—	132½	131¼	—	—	—	131	—	132½	—	—	—	—	—
Richmond & Alleghany	6	—	—	—	—	—	4	—	5	—	—	—	—	—	—	—	4	—	—	—	—	—	—	—	—	—
Richmond & Danville	60	—	—	—	—	—	—	—	—	—	—	54¼	52¼	53½	—	55	—	—	—	—	—	—	56	—	—	—
Richmond & West Point	28⅛	28¼	29½	31	30¾	29½	27½	29¼	29⅛	29	29¼	28	—	27¼	27½	—	27	27¼	27½	27½	27	26¼	28	29	—	—
Rochester & Pittsburg	15	—	14⅞	15½	15⅜	15	15¾	15½	15¼	15⅜	15	14⅝	14¼	—	14⅓	14¼	14	14¼	14⅜	14½	15	14⅞	15	15⅛	15¼	15½
St. Louis, Alton and T. H.	44	—	43	—	47	—	46	—	—	—	—	40	—	45	—	46	—	—	—	—	45	—	—	—	40	—
Do. pref	87	88	89	—	92	88	90	—	—	—	—	—	—	—	—	—	88	—	—	—	91	—	—	—	—	—
St. Louis & San Fran	27	—	—	—	—	—	—	—	26	25	20½	27	20	—	—	—	—	—	—	—	—	22	—	—	—	21
Do. pref	40	40¼	43	41	41¾	41½	42	42½	42	41½	40¼	—	—	40	—	39	—	—	—	—	—	37¾	39	—	—	—
Do. 1st pref	90	—	—	—	—	—	91	—	90	91	—	—	—	90	—	87	—	—	—	—	—	—	—	—	85	84½
St. Paul & Duluth	35¾	—	—	—	—	—	32¾	—	—	—	—	—	—	—	29⅞	—	—	—	—	—	—	—	—	—	—	—
Do. pref	90	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	90	—	—	—	—
St. Paul, Minneap. & Man.	95	96	97	98½	99	97	97½	98	97½	96¼	96¼	94¾	95¼	95	96	96¼	88	89	87¾	87¼	88	87½	89	95½	93	—
Texas & Pacific	17⅝	18	18½	19⅝	20⅛	19⅜	19¾	20¼	19½	19⅝	19	17¾	17¼	17½	18⅛	16⅞	16¼	17	17⅜	17¼	17⅜	18	18½	19½	20⅞	20⅝
Union Pacific	71¼	72⅜	73½	75	75¼	74⅞	77½	78	77⅛	77¾	77¼	75½	74½	74⅝	75	74½	73¾	74⅞	75⅜	76⅛	76⅛	76½	77½	78½	78⅞	78¼
Wabash, St. L. & Pac	17¾	18¾		19½	19¾	19¼	18½	19½	19	18½	18⅛	17¾	17½	17¼	16⅞	15	14½	15	15⅝	15	15⅜	—	16½	16⅝	16¾	—
Do. pref	30½	30⅞	31	32	31¾	30½	31	31½	30½	30¾	30	29	—	28¾	29	28	26	25½	26½	25½	25¾	26⅛	26⅜	27	27¾	27⅛
MISCELLANEOUS.–Am. Tel.&Cble. Co	59½	60	—	61½	60¼	61⅝	—	—	60½	61	—	60	59⅝	57⅞	60	—	59	—	60	—	—	—	—	—	—	59⅞
Bankers' & Merchants' Tel	121	121¾	121¼	121½	—	—	121⅝	121¾	121⅝	121¾	121⅝	121½	122	128¼	122½	122⅜	122¼	122⅝	—	122¾	122⅞	123⅜	125⅝	—	123¾	—
Colorado Coal & Iron	16¾	15¾	—	16¼	—	16	—	15⅛	17	—	15	14	13½	13	—	11½	10½	11½	13	11¾	11¼	13½	14	—	—	13
Delaware & Hudson Canal	105½	105¾	105¼	105¾	—	—	—	—	106	106¼	—	105¾	105½	105⅜	105⅝	—	105¼	—	105½	—	106	—	107	107⅝	108	—
Mutual Union Telegraph	18	—	—	16¼	17¼	—	—	17⅜	—	—	—	16	14¼	—	15¾	—	—	16¼	16½	17½	—	—	—	—	17	—
New Central Coal	10	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
N. Y. & Tex. Land Co	124	—	130	—	122½	—	132	134⅝	137¼	138¾	—	139	136	138	200	160	—	—	—	—	165	160	—	170	150¼	160
Oregon Improvem't Co	65	61	—	—	65⅛	62	63	—	—	—	55	—	50	45	43	40	—	41	40¼	44	40½	44	15	48	50	—
Oregon R'way & Nav. Co	96	98	101	103½	—	99½	99	101½	102	100	—	98	93½	92	91¾	93½	91½	—	86¾	82	83½	86	112	100	96	95
Pacific Mail	41	42	42¾	43¾	44¼	42⅞	43¾	—	43½	43¼	43	41¾	41⅜	41¾	42	41¾	41	42½	42¼	42	42½	44	45¼	45⅜	47	46½
Pullman Palace Car	114	115	—	115½	117	115¼	115⅛	115	114½	113⅞	112	110	111½	109¾	110	—	109	109½	111	110½	110⅝	110¼	112	113½	115	—
Quicksilver Mining	6	—	—	—	—	—	—	—	—	—	—	5	5¼	6	5½	5	4½	5	—	—	—	—	—	5¼	6	5
Do. pref	30	—	—	—	—	—	—	—	—	—	—	—	29¾	30	—	27	25½	28	25	—	—	25⅛	30	29⅝	3[illegible]	30
Standard Consol. Mining	6½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Western Union Telegraph	74¾	75⅛	75½	76⅛	76½	75¾	75½	76⅜	75⅜	75⅝	—	75¼	74	73⅜	—	73¼	72⅝	73⅜	73½	—	73¾	72⅞	74¼	74⅜	75⅜	76½

WHEN NO FIGURES ARE GIVEN THE PRICE REMAINS THE SAME AS LAST QUOTATION.

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The new year has begun with disappointment, loss and continual liquidation in most branches of business and speculation; while grain and stocks have barely escaped a violent panic. Instead of coming in like a young and roaring bull with the promised "January boom" upon its back, it came in like an older and a more savage grizzly than was seen during 1883. Thus the bright expectations of 1884, expressed in our last, have not as yet been realized; but, on the other hand, they have nearly been destroyed, so far as the Bulls themselves have been concerned, who were compelled or scared into dropping their loads. This was true only, however, of those who were fortunately small enough operators to be able to get out by unloading upon the big ones who could not get out without precipitating a panic. This was more especially true of Wall Street, which was characterized in our last as "the weak spot," from whence trouble was apprehended, which might spread to other markets, by destroying confidence in all values. This was just what happened, aided by the "posting" of over 1,000,000 bushels of wheat in this market as "out of condition." This, coming in mid-winter, and after severe cold weather, was the last straw on the poor wheat-bull's back, and it broke. With it, went the market and several operators and old conservative commission houses in this trade, which hovered on the verge of a panic for more than a week, about the middle of the month, with Chicago and Liverpool "trembling in the balance." After a fortnight of this terrible seasickness, the markets for grain began to recover slowly but steadily, led by wheat, the balance of the list sympathizing on the upward as it had on the downward movement. The improvement extended to nearly all the produce and other speculative markets, except stocks, and continued as a rule to the end of the month, with a more healthy feeling manifested in the general list than has existed since November. This reaction began in produce and was quite marked before the stock market was able to right itself, much less to rally. Towards the close of the month prices had gone from bad to worse, under the repeated exposures, one after another, of the financial skeletons in so many Wall Street closets, until heroic measures had to be adopted on the twenty-sixth of the month to lock the doors of those which had not been opened to the public view. The first of these skeletons to come to light was that of the Northern Pacific and its allies, on the retirement of their leading spirit, President Villard, whose honest failure and ruin was a refreshing surprise to Wall Street, which had not seen a "railroad king" go down with his properties and friends for many a day. Had he betrayed his friends by unloading on them he might have saved himself. But rather his friends unloaded on him as long as he could hold the weight, after which each undertook to get out ahead of his neighbor, until the Villard stocks had to be taken off the market by a syndicate in order to save the balance of the list.

Before this pass was reached, however, Union Pacific, Denver & Rio Grande, West Shore, Ontario and Western, and several smaller skeletons, like New York and New England, were dragged to light, until not only the public but Wall Street itself was scared out of its wits by the innumerable ghosts that were stalking openly and daily through the Stock Exchange. At the close of the month some of these apparitions have stepped behind the door, but it is feared only to come out again, as the makeshifts by which the tide was turned up were only borrowing from Peter to pay Paul to-day, while Peter must be paid to-morrow. Stopping the decline by syndicate purchases is like stopping the leak in a barrel by holding the thumb over the hole. It works while the syndicate holds its thumb tight, but the moment it takes it off by selling stocks, the leak is as bad as before. The little or big amounts they are able to squeeze out of the shorts don't begin to make good the losses they incur on the purchases they are compelled to make in order to squeeze them. The "big men," as a rule, excepting Vanderbilt, who ran from this storm in 1883, are in the Wall Street "sweatbox," and can't get out. If they are able to play Atlas with the stock market, and carry it, water and all, on their backs until times get better, they may save the remnants of their "paper" or "water" fortunes. But if not, then they must liquidate, and these big blocks of stocks, hanging like Damocles' sword over the market, must be distributed before there can be any health in Wall Street, or the public will come into the stock market again. As in produce, in 1883, the "big men" had to liquidate. doubly so must the "big men" in stocks, many of which have no value, and all of which have an uncertain one, while produce has a known value the world over, and must be had, while stocks are not a necessity to anybody. This is the inexorable logic of the time, and the sooner stock-jobbers and their backers recognize this fact the less they will lose. Hence the present reaction can scarcely be regarded as lasting, and the stock market is likely to sag back as it did after the other Northern Pacific corner last fall. That one left the syndicate which ran it, loaded up with more stocks than before, which they have since been marketing at much lower prices than those prior to that squeeze. Such violent rallies are not healthy, and in their nature cannot hold. The power of the "big men" to "hold things" is broken. The most they can do is to spurt prices up sharply and suddenly, and terrify the Bears from selling for a time, while they "improve each shinning hour" themselves, to work off all the "long" stock they can.

The money market is all on their side, as the January dividends and interest have gone into the loanable funds of the Street instead of into investments. But the movements of produce from the interior to the seaboard, and hence the earnings of the railroads, are light, while railroad wars and breaking of pools have been daily occurrences all the month, although at its close, like Rip Van Winkle, they have all "sworn off." Our exports have been light and imports fair, with supply of commercial, as well as of bankers' bills of foreign exchange scarce and wanted at higher rates.

Both exports and imports have been behind the same period of last year, notwithstanding that our securities have been coming home, as the distrust here has extended to the other side, with failures in the London stock market on the last of the month that may be the precursor of trouble there. The possibility of a continued movement of our securities this way is therefore a probability, while the immediate prospects of largely increased exports of our produce are not bright. Hence there is great fear that exchange will go to a specie exporting basis.

Yet at the close there is rather more inquiry for our wheat and some for our provisions, with the prospect of a gradually increasing foreign demand for these staples from this time forward. The railroad bond market has been as badly demoralized as that for stocks, except for best first mortgages. The West Shore bonds have suffered the worst, and those of other roads in proportion as their stocks have gone off, while they sympathized but feebly in the whirlwind that carried up Northern Pacific on the shorts. As in all times like these, Government bonds have been strong, when confidence in almost all else has been lost or shaken.

The early estimates of the shortage in the world's wheat crop are now generally believed to have been too large in view of the continual large stocks of wheat in sight in this country and Europe, although no doubt the crop movement has been unusually early, and the invisible supply is smaller than known for years at this season, especially in our winter wheat States. Wheat has more friends at the last improvement of 3@4c. than before, and still higher prices, before another crop, are looked for later on. So far, the winter has been very favorable to the new crop, but weather scares will soon be in order.

The short-corn-crop Bulls are discouraged at the free receipts and good grading of the new crop, and with rapidly increasing stocks, slow exports, and doubts of the lately accepted estimates of shortage, they are getting tired of bulling it on the first half of the crop, when they see how hard it is to bull wheat on the last half of the crop year.

Oats drag along with corn, and, like it, have been dull and featureless the last half of the month, as the activity in corn early in the month was transferred to wheat. Provisions have had their share of attention, as the packers have been compelled to change base since they lost so much money in the first half of the packing season by bearing hog products in order to get hogs down, which, instead, advanced steadily. After giving up the fight, badly beaten, they have turned Bulls at high prices, and are now holding the market, as hogs are still relatively higher than product. But stocks are increasing, and demand is hardly keeping pace as yet, though stocks are not large and the supply of hogs is smaller than estimated early in the season.

Cotton has shown more strength on lighter port receipts than we should have on the Bureau's estimate of a 6,000,000 bale crop, yet demand is equally behind last year, and the advance has been moderate only, with rather more speculative activity since the new year came in.

Petroleum after going below $1.10 again, in sympathy with stocks and the generally Bearish speculation, has advanced to $1.14, to ease back on new wells whose flow has been exaggerated. But the usual upward course of prices on Bearish news has been held, as was the downward, on a Bullish position in early part of the month.

Coffee has been under the control of a Bull clique who have been able to keep prices from breaking very badly, although unable to advance them to a profitable selling point, and their success is doubtful.

Teas have had quite a boom, advancing 1½ cents in a single day, although they have been speculated in only a couple of months. This was wholly on speculative demand.

The iron market has shown little change or feature, ruling dull; and coal production has been curtailed on account of large stocks.

Dairy products have been firm but quiet, especially cheese, of which the supply is running light early in the season, and market hardening.

Ocean tonnage has ruled in shippers' favor most of the month, as exports have been so light: but at close more demand for grain room and light supply of irregular tonnage make rates firmer, with the prospect of better prices unless wheat is advanced beyond an export basis.

The outlook for the coming month certainly cannot be more than the realization of the past, and it will be strange if the Bear craze of January does not give place to a Bull movement in some of the markets during February, unless prevented by further trouble in Wall Street.

The dry goods trade is still in an unsatisfactory condition, yet some houses report slight improvement. The severity of the winter throughout the country has helped the demand for some classes of goods, and injured or delayed that for others. The coal trade would have been in still worse shape than it is had it not been for the severe winter, which has added millions to their income, but the iron interests have in a measure suffered from the high price of fuel.

The failures in the grain trade have ceased, and with stronger markets the worst is thought to be over, while dry goods failures have fallen off considerably, except in the retail branch.

The reports of the New York Clearing-house returns compare as follows:

1884.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Jan. 5	$331,355,000	$62,877,000	$27,822,500	$329,950,200	$14,706,700	$8,211,950
" 12	329,897,200	68,070,200	30,644,800	338,253,700	14,658,300	14,151,575
" 19	332,586,800	70,380,600	33,298,800	345,580,700	14,425,900	17,284,225
" 26	333,989,200	72,921,300	34,031,000	349,894,100	14,669,300	19,478,775

The Boston bank statement is as follows:

1884.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Dec. 29	$146,874,400	$6,527,200	$6,082,700	$98,486,600	$25,525,200
Jan. 5	148,346,300	6,939,100	5,698,500	100,247,300	25,728,400
" 12	148,537,700	6,894,500	5,677,800	101,060,900	25,714,600
" 19	147,703,100	6,179,500	5,463,200	98,069,200	25,623,000
" 26	146,593,000	6,182,400	6,018,800	98,303,500	25,581,900

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1884.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Jan. 5	$77,302,125	$21,701,752	$73,513,227	$9,291,507
" 12	77,155,147	22,042,271	72,316,553	9,202,266
" 19	77,409,267	21,588,620	71,729,730	9,119,556
" 26	77,294,992	21,240,412	71,205,360	8,990,126

Our usual quotations for stocks and bonds are enlarged elsewhere to embrace a greater number and each day of the month. The rates for money have been as follows:

QUOTATIONS:	*Jan* 7.	*Jan.* 14.	*Jan.* 21.	*Jan.* 28.
Discounts	5 @ 6	4½ @ 5½	4½ @ 5½	4½ @ 5½
Call Loans	1½ @ 2	1 @ 2	1 @ 2	1½ @ 2
Treasury balances, coin	$116,185,343	$115,329,986	$116,343,069	$117,298,928
Do. do. cur	$6,733,539	$6,548,995	$8,978,597	$9,748,717

We append the closing rates of Foreign Exchange for each day in January, When the date is not specified, the price remains the same as last quotation:

	2	3	7	8	9	11	14	15	16	18	19	21	24	25	26	29
London......60 days	482½	483	483½	484	484½	484	484½	485	—	—	—	485½	—	486	—	486½
" ......3 "	485½	486	486½	487	487½	487	—	487½	488	—	—	—	—	488½	—	489
Paris Francs 60 "	521¼	—	520⅝	520	—	—	519⅜	—	—	—	518¾	—	—	518⅛	517½	517⅛
" " 3 "	518⅛	—	517½	516⅞	—	—	516¼	—	—	—	515⅝	—	515	—	514⅜	513¾
Geneva ..... 60 "	520⅝	—	520	519⅜	—	—	518⅛	518¾	—	—	518¼	—	517½	—	516⅞	516¼
" ...... 3 "	517½	—	516⅞	516¼	—	—	515⅝	—	—	—	515	—	514⅜	—	513¾	513½
Berlin, Reichmarks 60 "	94⅞	—	95	—	—	—	—	—	—	—	95⅛	—	—	95¼	—	95½
Berlin, Reichmarks 3 "	95½	—	95⅝	—	—	—	—	—	—	95¾	—	—	—	95⅞	—	96
Amsterdam Guilders 60 "	40⅛	—	—	—	—	—	—	—	—	—	—	—	—	40¼	—	—
Amsterdam Guilders 3 "	40⅜	—	—	—	—	—	—	—	—	—	—	—	—	40½	—	—

DEATHS.

ARNOLD.—On January 11, aged seventy-two years, JOSEPH ARNOLD, Cashier of the Birmingham National Bank, Conn.

BURKHALTER.—On January 30, aged eighty years, CHARLES BURKHALTER, Vice-President of the Broadway National Bank of New York.

DICKEY.—On January 14, aged sixty-six years, SAMUEL R. DICKEY, President of the Oxford National Bank, of Oxford, Penn.

HALSEY.—On January 27, aged eighty-eight years, JOSEPH A. HALSEY, formerly President of the Mechanics' National Bank of Newark, N. J.

HOAGLAND.—On January 12, aged seventy-three years, PLINY HOAGLAND, Vice-President of the Fort Wayne National Bank, Ind.

RATHBURN.—On January 11, aged sixty-two years, WILLIAM P. RATHBURN, President of the First National Bank of Chattanooga, Tenn.

REEVE.—On January 7, aged seventy-three years, ABNER L. REEVE, President of the Essex County National Bank of Newark, N. J.

RUSSELL.—On January 21, aged eighty-seven years, CHARLES HANDY RUSSELL, formerly President of the National Bank of Commerce, New York City.

THORNTON.—On January 13, aged forty-four years, EDWIN K. THORNTON, Cashier of the Bank of Kansas City, Mo.

WILLIAMSON.—On January 14, aged seventy-five years, SAMUEL WILLIAMSON, President of the Society for Savings, Cleveland, Ohio.

THE

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AND

Statistical Register.

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SPECULATION AND ABUSE OF TRUSTS.

The rapid growth of speculation is alarming. The evil consequences of it are numerous, and clearly seen. But no exposure of the evil seems to make the slightest impression on the men engaged in it. When the speculator's wealth is gone then the fever dies away with him; but as long as he has anything to risk, he seems to speculate more rather than less with every turn of ill fortune. It is said that in these times of depression a great many merchants and others, who would not speculate in periods of prosperity, seek to make up for their losses in business through speculative ventures. In a recent number of the *Shoe and Leather Review* it was said that an element of danger to the commercial world, more to be dreaded because it was secret and difficult of discovery, was the tendency on the part of the country merchants and dealers to indulge in speculative ventures outside of their regular business. The Chicago Board of Trade especially offers a tempting field for such ventures, and its victims are numbered by the thousand. The exchanges everywhere are rapidly lengthening their roll of victims.

In this evil time, when no power seems able to stay the spirit of speculation, it is cheerful to note how strongly and uniformly the Courts have set their faces against sustaining speculative transactions. They declare speculative contracts to be what they really are—gambling contracts, illegal and void. We have published from time to time decisions by State and federal tribunals, all of the same nature, namely, that these contracts are not entitled to the protection of the law.

The civil code of Georgia contains the following provision: "Gambling contracts are void, and all evidence of debt, incumbrances or liens on property executed upon a gambling consideration, are void in the hands of any person." Under this section the Supreme Court of that State rendered an important decision not long ago. A bank in Augusta brought suit against the maker of a promissory note, which was made and delivered by a cotton-dealing firm, of whom it was purchased by the bank. The defense to the note was that it was given in settlement of a speculative contract which related to the future delivery of cotton. The Supreme Court declared that promissory notes based on cotton futures were "executed upon a gambling consideration," and therefore "void in the hands of any person." In delivering the opinion of the Court, the following pungent words were uttered: "Betting on the game of faro, brag or poker, can not be more hazardous, dangerous, or uncertain. Indeed, it may be said that these animals are tame, gentle, submissive, compared to this monster. The law has caged them and driven them to their dens. They have been outlawed, while this ferocious beast is allowed to stalk about in open mid-day, with gilded signs and flaming advertisements to lure unhappy victims to its embrace of death and destruction." If the Courts of other States have expressed their views in a less forcible manner, their decisions have not been the less direct. Ordinary preaching has but little effect, but the preaching of the Courts, followed by authoritative judgments, must be heeded. It is to be hoped that the Courts will be resolute and unflinching in their decisions respecting these transactions. If legislation can not prescribe any remedy, then there is greater need for the Courts to exercise all the authority they possess in subduing this great evil of our times.

Wide-spread as speculation is known to be, the worst is not always known. No doubt there are a great many persons having funds of others who divert them into speculative channels. If their ventures turn out well, no one ever knows from what source the money was derived to undertake them; but if losses occur, the truth appears. This is the reason why so many defalcations on the part of bank and other officials have come to light within the last two years. Doubtless, when stocks were rising these very men were speculating deeply, but being successful, they were able to replace the money they had taken, and consequently the public knew not of their doing. But when the market turned and prices began to fall away, they were often left high and dry on the beach, and then the true nature of their operations was revealed. Such abuse of trusts has been alarmingly common of late. A case of this sort was recently tried in Philadelphia. Judge Finletter, who gave the opinion of the Court, uttered the following language, which may very fitly close our remarks on this subject; "Want of fidelity to trusts is the evil of the times, the consequences of which are wide-spread and disastrous. It robs the widow and the orphan; it sweeps aside in a day the hard earnings of whole communities. It breathes upon established industries, and they perish. It enters the channel of finance, and vast fortunes turn to dust and ashes. Upon the full tide of public and private prosperty it brings panic and ruin. It destroys the confidence which men should have in each other, and fills their hearts with distrust and dread. It ruins our confidence but to plunder, and there is no protection against it. It should not and will not receive the judicial sanction."

THE BANK CIRCULATION QUESTION.

Another month has rolled by, and this question seems as far from solution as ever. Still, some progress has been made in the way of disposing of several of the remedies introduced into the Senate. First of all, it would seem that the Senate is not disposed to pass any bill permitting the banks to issue circulation based on any portion of the premium that the National bonds may bear. This position is an eminently conservative one. Steady as the premium on Government bonds has been for a long time, some event may happen by which it will suddenly disappear. The banks are very unwilling to buy the fours and the four and a-halfs for the same reason. Suppose that a bill were passed permitting them to issue notes to within ten per cent. of the market value of the bonds, probably very many of the banks would be unwilling to buy bonds at a high premium through fear that it would disappear. They know that a premium account is a very intangible thing, and they hesitate—and rightly, too—to put any portion of their funds into it. Congress, and the banks, therefore, are quite in harmony with respect to the inexpediency of investing money for bond premiums, and using such a basis for a circulating currency.

The Treasury-note plan in the Senate has also failed, and it would seem doubtful, at the present time of writing, whether that body will go further than the passage of the McPherson bill. The Treasury-note plan is simple, feasible, and has many friends, but, of course, the banks which still believe in maintaining a bank circulation naturally dislike it, because it is diametrically opposed to their wishes. It may be said, in a general way, that the city banks do not care much for a circulation of their own, inasmuch as their profits are made on deposits; but the case is quite otherwise with the country banks. On the other hand, it may be said that so long as the banks issue notes which form a part of our currency these institutions will incur the enmity of a portion of the public. Many bankers clearly see this to be the case. This is the situation, fairly stated, and it should be kept clearly in mind in determining what ought to be done.

The measure, doubtless, that is most favored by the banks is the new long-bond plan, introduced into the house by Mr. Potter. Mr. St. John, the President of the Mercantile National Bank, has published a circular, in which the merits of the bill are clearly discussed, and which, having been widely circulated, has doubtless reached the most of our readers. A short extract from this pamphlet will be found on another page. Were this bill passed, and bonds exchanged under it, the banks would be able to get a new basis for a circulation. But will the House pass it? The banks are not a very popular institution with the dominant party in the lower body. It is quite probable that the queston of acting, and in what way, if any, will turn on the consideration how political parties are likely to be affected. If the Democratic party thinks that it has something to gain by acting, then it will act; if it is thought that no gain will accrue, but possibly loss, then it will be pretty sure to do nothing. The probability, as matters now look, is that Congress will do nothing, and there is less hesitation to act by reason of the low rates for money, and the continued issue of silver certificates, concerning which it is very certain that no action will be taken.

DIVISION OF PROFITS BETWEEN TRANSPORTER AND SHIPPER.

No one will question the vast power of the railroads as an agency in the internal development of our country. It would be quite impossible to cultivate our great plains to any extent did not they penetrate them and carry off the excess of products to another market. Before the building of railroads we were obliged to depend upon our rivers, but that means of transportation is coming to be regarded as of minor importance.

The rates for transporting freight have often been based on arbitrary considerations. Various classifications from time to time have been made, and as often altered to suit new conditions. Of course, it is true that the interest of the transporter and the shipper are identical to a certain degree. The farmer, for example, is interested in shipping his grain to a distant market, and the transporter in carrying it for him. If the transporter charges a rate so high as to leave no profit whatever to the farmer, of course the grain will not be carried; but it is possible that up to the point of taking all the profit, the carrier may charge whatever he pleases. The farmer is interested in getting the lowest rate; the transporter the highest that will not lead to a diminution in the quantity carried. Sometimes it happens that the profit to the farmer is very much smaller, in consequence of the reduced price for the product. Then the question arises with the transporter whether he will reduce the price of carrying it or not. As remarked in the beginning, he cannot charge a price that will absorb all the profit, for if he did the grain would not be shipped. It is contended, on the one hand, that the rate for carrying should not be based on the question of profit to the shipper, but rather on the weight, difficulty and risk of the thing to be transported. On the other hand, it is contended that the profit to the shipper is a fair basis on which to fix the rate for transportation.

Within a few months the New England cotton manufacturers, and New York commission houses and jobbers that sell cotton goods, have found out that the South is competing very sharply with them for the Western markets. Southern manufacturers, in consequence of producing their goods more cheaply, and favored by the transportation companies, have been making very serious inroads into the eastern manufacturers and merchants dealing in these commodities. For instance, in the printed tariff of a leading southern freight and passenger line, from northern and eastern cities to Charleston and Savannah, and all points in the South and Southwest, we learn that domestic denims, shirtings, sheetings, in box and bale, south bound, are rated as first-class, while precisely the same goods shipped direct from southern factories to all points north, east or west, are sixth-class. The result is, that the Southern manufacturers can send their goods north and west for about half the price northern manufacturers can transport their goods south.

A few months ago the New England manufacturers and New York merchants interested in these matters appealed to the railroads running between New York and the West, to reduce rates. Afterward an appeal was made to the Railroad Commissioners of that State. What the merchants wanted was a re-classification of their goods, whereby they could be sent at a lower rate. The Railroad Commissioners have made their report, but thus far the railroad companies have not heeded their recommendations. The report did not altogether sustain the views of the merchants, but it did to a considerable degree. The Commissioners stated that they desired to be understood as not agreeing to the principle of basing freight charges on what the goods would bear. They said that the cost of service, quantity, risk and terminal charges generally ought to be the basis on which the freight tariff should be made. It will be seen that the views of the Commissioners on this point are opposed to that of the merchants who appealed to the railroads for relief.

The principle involved is one of the highest importance to the shipper of freight, as well as to the transporter. In many cases the railroads do not hesitate to charge the highest rates which they think the commodities transported will bear. This year a warm controversy has been waged over the transportation of dressed beef from Chicago. The railroad companies took the ground that the rates on this class of freight should be higher than on other things included in the same class, because the profits accruing to the shipper were larger. It is contended by some who have studied the question most deeply, that this is a fair basis on which to regulate the prices for transportation. In another article we have referred to the sudden development of India as a wheat-growing country. It is said that the United States can maintain her supremacy as an exporter of wheat by reducing the rates for transporting it. A few years ago it was a cent a ton per mile. Fierce competition took place between rival trunk lines, and the rate was reduced one half. The newspapers and others equally wise declared that such a rate was ruinous to the companies. It turned out in the end that their profits while not so large as formerly, were not altogether swept away by the heavy reduction. One consequence is, that the old rates have never been restored. If, now, the rates should be reduced to a quarter of a cent per ton per mile, it is maintained that wheat could still be sent to London in large quantities. We therefore see very clearly, that whether we ship wheat abroad or not depends on the action of the transporter. In other words he may become a partner with the grower and shipper of wheat. If he does, and both unite in sharing the profits of the joint enterprise, wheat may still be raised and sent abroad with a profit to all concerned. If the transporter choose not to enter into such a partnership, then it is among the possibilities that wheat-growing on the present scale will cease.

The transportation companies will no doubt pursue the policy which they believe to be the most conducive to their interest. That interest would seem to lie parallel with that of the shipper. We all know how the producers of anthracite coal solved the difficulty between themselves and the miners. Transportation companies, in the most cases, bought out the miners, and only the Pennsylvania Coal Co., of all the great coal-producing concerns, remained in the field. We do not suppose that the transportation companies will go into the business of farming very extensively. The coal railroads soon found out that they had about as large a job on hand as they could manage, and their experience will probably warn off the most ambitious railroad companies from buying up the wheat and stock farms and engaging in the business of production directly.

The gravity of the subject no one will question. If a fair division of the profits could be made between the two classes, justice would be done all round; but right here is the difficulty. The shipper, of course, is desirous of getting the largest profit himself, and the transporter is animated with a similar desire. In view of this direct conflict of interest, any one may see very easily what bitter controversy the application of this principle would excite.

THE BUSINESS DEPRESSION.

The present depression in trade and productive industries is giving rise, as such depressions always do, to all sorts of explanations, proposed remedies and predictions as to the future outcome. Among the latest novelties in that line, we note the suggestion of a financial journal in this city, that there would now be "no such thing as a general depression" if the decline in the prices of agricultural products had been as great as the decline in the prices of manufactures. This journal says:

"As the exchange of the one for the other really constitutes the trade of the world, it would seem that a simultaneous decline of the two ought to leave things about where they were before. Such would be the case if the decline were proportional all round, but it is not proportional. The products of handicraft have fallen in price more than the products of the soil."

It is, no doubt, true, that if the prices of everything fall in the same proportion, every given article would thereafterwards exchange, either by barter or through the intermediate use of money, for the same quantity of every other article that it did before. In that sense, future interchanges would be on the same footing as formerly, as respects the relative interests of the producers of different things. The same quantity of wheat would, it is true, sell for less money, but the diminished return in money would purchase as many goods, for the farmer's use, as the previous larger return of money. This view, although trite and threadbare, has a certain importance, but it by no means covers the whole case. Debts and taxes, calling for fixed amounts of money, do not shrink because prices do, and a fall in prices changes, therefore, the relation of debtors and creditors, which is the most vital and wide-reaching economical relation in the civilization of modern times. To whatever extent prices fall, the real burden of debts is to the same extent increased, and the holders of public and private debts and the salaried consumers of taxes are to the same extent enriched, and a fall in prices can never go very far without producing not only great distress but bankruptcies among the industrial classes.

Furthermore, the effect of falling prices, in the whole course of the time in which the fall occurs, must be to check industry and production by making them unprofitable. Nothing is produced for sale, except from the stimulus of the expectation of a price which will replace the necessary expectation and something more. When prices are declining, there is little ground for such an expectation, and producers of all kinds restrict their operations within the narrowest possible limits, until they see, or think they see, that the decline is to go no further.

Our contemporary imagines that the manufacturer whose sufferings it bewails, would have suffered nothing if the farmers and planters could only have been made to suffer as much. They suffer a good deal, because wheat and pork and cotton have fallen a good deal, and one cause of the poor plight of the manufacturers is, that it has taken so much greater quantities of the wheat, pork and cotton of the farmers and planters to pay their taxes and debts, that they have very little left to exchange for goods. If the fall in agricultural prices had been as great as our contemporary seems to desire, it might, as a general fact, have taken all their crops to pay their debts and taxes, and as to goods they would have been either obliged to get along without them, or to obtain them on their credit, if they had any left.

THE CURRENCY NOT REDUNDANT.

The balance of trade for December, 1883, was unexpectedly large being $21,593,142. The merchandise exports were $75,534,862, and the merchandise imports were $53,941,720. The favorable balance for the whole calendar year 1883 was $108,071,684, of which $61,988,665 was in the last six months of the year. This is decisive proof that prices in this country during the year 1883 bore such a relation to the prices of the world outside of it, that our foreign trade yielded a favorable balance sufficiently large to meet the interest on our debts held abroad, and the expenditures of our citizens traveling in foreign countries. It is also decisive proof that our currency was not redundant, inasmuch as the only possible indication that the currency is in excess is the fact that it so inflates prices at home relatively to prices abroad, as to cause too much buying and too little selling, and thereby bring about an adverse balance of foreign trade. In other words, the only test of the soundness of the currency is found in the state of the foreign exchanges, and the soundness of a currency can mean nothing else than that the volume of it is at the proper point. This connection between the exchanges and the volume of the currency, was always observed, at least in theory, by the Bank of England, so long as it possessed, what it does not now possess, a control over the volume of the English currency. The rule upon which it then acted, or at any rate professed to act, was to treat adverse foreign exchanges as evidence that the currency was redundant, and to contract its issues until the foreign exchanges became favorable, or were at least brought into a condition of equilibrium. In this country, also, so long as the banks controlled the volume of the currency by having the right to issue circulating notes, now changed to a mere right to use such notes as the Government furnishes to them, they conformed their issues, or at any rate admitted that they ought to conform their issues, to the condition of the foreign exchanges.

Now that the banks do not have the power of regulating the foreign exchanges, either in the United States or in Great Britain, the exchanges regulate themselves, and much better than banks of issue ever did or can regulate them. A redundant currency, followed, as it must sooner or later be, by adverse exchanges, is reduced and corrected by an outflow of gold and silver, and a deficient currency, followed, as it must sooner or later be, by a favorable exchange, is enlarged and corrected by an inflow of the precious metals. In saying this, we of course have reference to countries whose currencies are kept at the metallic standard.

The question of the amount of currency a country ought to have is often discussed, and various rules are proposed for deciding it, such as that of a proper proportion to the amounts in other countries, to territorial area, to population, to wealth, to mercantile trade, or to all those things combined. The real question is, how much currency a country can have, and of that the solution is not to be found in theoretical arguments, but by an observation of a matter of fact, which is, what volume of currency is consistent with the equilibrium of the prices of a country with the prices of the world. No legislation at home respecting the coinage of the metals or the issue of paper, can affect the fractional part of the total money of the world at the metallic standard, which any particular country can permanently possess. The utmost which any one country can do in that respect is to increase or diminish the total volume of the money of the world, so that while its fractional share remains the same, the absolute amount of it will be increased or diminished. Thus, if England should decide to issue $100,000,000 of £1 notes, no such addition as that would be made to the currency of England itself, because the greater part of the gold which the £1 notes displaced would flow out of the Kingdom. But the total volume of the money of the world would be increased by $100,000,000, and the fractional share of England remaining the same, the absolute amount of that share would be augmented. Or, to illustrate the principle—not by a supposed case, but by a case which actually exists—the currency of France is not enlarged by any such sum as $ 550,000,000, which is the computed amount of the full tender silver money which it chooses to keep in circulation. If that species of money was withdrawn in France, the necessary equilibrium between prices in France and prices in the rest of the world would require and bring about an enlargement of the French currency in some way. If it should be enlarged by the substitution of paper for the silver, the volume of the world's money would not be affected at all, but without such a substitution it could only be enlarged by a draft upon the stock of gold existing elsewhere. The final result in the latter case would be that the total volume of that part of the money of the world (including France) which is kept at the gold standard would be reduced by the amount of the silver withdrawn in France, and in that reduction France would participate only to the extent of its fractional share of that total volume.

FOREST WEALTH OF THE UNITED STATES.

The condition of the forests of this country is very much discussed, and not always with either exactness as to facts, discrimination, or sound reasoning. The subject seems naturally to divide itself into three divisions:

1. The alleged danger of such a rapid disappearance of the forests from the growth of population, destruction of standing timber by fires, and the cutting of timber for building and other purposes, as to threaten an early scarcity of that essential article and a great and injurious rise in its price.

2. The alleged tendency of a diminution of the wooded areas of a country to produce a diminution in the amount of its rainfall.

3. The effect upon streams and rivers of the destruction of the forests in their valleys and at their head sources.

The subject is, in the whole, a very large one, and it is not possibly within the limits of an article in this Magazine to discuss more than very cursorily even one of the subdivisions of it. We shall therefore confine what we have to say at present to the question whether a scarcity of timber, for the various uses to which it is applied, is really a calamity to be apprehended within any future near enough, or even discernible enough, that it need be taken into any practical account. We do not ourselves believe that it is, or that the alarm upon the subject has any better basis than the fears which agitated England a few years ago and gave rise to a boundless amount of scientific and learned discussion, in respect to the imminency of a failure of the British coal supply. In saying that, we do not mean to assume that the present amount of standing timber in this country bears as large a proportion to the annual use of it, as the deposits of coal in Great Britain bear to the annual use of that substance. But taking into account the fact that timber grows, and that forests may always be, and often are, perpetually renewed, which is not true of coal mines, we think that the present generation has no occasion to agitate itself with anxiety as to the ample sufficiency of the timber supply of this country.

The first alarm on that subject was started exactly fifty years ago, and in respect to the supply of a particular kind of timber, the white pine, with the result of a wild and extravagant speculation in lands yielding that species of timber, and especially in the State of Maine. Comparatively few persons are old enough to remember the general belief of that time, that the day of white pine was near its end; and the printed accounts of that delusion which remain give a very imperfect idea of its widespread intensity, and of the enormous losses of money of which it was the cause.

In 1867 the theory was started, and there was no lack of figures to support it, that all the white pine of Michigan would disappear within ten years from that date. A leading member of Congress, from that State, made himself conspicuous in supporting that view, and we do not know that there is any sufficient reason to suppose that he was not sincere in his belief in it. The specialists of the Census Bureau have since fixed ten years from 1880 as certain to witness the disappearance of all the white pine, not only of Michigan, but of Wisconsin and Minnesota as well, if the cutting continues at the present rate. Equally confident predictions of persons quite as competent to form correct opinions, have failed to be verified by the event. This prediction of the Census Bureau may also fail, and it will be no impeachment of the care, skill and intelligence with which it was made, if it does fail. It is certain, at any rate, that the cutting of white pine will never come to a sudden and abrupt end, but that the termination of it will be protracted over a long term of years, as the gradually rising price of it causes its more sparing use, and the substitution of other kinds of wood for it.

The country could have got along very well if it had never had any white pine, and that particular timber will not be sensibly missed when it shall wholly disappear, distant as that event undoubtedly is.

The resources of the country in timber of various kinds, adapted to every known or conceivable use and want, are enormous and incalculable. It may fairly enough be said of the vast area south of Mason and Dixon's line, and lying between the Atlantic and the Mississippi River, that the larger part of it is to-day an unbroken and magnificent forest. Valuable and abundant timbers cover at least half of comparatively populous Kentucky,—the inland water communications of which with the treeless plains of the West are easy, although long,—and ought not to be expensive. When we consider that even in Europe, taken as a whole, long as it has been inhabited, and dense as its population is, there is no scarcity of timber, and that it is to this day an exporter of lumber from the Baltic regions to other Continents, we need not fear that it will become scarce in this country in our times, nor in those of our immediate posterity. The apprehension that it will, is only one degree less idle than the alarm raised by some persons in Canada, notably by the late Mr. Little, that the timber of that country has already been so far drawn upon that it must soon be an importer instead of an exporter of lumber.

The time is far distant when the situation will require an interference of any kind by the Government, with the management of timber lands owned by individuals, or when the conditions will be such that the interference of the Government will be at all useful. The Government may, indeed, by a better management of the timbered portion of the public domain, set a good example to private proprietors, but that is about the only useful thing which it can now do. It will only be when timber has begun to be really scarce, and when the individual owners of timber lands have begun to husband them, to protect them from fires, and to conduct their cutting upon carefully considered economical rules, that it will be possible to enforce upon them regulations devised by public authority. Until that time comes they will insist upon managing their lands with an eye mainly to immediate profit, and for the present it is probably best for the interest of both the owners and the country that they should be so managed.

The suggestion is sometimes made that Government should establish forestry schools, or have a corps of professors of forestry, to give instruction, not orally to attending pupils, but by public lectures, or by the preparation of essays to be printed and circulated at the public expense. The objections to such a policy are numerous. There is no demand for instruction of that kind by those who are engaged in the practical business of lumbering, and whom it will not at present be possible to persuade to worry themselves about a far distant future. Nobody will attend the lectures of these professors, or read their essays, certain to be of interminable length, if they are printed at the Government printing office, except those whose circumstances admit of devoting time to the acquisition of abstract and speculative knowledge. Nor is it certain, or even probable, that the selection of the instructors would be a wise one. We have no method of appointments in this country, which ensures good appointments in a matter of that kind. The chances are more than equal that the selected professors would be pretentious charlatans, imposed upon the political authorities by other charlatans. For the persons who are desirous of acquiring the approved scientific knowledge as to forestry, the best prospect of obtaining it is from the numerous books published in Europe, where forestry has long been a practical art. The number of such persons is, however, as yet small, and is not likely to become large very soon. The Government seems to be already doing everything in the premises which is at present called for, in the various publications on the subject it now makes, and especially on that branch of the subject which is really of practical moment in this country, and that is the best method of starting the growth of wood upon the Western prairies.

The suggestion is made in some quarters that, for the purpose of diminishing the rate of the cutting of our own timber, we should stimulate the import of timber from Canada by removing even the exceedingly moderate duties on it which are now imposed. In the actual condition of this country, with its enormous surplus of forest, a considerable portion of which will never be converted into timber for use, but will perish by age, by forest fires, or in the process of clearing land for the plow, there would be no more at the end of twenty years, if we admitted Canadian woods duty free, than if we excluded them altogether. The more Canadian timber we buy, the more of our own timber will go to waste, and the net result would simply be, that we should have lost ourselves and transferred to foreigners the opportunity of converting a certain amount of forest growth to a profitable use. The time has not yet come to save the timber in the wooded part of the United States, except within a few and exceedingly limited areas. The case calls for the exactly opposite policy of converting it into cash, and of preserving for that purpose our own markets in which to sell it, by keeping out foreign timber. It will be long years yet before our own markets will be large enough to absorb what had better be cut in our own Southern forests alone. Until conditions materially change, we can safely leave it to the self-interest of the owners of timber lands, to determine when the time shall have arrived to save timber instead of curing it.

FINANCES OF THE DOMINION.—The estimates for the year ending June 30, 1885, were laid before Parliament, Feb. 7. The estimated expenditure on account of the consolidated fund is \$29,811,639, and on the capital account, \$46,714,404. The total revenue on account of the consolidated fund for the seven months ending Jan. 31 was \$18,846,525. The expenditure for the same period was \$18,026,794.

FOREIGN AND DOMESTIC TRADE AND FINANCE.

During the year 1882, there was raised by taxes, and expended by the cities and towns of Maine the sum of $5,796,774, being for State taxes, $971,877; for county taxes, $271,959; for schools, $903,698; for roads and bridges, $692,415; for support of poor, $352,895; and for all other purposes, $2,615,190, of which last, interest on debts was a large item. During the year 1882 the net reduction of the State, county, and municipal debts is stated to have been $924,-572. The State, in addition to the taxes which it imposes upon cities and towns, collects taxes from certain corporations, principally from railroads. The State debt, deducting the sinking fund of the debt contracted in relieving the cities and towns in respect to their expenditures in the Civil War, amounts to $3,600,000, and will be reduced in 1889, by the operation of the above sinking fund, to $2,300,000.

The export of silver from Great Britain, stated at the actual market gold price of silver, during the calendar year 1883, was to India, $30,537,110, as compared wfth $29,932,475 during the preceding year; and, to China (including Hong Kong), $4,587,762, as compared with $2,183,875 during the preceding year.

Notwithstanding the present very low prices of what it exports, British India is still able to maintain a very large favorable balance of its foreign trade, amounting during the seven months ending October 31, 1883, to $81,206,030. Its exports of wheat during those seven months were 16,621,647 cwts., equal, at sixty pounds to the bushel, to 31,027,084 bushels. No doubt is felt in India that with an extension of its railroads, it will be able to supply Great Britain with all the wheat which it imports, and at prices which will defy American or Russian competition.

The total emigration from Great Britain and Ireland during the calendar year 1883 was 320,584, as compared with 270,366 during the preceding year. From Ireland alone it was 105,706, as compared with an average of 84,658 during the preceding three years. The present annual addition to the Irish population by natural increase is just about 40,000, so that the numbers of people in Ireland are falling off at the rate of about 50,000 annually. It is even now undoubtedly over-populated, its chief industry being agricultural. With the proportion of manufactures which it had during some former times, it might comfortably sustain a larger population. It is not doubtful that the emigration will keep up, notwithstanding the opposition of the clergy, who dislike a diminution of their flocks, and of the National party, which dislikes a diminution of the political importance of Ireland relatively to the other parts of the United Kingdom. Individual Irishmen can not be restrained by clerical and political advisers, if they think they can benefit their own personal fortunes by going to some other country, and the only present limit to the numbers which will go is that imposed by the cost of going.

It appears from the report of the Bureau of Statistics that, during the month of last November, the imports of gold were $4,363,818, and the exports were $398,208, making a net import of $3,965,610. During the eleven months ending with last November, the net import of American silver coins (not including the trade dollar) was only $206,117, which shows that the inflow of our subsidiary silver coins from the Spanish American countries has substantially ceased. Their further coinage having been suspended for three or four years, it is not easy to explain why the accumulation of them in the United States Treasury does not show more falling off.

The severity of the depression of the ship-owning and ship-building interests in Great Britain may be inferred from the estimate of the London *Economist*, that the number of tons in all the London shipyards taken together was only half as great at the end of 1883 as at the end of 1882. That sort of access to the markets of the world which results from free trade in raw materials, is considered by some people in this country as a panacea for all commercial ills, but seems to lose its healing virtues in Great Britain.

The reduction of the net public debt during January was nearly $12,000,000, and for the seven months ending with January was rather more than $65,000,000, which is a falling off of $30,000,000 as compared with the corresponding months of the last fiscal year. At the same rate for the last five months of the current fiscal year, the further decline of the surplus, as compared with last year, will be $20,000,000, thus making an aggregate decline for the year of $50,000,000. On that basis, the total net reduction of the debt during the current fiscal year will be just about $85,000,000, which was the estimate made by Secretary Folger in his report made in November last.

Comparing the first seven months of the present fiscal year with the same months of last year, the internal revenue has fallen off $16,522,464, while the tariff revenue has fallen off $13,491,655. The probabilities are that the depression in business, general fall in prices, and the slack demand for our leading articles of export, will produce a greater decline in our tariff revenue for a year or two to come, even if the rates of duty remain the same, about which there is some uncertainty.

During the year ending with October, 1883, the number of the holders of four-per-cent. registered bonds decreased from 50,800 to 48,100, which shows a tendency of those bonds—the total amount of which is a fixed quantity—to concentrate in fewer hands.

It is very well known that the production of sugar has increased enormously in Hawaii since our reciprocity treaty of 1876 with that little kingdom. It is not so well known that its production of rice has also increased, and in an even greater ratio, since the date of that treaty, which admits Hawaiian rice as well as sugar into our ports duty free. Its exports of rice to this country, which were 892,720 pounds in 1873, 885,646 pounds in 1874, and 1,461,835 pounds in 1875, swelled in 1882 to 12,135,074 pounds. Both sugar and rice are produced in Hawaii by imported Chinese coolie labor. The capitalists who reap the profits are of all nationalities, including our own.

The resolutions of the Mississippi Improvement Convention held at Washington in February, affirm that the domestic trade of the Mississippi valley, although only half the domestic trade of the United States, is twelve times the foreign trade of the whole country, and is larger than the entire international trade of the world. When we consider that our domestic trade, of which we get the profits of both sides, would be—if merely of equal amount—worth double our foreign trade, of which we get the profits of only one side, it is obvious that our foreign trade is of comparatively insignificant importance, and that it is the height of absurdity to magnify it as the greatest object of American statesmanship. We should be better off if four-fifths of the foreign trade we now have was changed into domestic trade, and this is especially true of our trade with Europe. We buy very little there which cannot as well be produced at home. If the articles which we do buy there were in fact produced at home, the laborers employed in producing them would furnish more profitable consumers for the food we raise than the laborers now producing them abroad. The great extent, wide range of climates, and diversified resources of the United States combine to indicate that the development of its domestic trade, with a substantial indifference to foreign trade, is its true National policy.

A report just made in London upon the shipbuilding trade in Great Britain, fixes the number of iron or steel steamships built in 1883, at 720, with an aggregate tonnage of 1,102,801 tons. In 1882 the number was 675, with an aggregate tonnage of 982,961 tons, and in 1881 the number was 630, with an aggregate tonnage of 925,000. The total construction in three years was, therefore, 2024 steamships, with an aggregate tonnage of 3,010,-762. The complete collapse of a business so enormously overdone is not surprising, and the most disastrous consequences to the British iron trade are, and ought to be, anticipated. We notice the suggestion that the surplus steamships may possibly find sufficient temporary employment in transporting British and French troops and war munitions to the East; but that implies the carrying on of war in that quarter by Great Britain and France upon a scale for which neither of them possesses the necessary resources, and for which there is no evidence that Great Britain has any inclination.

The Russian wheat shipments during the calendar year 1883 were 18,277,752 bushels from St. Petersburg, and 12,243,700 bushels from Odessa. The total exports from all the ports are not officially made up, but are estimated at 65,000,000 bushels. Russia has the land and labor to supply the entire demand of Western Europe for wheat, and only needs more railroads and grain elevators, which lack it is rapidly providing for.

The annual aggregate of the import and export trade of the Soudan is computed at rather more than $ 50,000,000, and will still be controlled by the English so long as they remain masters of Egypt and of the eastern coast of Africa, between Abyssinia and Egypt. Their control of it will, however, be less complete if the Soudan finally achieves its independence of Egypt, because the new rulers of the Soudan will then possess and exercise the power of taxing all merchandise coming out of or entering into their territories. At some future day, also, the French may complete their projects of tapping the Soudan by a railroad from Algiers to Tunis. But the vague ideas which the English have had for some time of making the Soudan an exploiting ground for their capital, and especially in the production of cotton, must now be postponed indefinitely, that is to say, to a more convenient season. There is more fighting than profit to be expected from the Arab Sheiks who dominate the Soudan. The English, who are a practical people, and always accept the situation at last, even if sometimes slowly, will content themselves with holding Lower Egypt, and thereby controlling the Suez Canal, and the eastern coast of the Soudan, so as to prevent communication between it and Arabia.

The rise on the seventh of February of the Bank of England discount rate from three to three and a-half per cent., was looked upon by many persons in Wall Street as portending a fall in our stocks, an advance in sterling exchange, and an increased danger of gold shipments. Such fears arise rather from the old ideas on the subject than from the present actual condition of our financial relations with Great Britain. The time was when the movements of the Bank of England were of the first consequence to us, but that time has clearly passed. We are not owners of British stocks, and never were, and as to the prices of American stocks, London now follows New York instead of leading New York. We have ceased to borrow money in London, and the worst that can happen from a pinch in the money market of that city is, that some of the American stocks still held there may be sent home for sale. The pinch must be very severe to cause them to be sent home, in any quantity which would be important, with the present amount of ready and available capital which exists in this country.

The extent to which a rise in the rate of interest in a country can cause an inflow of money, is ludicrously exaggerated by the London financial journals. They do not seem to comprehend that what controls international trade, and therefore mainly controls international exchanges, is not the relative rates of interest in different countries, but the relative prices of commodities in different countries, which last depend upon the relative volumes of money in different countries.

The Bank of England can now, by its direct power over the rate of interest in England, affect indirectly and consequentially the prices of commodities, and if it affects them in the direction of reducing them, it can, in that way, cause a flow of money into England. But it does not possess the power which it had prior to 1844, of directly controlling the volume of money in England, by enlarging or reducing its own paper issues. Those issues are now absolutely fixed at a figure which is at one and the same time a maximum and a minimum, no more and also no less.

The offers, in the early part of February, for the French loans (about $70,000,000), were for four times the amount to be disposed of. The terms were, in the present state of the money market, exceptionally favorable to the takers, while French public credit is still good, and a preference for investing in Government securities is still almost universal in every part of France. Nevertheless, that country must before long call a halt in the policy of piling up National indebtedness, which has been steadily pursued since the advent of the Orleans dynasty in 1830. Unless it does so, there will be some day a decisive financial catastrophe, and it may be precipitated at any moment by a revolutionary outbreak in Paris.

The revenues which British capitalists derive from the British colonies in the shape of interest on the loans, which they contrive in various ways to tempt the colonists to make, is enormous. The Dominion to the north of us is plastered all over with debts to England, of the Dominion itself, of the separate provinces, of railroads and other corporations, and of the farmers through the manipulation of land mortgage institutions. In respect to Australia, the London *Economist*, of January 26, says:

> On a moderate calculation, our Australian colonies have to pay us £12,000,000 [$60,000,000] a year, as interest upon money borrowed here.

The London *Economist*, of February 2, states that down to that date the India Council bills had been sold during the current fiscal Indian year (which ends March 31) in sufficient quantity to produce nearly £14,000,000, and that two or three more weeks' sales, at the same rate, would be all which would be required for the year. In the event of a temporary cessation of the selling of these bills, the *Economist* anticipated that there might be a further rise in silver, the London quotation of which, February 2, was 51d. per ounce.

In a recent debate in the French Chamber of Deputies, Leon Say, Ex-Minister of Finance, stated that the law of 1875, requiring a resumption of specie payments by the Bank of France, did not abrogate so much of a law passed in 1870, as made the notes of the bank a legal tender for all debts, public and private. He said, further, that the bank itself did not ask or desire that its notes should be legal tender. If they are so now, and Mr. Say must be presumed to know, their legal tender function is not affected by the condition attached to the same function enjoyed by the Bank of England notes, viz., that they should be redeemed in coin. In other words, the Bank of France notes are now upon the same footing as the American greenbacks, the coin redemption of both being required by law, but both of them being legal tender, whether they are in fact redeemed or not.

In the Senate, Feb. 19, the Finance Committee reported adversely on a bill to suppress the issue of legal-tender notes below $5, and the bill was by the Senate indefinitely postponed without a division and without discussion.

THE CLEARING-HOUSE BUSINESS OF 1883.

The operations of the Clearing-houses in the United States during the year 1883, though considerably smaller than in 1881 or 1882, would have been considered large at any time prior to 1880, while taking the Clearing-houses outside of New York and Boston as a whole the transactions are the largest on record. The following comparative statement will show this very clearly:

Exchanges in Millions.	1880.	1881.	1882.	1883.
Boston	$38,614.4	$49,376.9	$46,917.0	$37,434.3
New York	3,326.3	4,233.3	3,636.4	3,515.7
All others reported	8,174.7	9,804.3	10,324.1	10,877.1
	$50,115.4	$63,414.5	$60,877.5	$51,827.1

While the aggregate for the whole country is 14.9 per cent. less than in 1882, and 18.3 less than in 1881, the totals outside of New York and Boston have increased steadily every year since 1878, and this holds good after deducting the increase due to the additional Clearing-houses reporting. So far as the Clearing-houses transactions indicate the condition of business, they point to the conclusion that outside of these great centers of trade there is no general or serious depression.

The record is more complete than any heretofore prepared, including returns from thirty-one Clearing-houses, St. Paul, Detroit and Minneapolis reporting the first time. Notwithstanding the smaller exchanges, the number of banks associated and the amount of their capital, surplus and profits show a marked increase. The abolition of the most objectionable of the National taxes on the banking business is an important event of the past year and cannot fail to bear fruit in more general use of banking facilities. The following tables give the names of the different Clearing-houses, the date of their organization, the number, capital, surplus and undivided profits of the Associated banks in last quarter of 1883 as ascertained from the Clearing-houses, from the *Banker's Almanac* for 1884, or the best estimates attainable :—

Clearing-House.	*When Established.*	*No. of Banks Associated*	*Capital of Associated Banks.*	*Surplus and Undivided Profits.*	*Total Capital Surplus and Profits.*
New York	1853	64	$61,312,700	$40,618,000	$101,930,700
Boston	1856	52	50,600,000	15,781,839	66,381,839
Philadelphia	1858	30	17,578,000	10,944,482	28,522,482
Chicago	1865	19	13,886,000	4,931,425	18,817,425
St. Louis	1868	20	8,950,000	4,573,475	13,523,475
Baltimore	1858	21	12,662,830	4,947,595	17,610,425
San Francisco	1876	15	abt. 22,500,000	abt. 11,000,000	abt. 33,500,000
New Orleans	1877	11	5,875,000	1,799,857	7,674,857
Pittsburgh	1866	18	10,268,308	4,094,005	14,362,313
Cincinnati	1866	19	9,766,000	1,798,055	11,564,055
Providence	1866	34	17,899,300	3,809,800	21,709,100
Louisville	1876	21	8,925,960	1,651,903	10,577,863
Milwaukee	1868	9	1,225,900	727,461	1,953,361
Detroit	1883	15	4,320,000	638,418	4,958,418
Cleveland	1858	9	4,025,000	1,169,315	5,194,315
St. Paul	1874	9	5,550,000	1,244,450	6,794,450
Indianapolis	1871	11	3,500,000	411,608	3,911,608
Kansas City	1873	5	1,750,000	565,000	2,315,000
Hartford	1872	15	8,075,000	2,917,873	10,992,873
New Haven	1867	10	4,764,800	1,495,945	6,260,745
Columbus	1868	14	850,000	260,697	1,010,697
Peoria	1880	8	1,050,000	367,149	1,417,149
Portland, Me.	1865	6	3,050,000	1,672,932	4,722,932
Memphis	1879	7	1,681,000	422,000	2,103,000
St. Joseph	1877	5	385,000	133,621	518,621
Worcester	1861	8	2,450,000	828,571	3,378,571
Springfield	1877	9	3,300,000	1,455,179	4,755,179
Lowell	1876	7	2,500,000	883,100	3,383,100
Norfolk	1871	5	510,000	307,453	817,453
Syracuse	1874	8	1,355,000	798,025	2,153,025
Minneapolis	1881	10	2,400,000	656,117	3,056,117
Total, 31 Clearing-houses		494	$292,965,798	$122,905,350	$415,871,148
1882 (29 Clearing-houses)		455	270,2 2,485	111,962,864	382.225,349
1881 (28 Clearing-houses)		446	266,665,254	*79,609,014	*346,274,268
1880 (28 Clearing-houses)		437	266,325,711	96,767,927	363,093,438

In addition to the banks included in the foregoing table forty-six other banks at or near Pittsburg, twenty-four in Boston and vicinity, and four at St. Louis effect their Exchanges through the Clearing-houses at those cities, making 568 banks which are represented in the Clearing-house exchanges. As in previous years the amount of capital reported is less than that actually represented in the Clearing-houses, as most of the private banks furnish no statements. The total capital, surplus and undivided profits of the National and State banks and private bankers in the United States by the latest returns, generally made in the last quarter of 1883, were $958,000,000, the private banking capital given being that returned

* Surplus only included.

November 30, 1882. The capital, surplus and undivided profits of the Clearing-house banks represent 43.4 per cent. of this amount leaving out of the account most of the capital in the Clearing-houses that belongs to private bankers. Of the increased capital, surplus and profits reported in the Clearing-house banks, $8,000,000 comes from the addition of two more Clearing-houses, at Detroit and Minneapolis, leaving $25,600,000 as the increase at the Clearing-houses previously reporting, being much the largest increase in any recent year.

The total clearings and balances for the year 1883, the increase or decrease per cent. in the clearings, the ratio of the balances to clearings, and the total exchanges actual or estimated to December 31, 1883, are as follows:—

	Exchanges. $	*Increase or Decrease %.*	*Balances.* $	*Bal. to Cl. %.*	*Total Cl. reported to Dec. 31, '83.* $	*No. of y'rs reported.*
New York..	37,434,300,872	−20.2	1,564,678,096	4.18	695,304,252,497	31
Boston......	3,515,747,083	− 3.3	433,651,493	12.33	62,471,841,205	28
Philadel. ...	2,812,817,489	+ 1.2	241,485,216	8.55	45,934,152,128	26
Chicago	2,525,622,994	+ 6.7	270,789,665	10.72	22,092,840,837	19
St Louis...	870,961,645	+ .9	146,890,899	16.86	8,708,555,002	15
Baltimore...	697,308,617	+ 1.7	*118,500,000	17.	5,552,046,900	9
San Francis.	617,921,854	− 1.8	107,269,495	17.38	4,597,814,076	8
NewOrleans	526,984,660	+ 5.6	†50,000,000	9.49	5,240,480,501	12
Pittsburgh..	497,653,962	+ 2.9	91,807,082	18.45	4,442,232,335	18
Cincinnati..	494,414,900	+ 3.2	*74,000,000	15.	6,135,198,715	18
Providence.	237,148,800	+ 2.0	*47,500,000	20.	1,379,039,000	7
Louisville..	214,802,485	+10.9	†28,778,000	13.40	1,204,758,616	8
Milwa'kee..	176,102,159	− 7.3	29,143,473	16.55	2,113,796,773	15
Kan. City...	132,501,100	+34.9	*26,500,000	20.	521,673,360	10
Detroit......	131,006,713	—	21,606,201	16.49	131,006,713	1
Cleveland..	106,986,273	− 5.7	*25,700,000	24.	598,000,080	7
St. Paul. ...	105,635,292	+31.6	*25,000,000	23.7	185,911,392	2
Indianapolis	93,649,878	− 7.8	†15,600,000	16.67	864,107,906	13
Hartford....	91,694,132	+ 1.0	26,303,694	28.69	440,856,132	6
Minneapolis	†90,000,000	—	*26,000,000	29.	90,000,000	1
New Haven	63,186,441	− 2.1	14,705,419	23.27	339,912,169	7
Memphis...	56,563,962	+23.5	11,315,813	20.	195,455,440	5
Peoria.......	50,779,885	− 4.6	*15,000,000	30.	153,485,668	3
Portland....	47,857,595	− 5.2	*14,000,000	30.	186,365,595	4
Worcester..	43,056,862	− 2.0	13,594,539	31.54	501,744,652	23
Springfield.	40,280,940	− 3.7	11,842,251	29.40	341,292,209	12
Lowell......	35,323,527	+15.3	13,593,460	38.48	159,581,510	8
St. Joseph..	32,171,974	+ 8.2	*8,000,000	25.	136,699,287	7
Columbus...	31,596,743	+ 9.6	5,524,233	17.48	172,243,962	9
Norfolk.....	27,035,083	+ 4.4	5,428,181	20.08	52,943,268	2
Syracuse....	25,990,668	+13.5	6,793,832	26.14	132,450,937	7
Total, 31 Cl. Houses.	51,827,104,588	−14.9	3,491,001,042	6.74	870,380,738,865	
OutsideN.Y	14,392,803,717	+ 3.1	1,926,322,946	13.38	175,076,486,363	
Total, 1882.	60,877,425,958	− 4.0	3,453,248,227	5.65	—	
OutsideN.Y	13,960,470,927	− 5	1,862,271,883	13.34	—	
Estimate of clearings not reported.................					9,400,000,000	
					879,780,738,865	

* Estimated. † About.

The clearings at New York are nearly equal to those of 1880, and it is a curious coincidence that the Stock Exchange transactions of these two years were very nearly the same. The very intimate relation which stock transactions sustain to the Clearing-house exchanges at New York will appear from the following comparative statement:—

	Shares sold.	Clearings at N. Y. (gold and currency.)			Shares sold.	Clearings at N. Y. (gold and currency.)
1875	53,813,979	$24,313,797,248	...	1880	97,919,099	$38,614,448,223
1876	39,926,039	21,476,655,924	...	1881	114,511,248	49,376,882,882
1877	49,832,960	23,800,648,901	...	1882	116,307,271	46,916,955,031
1878	39,875,593	22,401,128,077	...	1883	97,049,909	37,434,300,872
1879	72,765,762	29,235,646,829				

Not only was the number of shares sold in 1883 less than in 1882, but the range of prices of stocks was considerably lower, and, as compared with 1881, the fall was still greater. All these causes combined fail, however, to account fully for the decline in the clearings. Just how much the exchanges are affected by stock transactions it would be impossible to determine from data now known; but after making all possible allowance for this cause there remains in each of the years given a large margin of increase or decrease due to other causes.

The transactions of the Assistant Treasurer at New York with the Clearing-house since July 1, 1880, have been as follows:

	Checks taken to C. H.	Checks rec'd from C. H.	Balances paid to C. H.	Balances rec'd from C. H.
1880 (last 6 mos.)	$43,783,905	$188,869,859	$145,432,235	$346,281
1881	99,892,848	355,747,878	261,787,748	5,932,718
1882	125,559,767	353,359,469	229,392,539	1,592,837
1883	119,340,821	287,948,162	170,014,037	1,406,696
Total	$388,577,341	$1,185,925,368	$806,626,559	$9,278,532

The closing of the refunding operations will go far to account for the decrease noted in 1883.

It would be interesting to know the amount of actual cash used in effecting the Clearing-house exchanges, in order the better to measure the influence of the Clearing-house machinery, in economizing the use of money. Unfortunately some of the Clearing-houses make no returns of balances, and in most of the others no separate account is kept of the proportion of cash employed in making these settlements.

The proportions at New York and San Francisco are as follows:

	New York.		San Francisco.
Amount paid in coin	$197,000	...	$62,858,935
" " U. S. gold certificates	564,213,000	...	12,400,560
" " C. H. " "	990,925,000	...	32,010,000
" " legal tender and change	7,768,096	...	——
" " C. H. legal tender certificates.	1,575,000	...	——
	$1,564,678,096		$107,269,495

Only $7,965,096 of cash, or one-half of one per cent. of the balances, were used in making these settlements. This amounts to only one-fiftieth of one per cent. of the exchanges, an insignificant proportion. At San Francisco, where United States certificates have been in use only ten months, and Clearing-house certificates only seven months, the proportion of cash used is very much larger, reaching about sixty per cent. of the balances and a little more than ten per cent. of the exchanges. As certificates may be used in paying balances at Boston, Philadelphia, Chicago and Baltimore, while at several of the other Clearing-houses balances are paid in checks or otherwise without the use of cash, it is probable that the exchanges of 1883 were settled by handling not over $1,000,000,000, or less than two per cent. of their amount in actual cash.

Attempts have been made to ascertain the proportion of checks paid through the Clearing-house, to the whole amount of checks paid. Comptroller Knox obtained from the banks statements of their receipts for June 30, and September 17, 1881, which appeared in his annual report. At New York on June 30, 79 per cent., and on September 17, 88 per cent. of the whole amount represented by checks were paid through the Clearing-house. A still more recent investigation has been made by Mr. Edward Chase, Manager of the St. Louis Clearing-house. An account kept by him showed that all the bank payments made by members of the association in June, 1883, amounted to $142,158,279. The clearings during the same time were $70,654,256. Making allowance for the amount paid in cash, this would give about fifty per cent. as the proportion of checks paid through the Clearing-house. Mr. Charles Sleeper, Manager of San Francisco Clearing-house, estimates that forty-five per cent. of the checks paid at that point pass through the Clearing-house. From these data some idea may be formed of the total amount of checks paid at the banks belonging to the Clearing-houses. They indicate that the total for New York, in 1883, was about $44,000,000,000, and for the other Clearing-house banks, say double their clearings, or about $29,000,000,000, in round numbers, giving a total for all of about $73,000,000,000. Any estimate of the payments at the other banks throughout the country would be little better than a guess.

The transactions of the principal foreign Clearing-houses, in 1883, compare as follows with 1882:

	1883.		1882.
Melbourne.	(estimate from partial returns) ...	$635,000,000	... $630,000,000
Paris.	4,213,671,449 fr. ...	813,238,000	... 787,595,000
Vienna......	4,904,000,000 florins ...	2,206,800,000	... —

	1883.		1882.
London..................	£5,929.302,000 .	$28,854,948,183 .	$30,275,499,000
Manchester............	118,529,763 .	576,825,000 .	559 033,620
Newcastle-on-Tyne..	39,091,480 .	190,238,687 .	160,607,834
	£6.086,923,243 .	$29,622,011,870 .	$30,995,140,454

The general movement at the central office of the Bank of France has been furnished through the courtesy of M. F. Carré, Secretary General, and is as follows:

	1883.		1882.
Clearings	31,130,797,400 fr.	$6,008,243,900	$7,115,604,200
Notes	17,312,184,800	3,341,251,700	3,715,552,100
Specie	1,154,890,800	222,893,800	265,333,600
	49,597,873,000 fr.	$9,572,389,400	$11,096,489,900

Of the London clearings, £1,058,703,000 were the transactions on stock exchange settling days. £476,528,000 on the days following and £3,900,000,000 on ordinary days, compared with £4,000,000,000 in 1882. Of the decline of £292,000,000, as compared with 1882, £170,000,000, or considerably more than one-half, is in the transactions on stock exchange settling days, idicating that ordinary business has suffered less than speculation.

The movement at the principal home and foreign Clearing-houses by months, has been as follows, in millions of dollars:

	Paris.	*London.*	*Manchester, Eng.*	*New York.*	*Boston.*	*Philadelphia.*	*Chicago.*
January	78.9	2,662.1	51.5	3,308.9	329.2	243.5	207.2
February	65.2	2,408.9	45.7	2,997.6	278.8	211.8	170.2
March	73.5	2,623.8	49.6	3,095.0	287.4	237.3	197.1
April	62.1	2,492.3	48.2	3,085.4	292.4	220.5	188.0
May	66.9	2,470.7	46.0	3,205.0	305.7	232.9	229.1
June	68.0	2,327.6	47.0	3,012.0	291.5	244.4	239.2
July	57.5	2,463.2	49.5	2,755.3	296.5	235.1	212.1
August	64.5	2,273.2	46.1	2,981.2	258.4	238.3	198.4
September	64.9	2,096.3	45.6	3,042.0	253.0	219.9	212.9
October	65.1	2,430.3	52.7	3 831.7	326.2	265.3	233.4
November	82.1	2,312.4	46.0	2,890.0	305.5	221.6	212.8
December	64.5	2,294.1	48.9	3,230.2	291.1	240.1	225.2
Total	813.2	28,854.9	576.8	37,434.3	3,515.7	2,810.7	2,525.6

The monthly returns from Philadelphia and Chicago are taken from the files of *The Public* and the Boston *Post*, and contain some minor typographical or other errors in the case of Philadelphia, on account of which the total does not agree with that before given.

The five Clearing-houses at Cincinnati, Milwaukee, Louisville, Kansas City and St. Joseph have hitherto, in making up their statements of clearings, taken the total of both sides of the account. The accounts in St. Louis were some seven or eight years ago kept in the same manner, but have since been corrected. The Clearing-house year at Cincinnati ends on March 31, and during the earlier years of its history no statement of its business by calendar years can be given, The following is a corrected statement of its transactions, showing the amount of paper passing through it:

Clearing-house Transactions, Cincinnati.

1866–67	$300,732,199	1875–76	$351,111,948
1867–68	315,113,873	1876–77	314,949,124
1868–69	320,938,277	1877–78	294,113,821
1869–70	318,713,984	1878–79	254,468,000
1870–71	314,881,714	1879–80	304,300,000
1871–72	320,127,945	1880–81	379,146,350
1872–73	347,976,341	1881, April 1 to Dec. 31,	351.224,350
1873–74	332,765,063	1882	478,994,050
1874–75	341,226,776	1883	494,414,900
			$6,135,198,715

The corrected statements for the other four Clearing-houses named are as follows:

	Milwaukee. Clearings.	Milwaukee. Balances.	Louisville. Clearings.	Kansas City. Clearings.	St. Joseph. Clearings.
	$	$	$	$	$
1869...	89,289,272	17,258,525			
1870...	102,473,505	18,853,198			
1871...	108,122,236	22,273,857			
1872...	118,739,811	21,856,532			
1873...	151,292,953	26,696,275			
1874...	157,792,272	26,712,686		23,792,464	
1875...	152,679,004	25,733,186		abt. 27,500,000	
1876...	133,319,717	22,440,615	101,782,331	31,417,707	
1877...	144,885,186	20,257,305	113,880,208	34,589,505	11,469,165
1878...	107,833,365	31,490,603	104,974,977	20,500,159	11,513,655
1879...	142,644,020	22,576,911	127,928,408	34,140,125	12,405,759
1880...	158,154,504	27,572,600	149,557,213	50,665,000	16,873,707
1881...	180,442,213	32,152,288	198,165,503	68,400,300	22,536,810
1882...	190,026,556	31,268,439	193,667,491	98,167,000	29,728,217
1883...	176,102,159	29,143,473	214,802,485	132,501,100	32,171,974
Total..	2,113,796,773	376,286,493	1,204,758,616	521,673,360	136,669,287

Within the past three years several Clearing-houses have been established in Italy; that of Leghorn appears to have been in operation since 1860. Those of Genoa, Milan, Rome, Bologna and Catania were established in 1882 and 1883. In none of them, except those of Leghorn and Milan, are the transactions of any considerable magnitude. The total movement at Leghorn in 1880 amounted to about $230,000,000, and in 1883, judging by the first six months, to about $185,000,000. At Milan, on the same basis, the liquidation of 1883 would be about $135,000,000. The transactions of all the others would not probably add more than five or six millions to the total, making about $325,000,000 in all. With our present information in regard to these establishments, it is hardly possible to compare them with our Clearing-houses, as their operations may differ in some important respects from those in this country.

The growth of our Clearing-house system from small beginnings to its present dimensions, as compared with that of Great Britain is shown in the following statement in millions of dollars:

	No. of Associations.	No. of Associations Reporting.	Aggregate Exchanges U S.	Gold & currency. Exchanges N. Y.	Exchanges Outside N. Y.	Exchanges Three British Clearing Houses.
1853	1	1	*1,304,9	*1,304,9		
1854	1	1	5,798,6	5,798,6		
1855	1	1	5,673,7	5,673,7		
1856	2	2	8,404,2	7,346,8	$1,057,4	
1857	2	2	8,591,4	7,196,1	1,395,3	
1858	5	3	7,215,7	5,376,2	1,839,5	
1859	5	3	9,069,3	6,598,8	2,470,5	
1860	5	3	10,022,1	7,393,8	2,628,2	
1861	6	4	7,507,4	5,516,4	1,991,0	
1862	6	4	10,120,1	8,234,9	1,885,3	
1863	6	4	20,442,4	17,427,7	3,014,7	
1864	6	4	30,053,5	25,640,0	4,413,4	
1865	8	5	30,437,0	25,858,0	4,579,0	
1866	11	7	36,241,7	31,466,5	4,775,2	
1867	12	7	30,322,2	25,811,2	4,511,0	†10,357,3
1868	13	7	36,079,7	31,159,7	4,920,0	16,668,7
1869	15	9	41,157,1	35,541,1	5,616,0	17,647,9
1870	15	9	32,839,7	27,086,3	5,753,4	19,048,6
1871	17	10	37,200,5	30,643,0	6,557,5	23,485,9
1872	19	12	43,571,6	36,369,6	7,202,0	28,949,6
1873	20	12	37,633,9	29,840,5	9,793,3	30,051,9
1874	22	13	31,813,8	24,450,0	7,363,8	29,418,8
1875	22	15	32,346,9	24,313,8	8,033,1	28,214,2
1876	25	18	29,579,8	21,476,7	8,103,1	24,686,7
1877	27	23	31,949,3	23,800,6	8,148,7	25,075,1
1878	27	24	30,080,0	22,401,1	7,678,9	24,817,3
1879	28	24	38,537,9	29,235,6	9,302,3	24,291,3
1880	29	26	50,115,4	38,614,4	11,501,0	28,811,6
1881	30	27	63,414,5	49,376,9	13,987,6	31,586,0
1882	30	29	60,877,5	46,917,0	13,960,5	30,995,1
1883	31	31	51,827,1	37,434,3	14,392,8	29,622,0

Special acknowledgments are due to the managers of the Clearing-houses and their assistants, both at home and abroad, for the data used in preparing the foregoing article.

NOTE.—Since the foregoing was prepared for the press, it has been ascertained that the clearings at Columbus, as well as at those previously mentioned, have been reported double by adding both sides of the Clearing-house account. The corrected totals, so far as they can be given, are as follows:

1875	$9,832,708	1880	$22,034,094
1876	12,879,651	1881	26,074,328
1877	13,564,366	1882	28,841,778
1878	12,151,284	1883	31,596,743
1879	15,269,010		
			$172,243,962

The necessary corrections have been incorporated into the article. It is to be hoped that all the Clearing-houses may make up their statements on a uniform plan, and that the last of these anomalies may soon be weeded out. They materially impair the values of the figures, and when discovered involve a whole series of laborious corrections.

DUDLEY P. BAILEY.

* From October 11. † For 8 months only.

SMALL CIRCULATING NOTES.

The issue of coin certificates by the United States Treasury is quite a modern policy, and did not really acquire any considerable practical importance until after the resumption of specie payments in 1879. Gold certificates were authorized, and, in fact, issued to some extent under a law passed March 3, 1863, but until 1879 no gold in any form was in use, except on the Pacific Coast, and in certain limited classes of payments by and to the Government. But now certificates of silver, as well as gold, are issued, and as neither kind of certificate is kept out of actual use, by reason of being at a premium above the current paper money, the aggregate of both is large and increasing. The maximum limit upon silver certificates, which is the amount of silver dollars actually coined, is as yet rather a close one, but will enlarge as that coinage makes progress.

This certificate currency is not, in any proper sense, a paper money, but is metallic money, not circulating corporeally, but by paper vouchers of title in the nature of warehouse receipts. The certificates are not merely promises to pay coin, but acknowledgments of the receipt of coin, accompanied by an engagement to keep it intact and unused, and to return it to the owners on request. They add nothing whatever to the total volume of money, the certificates in use being exactly offset by the coin withdrawn from use. But while they can neither directly increase nor directly decrease the aggregate quantity of money, it would seem that they must to some extent increase the metallic proportion and correspondingly diminish the paper proportion of that aggregate. It will be prudent not to be absolutely positive as to any of the effects of such a currency as the coin certificates, of which this country has had as yet only a very partial experience, and which have not been tried at all in any other country. But, considering that the superior convenience of paper is the basis of its power to occupy the field of circulation as against metal, it is a probable and reasonable forecast of what will happen, to anticipate that if any sensible portion of our metallic money is thrown into the form of a paper title to metal, so as to have all the convenience of paper money, the degree to which the latter will be absorbed and retained in the active currency will be diminished.

The Act of Congress, in respect to gold certificates, which was in existence before the resumption of specie payments, only authorized, and did not require, the Treasury Department to issue them, and their issue was, in fact, suspended in December, 1878, and remained suspended until Congress, in July, 1882, passed a new law requiring them to be issued, which was not put into practical operation until October, 1882. The time since has been too short to show how many gold certificates will get into circulation. As already noticed, the possible maximum of the circulation of silver certificates will become greater as more silver dollars are struck at the Mints. It is thus not doubtful that the aggregate of the certificates of both kinds in the circulation will become much larger than it is now, and it is apparently as certain as anything can be which has not been practically tested, that the currency will lose capacity to float paper as more of the metallic money acquires the convenience of paper. Under such circumstances, with the volume of the paper money threatened by contraction from the enlarging use of coin certificates, it would seem to be a most unpropitious time to deprive paper of the field for employment which it has now from being issued in denominations fitted for the smaller channels of circulation. If the plan of the Union League Club, of New York, to suppress all paper below $20, is carried into effect, and if it shall also turn out that paper of the denomination of $20 and upwards is to a considerable extent superseded by coin certificates, we shall, without intending it, have reached much more nearly than anybody would venture to openly propose, a substantially metallic currency, with all the ruinous consequences of such a contraction of the total volume of money as is involved in such a currency.

To those who desire the continued coinage of silver it will be an objection to the suppression of small circulating paper, that it is one of the avowed purposes, and will be one of the certain effects of that policy, to cause such an excessive and compulsory employment of silver dollars in the metallic form, as will make that species of money inconvenient and distasteful in use to large classes of persons, and thus strengthen the hands of the powerful, active, and thoroughly organized interests, which are seeking to narrow the metallic money of the world to gold alone. The heaviness and bulkiness of silver are facts of the situation, which must be reckoned with. The majority of the United States Monetary Commission were friendly to the use of silver, but they admitted that it was "too bulky and heavy for the ordinary transactions of business," and the remedy for that which they proposed was the issue of certificates for it, being the same remedy which had been applied in the case of gold, which is also "too bulky and heavy," although in a less degree. They say, in their report, that "the habits and prejudices of the people of the United States are confirmed in favor of a safe paper money," and that, "if by safety is meant constant convertibility at will into coin," nothing can be safer than certificates "based dollar for dollar on coin or bullion in the Government vaults." The silver law of 1878, drafted under the advice of the United States Monetary Commission, provided for silver certificates as small as $10, the lowest denomination of the gold certificates being $20. They suggested no such policy as the suppression of circulating notes below $10 and the substitution of silver in their place. To the extent that the proposed coinage of silver would be absorbed in such a substitution as that, the great object of silver coinage, as it was presented and urged by the Monetary Commission, and which was the enlargement of the total volume of money, would have been defeated. And, with the convictions which they held out and expressed, as to the weight and bulkiness of silver, and as to the "confirmed habits and prejudices of the United States in favor of safe paper money," they neither did nor could recommend that everybody should be compelled to use silver dollars by the suppression of greenbacks and bank notes below $10, the safety of which is as assured and strong as the credit of the richest and most powerful government in the world can make it. They knew, of course that there was a large field for the circulation of silver dollars in the metallic form among classes who prefer coin to paper, but they did not mean to make the measure which they advocated odious to other classes who preferred paper to coin.

It is not with the United States Monetary Commission, but with the enemies of silver coinage, that the idea originated of making silver dollars odious by depriving everybody of the small notes to which the country had always been accustomed, and compelling them to use the metallic silver dollars, which could not fail to accumulate in burdensome quantities in the minor channels of trade, if greenbacks and bank notes below the denomination of $20, or even below the denomination of $10, were withdrawn. The enemies of silver coinage make no concealment of their ideas and purposes in this particular.

Thus the New York *Evening Post* of October 23, 1883 (one of its editors being an ex-member of President Hayes' cabinet), said:

> An indirect gain from the suppression of the small notes and the substitution of silver would be found in the practical experience gained in handling silver dollars. Sixty millions of these dollars weigh about two thousand tons. This weight distributed in the pockets of the people and carried around for a year, wearing holes in their trowsers, could not fail to have a wholesome influence upon public opinion, and would lead many people to take a more concrete view of the silver question than they have heretofore held.

To the same effect is the following, from a letter printed in the New York *Tribune* of October 1, 1883, from a gentleman who declares himself to be opposed to the coinage of silver, Mr. Bayne, of Pennsylvania, a member of the present United States House of Representatives:

In my opinion, the suspension of the issue of silver certificates is most important. If the silver coined were put in circulation instead of these certificates, the question of silver coinage would soon be solved. At present the element of inconvenience is eliminated from the problem, and only the higher principles of a sound fiscal system are left to do battle.

Mr. Bayne agrees with the editors of the *Evening Post* that mankind are more or less insensible to mere appeals in behalf of "the higher principles of a sound fiscal system," and that they need the "wholesome influence" of being made to smart under some unaccustomed and serious annoyance. He desires, therefore, as a means of enlightenment and discipline in respect to silver, that "higher principles" should be supplemented by "the element of inconvenience." Undoubtedly the suppression of silver certificates would accomplish that, and so would the suppression of the $1 and $2 notes, of which there were in circulation $53,668,899 on the first of November, 1882.

If it is by the votes of the partisans of gold that these notes shall be suppressed, and with the imprudent avowals which they have made that the object of the suppression is to subject the country to an inconvenience which will compel it to give up coining silver, the disciplinary efficacy of the measure will be sensibly impaired. But if they can persuade the supporters of silver coinage to assist in prohibiting $1 and $2 notes, and still more, if they can persuade the supporters of silver coinage to take an active and conspicuous part in prohibiting them, the measure will be likely to produce all the effects which they anticipate from it. Nothing could more certainly tend to produce a prejudice against silver among the people, than a belief that they had been deprived of a safe, convenient and acceptable paper currency, to which they had been always habituated, for the purpose of promoting the interests of the owners of mines by opening a new field for the circulation of silver dollars.

Those who favor the coinage of silver solely or mainly from the interest they have in enlarging the market for that metal, and thereby upholding its price, are satisfied with the present condition of the circulation of money in the smaller channels of circulation. Those channels now absorb forty millions of metallic silver dollars, not forced upon anybody, but freely current among classes and in localities where they are preferred, or are at any rate not objectionable. No large additional circulation for silver would be obtained by suppressing the $1 and $2 notes, the place of which would be taken partly by the gold quarter eagle, and, possibly, to some extent by the gold one-dollar piece. The resulting increased circulation of silver would be too small, in any event, to justify taking the risk of creating such popular prejudice against that metal, as would give success to the formidable interests which are known to be eagerly watching for the favorable time and occasion to arrest its coinage altogether. The field which is great and wide, and constantly and rapidly growing greater and wider for the circulation of silver, is in the certificate form, and in denominations ranging from $10 to $1000. Those who are interested in the circulation of silver, from the miner's point of view, will not run the hazard of losing that large employment for it, by a rash attempt to gain for it another and comparatively petty employment by a compulsory and obnoxious substitution of it in the place of $1 and $2 notes.

The substitution for such notes of silver certificates of the same denominations, involves questions which must be determined by an altogether different class of considerations. The time for discussing them has not arrived, as such a substitution is not proposed, and is not likely to be at present. It will certainly never be proposed by the persons who are attracted towards the policy of suppressing small bills, by the expectation that it will compel the people to carry around "in their trowsers" two thousand tons of silver.

NOTE.—The law of 1882, in respect to gold certificates, changed the previously existing law in two particulars. It directed their issue, instead of merely permitting it, and it imposed the condition that their issue should be suspended whenever and so long as the gold held and owned by the Treasury, exclusive of so much as is represented by outstanding certificates, shall be below one hundred million dollars. This condition was insisted upon by persons who believed that the credit of the Government would be fatally injured if it did not always have on hand, and in its ownership, at least that amount of gold, and who also feared that the issue of certificates of it might possibly have a tendency to reduce the gold belonging to the Government below that amount. It is not necessary to discuss the correctness of such opinions. It is sufficient that the condition that whenever the gold in the Treasury is less than $100,000,000, no certificates of it shall be issued, is, as a matter of fact, a part of the law of 1882, and that it must at no distant day put an end to their further issue. The only thing which has prevented, during the last two or three years, decisive action by Congress to diminish the present monstrous and senseless accumulations of cash in the Treasury, has been the effect which their application to the payment of bonds would have in shrinking the circulation of the National banks. A solution of some kind of that difficulty cannot be long postponed. No coin redemption of the greenbacks has been asked for for four years, and none ever will be with the existing limitation of their quantity. That they derive any credit, safety, or currency from a metallic reserve is a manifest absurdity. An annual Government revenue, for every branch of which greenbacks are now received, about equal to their whole volume, provides all the convertibility for them which is at all likely to be called into practical requisition.

Taking the whole situation together, gold certificates are not as yet a part of the permanent financial policy of the country, and it will require new and affirmative legislation to put them on that footing. The subject will be discussed in all its bearings by Congress before it is acted upon by that body.

On a general view, the expense of providing vault room and of printing certificates for deposited metal, is more than recouped to the Government by the loss and destruction of certificates. There is also the saving of the abrasion of coins by use, and the greater convenience to the people of handling paper rather than coin. But there may be limits beyond which it will not be expedient and prudent to permit the Treasury to hold coin belonging to individuals. If the view is adopted, after further discussion and a larger practical experience, that the existence of coin certificates sensibly diminishes the possible field for the circulation of such paper money as greenbacks and bank notes, that will be a sufficient reason for keeping the issue of such certificates within some bounds, and especially if the supply of the metals becomes so deficient as to threaten a constriction of money fatal to enterprise and industry. But aside from the possible and probable effect of coin certificates upon the capacity of the circulation to absorb paper money, there is clearly some limit beyond which it will be politically unsafe to permit the precious metals of the country to be heaped up in the custody of the Treasury. The only certain way to be delivered from evil, is not to be led into temptation. We may have some ambitious and powerful man in the Presidency who will attempt revolution rather than submit to give up supreme power at the end of his constitutional term, or who represents a faction which may drive him into that desperate course. To give to the President, in addition to the command of the army and navy and of a hundred thousand holders of civil office, the actual custody through his appointees of an unlimited treasure, is contrary to the warnings of all the experience of nations and to all the dictates of common prudence. There cannot, in short, be any disagreement of opinion that there should be some maximum beyond which the Treasury should not be made the depository and keeper of the metallic money of the people. If the deposits of silver reach that maximum, the deposit of gold cannot be allowed at all. The rule of equality has no application to things essentially unequal. Silver, value for value, is sixteen times as heavy as gold, and while the reasons of necessity and convenience are overwhelmingly strong for issuing certificates of the first, they are comparatively weak for issuing them for the last. GEO, M. WESTON.

SAFE AND SUFFICIENT BANK NOTE CURRENCY.

The very general apprehension that the payment of the National debt will destroy the basis of our bank note currency and embarrass our business, has brought out several plans to meet the contingency, but as yet none which are acceptable; and it may not be out of place to consider whether we have not made the notes of too much consequence in our estimates, and possibly mistaken, altogether, cause for effect, or rather, effect for cause.

Currency, in all its forms, is but a consequence, like our means of transportation. The quantity and price of commodities to be exchanged determines absolutely the volume of the currency, and it does not matter at all whether this consists of bank notes and specie, which do not constitute one-tenth of the whole volume, or of checks, drafts, bills of exchange, or orders on the grocer for goods, which are used to effect the great mass of our commercial transactions. All is currency and, as such, has no effect upon prices. These depend, as we all ought to know, upon supply and demand, and not upon currency or our means of transportation.

Suppose we have a war and stupidly issue paper, as we have already done, which we discredit by refusing to accept. Will not prices rise and more currency of all kinds be necessary? The demand for bank notes, as mere small change, will of course be increased, more will be issued, and as the standard becomes lower prices will continue to rise, as they did in the last war, and we shall be told, as we have been often, that the rise is consequent upon a redundant currency, when the real truth lies in the other direction altogether.

Let us learn then that currency is a consequence, and that more than nine-tenths of all we use is created from time to time as it is wanted, without reference to legislation, and that it is possible, and would be perfectly proper, to provide for the remainder in the same independent manner. The check of the banker on specie funds at the Clearing-house or natural commercial centre of his operations, is certainly good for small sums if it is for large, and no legislation can prevent him from drawing upon his own funds in his own way.

I trust it will be apparent that bank notes are not a necessity, and that the bankers have a perfect right to dispense with their use, and substitute checks for such sums, large or small, as are found convenient for themselves and their customers and the public at large, who would take them as readily as they would notes, except for the absence of the endorsement of the Government, which it is not proposed to dispense with in our plan.

How, then, shall we secure the issue of the right quantity of notes to serve as small change in place of coin and private checks, so largely used in England, where small notes are unknown, and make them equal to specie, as they should be, all over the country, as the notes of the National banks are at present?

We are to learn first, that bank notes are not based upon Government debt, nor upon specie, any more than other notes or currency. All true currency is founded upon the commodities to which it is the title, and which we transfer by its use. The banker does not lend money, but merchandise, and the interest he obtains is rent for the use thereof. The notes he issues are not money, but certificates of deposit, which enable him to gather up from the public small amounts of capital which he loans on interest. They are nominally payable on demand in specie. But they ordinarily have a circulation, without which they would not be issued, and for this he pays a tax to the Government, as he should.

What we desire is that the banks, as agents, shall give us the right quantity of notes, large and small, and that they shall deposit with the proper Government officers a sufficient amount of the right kind of securities, so that the redemption of the notes shall be assured under all circumstances. And these securities should not be purchased with the working capital, but in addition to it. And an equitable portion of the profit on the circulation of the notes should be paid into the Public Treasury.

The question remains as to the kind of securities we are to take of the banker, not as the basis of the notes, but that the Government shall sustain no loss by endorsing them so that they may be fit for its own use as well as for the public at large.

The objection to municipal, or even State bonds, is so apparent, that we are driven to consider whether it is not possible to reconcile our people to the creation of a Government debt which shall not be payable except by consent of the holder, of whom it may at any time be purchased, when there is a surplus, either permanent or temporary on hand, which might be invested and save interest, and the bonds sold subsequently.

Suppose we authorize the issue of one thousand millions of dollars at three per cent. per annum, payable quarterly, and permit the banks to take these at par, giving them the same amount in notes, on which they are to pay a like sum on account of the profit on the circulation.

Assume the redemption of the existing circulation and fund the amount with the legal tenders, and when these are paid there will practically be no debt except that now existing, unless in form of temporary loans or exchequer bills, because the interest on the consols will be met by the equivalent paid in by the bankers.

Leave the amount of notes to be issued to adjust itself, as it will accurately, so long as we insist upon redemption in funds equal to specie at the Clearing-houses or natural commercial centres toward which they flow, and where they are always most valuable to the holder.

Sooner or later we shall have a truly national system which will give us a central institution in New York, with branches in other cities, and these will not only serve as clearing-houses or points of redemption, but keep and disburse the public funds, instead of the Sub-Treasury, which is and always has been a useless, mischievous piece of machinery, which had its birth in the idea of Andrew Jackson that the Government business must be transacted by the use of specie and independent of the banks.

We do not need the Sub-Treasury, nor post office orders, or post office banks. Let the post office have the telegraph and all the machinery for the transmission of information, and the banks can supply our currency and transmit our funds better than can be done by any other agencies.

Give us a single money standard, and that international, and eventually an international system of banking and currency, so that notes fit to pass at all can be converted without cost into such as are redeemable in London at par, and consequently better than gold all over the world.

We should have gold as our standard, but not as currency or the basis of currency. Give us currency which is based upon commodities at gold prices, and there will be no need of coin. Sell the silver dollars for the most they will bring, and do not waste our labor and disturb our contracts by any effort to add to the amount now on hand. There can be but one money standard, and that must be gold

DAVID WILDER.

UNPROFITABLE GOVERNMENT TELEGRAPHY.—The annual report of the Minister of Public Works to the Canadian Parliament contains statistics showing that so far as Government management of telegraphs is concerned a very unfortunate result has been reached in Canada. The lines built have cost nearly $800,000. The expenditure last year was $55,000, while the receipts were only $27,000, showing a loss of over 50 per cent. Many of these lines are in remote quarters; yet even a perfect system, such as that taken over from the Western Union Company in British Columbia, shows a similar result. These lines cost $94,000; the expenditure last year was $35,000, and the revenues only $24,000, showing a loss of $11,000. The number of telegraph offices in connection with the Great North Western Telegraph Company and other private lines in Canada is 2,259, or one office to every 1,914 inhabitants, while in the United States there is only one office to every 3,700 persons. Canadian tolls are probably the cheapest in the world, and will compare favorably even with the reduced rate of sixpence shortly to take effect in England. The Great North Western Telegraph Company sends ten words 1,200 miles for twenty-five cents, and between all towns within twelve miles distant for 15 cents.

BANKING IN FRANCE.

A recent number of the *Journal of the Institute of Bankers*, London, contains a very succinct account of the history and practice of banking in France within the last thirty-five years, which was read before the Institute by its author, Henry Chevassus. We are quite sure that our readers will be instructed as well as entertained in perusing this paper:

I.

Some thirty-five years ago, at the beginning of the year 1848, the highly wrought and widely distributed machinery of banking, now in active operation throughout France, ministering to the manifold requirements of the community, may be said to have had no existence. The banker's craft was still a mystery, of which the adepts were few, while the inner functions of its temples were jealously guarded from the vulgar gaze. Nor were either the state of the law or the economic habits and inclinations of the country such as to favor its popularization. The formation of companies, whether for banking or other purposes, was beset with complicated restrictive formalities. The aggregation of innumerable scattered portions of capital into a compact mass, with the limited liability principle of our days, as a regulating counterforce, was practically unknown. Hoarding, in the form of hard cash, stowed away in old escritoires and all manner of whimsical receptacles, was still the favorite mode of accumulation with the small farming landowner, whose sole idea of an investment was centered in the acquisition of some adjoining field, or tempting vineyard, to round off his holding, or improve his yearly rendering. To achieve this, he went on filling the familiar woollen stocking, until such time as he could count out its contents in piles of broad pieces on the table of the local "notaire," and make good the long contemplated purchase. A kindred feeling led the cautious and well-to-do *bourgeois*—the successful middle-class man—rather to look to mortgages on real estate, as a means of securing remuneration for his years of patient scraping, and somewhat stingy self-denial in acquiring a competency. As to the larger manipulations of capital, such as the floating of state loans, the financing of railways—at the time still in the early stage of their organization—as well as the more considerable operations of commerce, mining, and manufactures, they were exclusively in the hands of a small number of wealthy private bankers. In the furthering of such profitable ventures, these privileged firms, whose fortunes had, for the most part, seen their birth and growth within the previous fifty years, employed their own moneys, concurrently with the funds intrusted to their skill, out of the surviving fortunes of the old nobility, or by opulent public functionaries. Apart from these pre-eminent firms, there was to be found, in Paris and all over the country, a comparatively large number of private bankers, of fair substance, and whose custom lay among what merchants and manufacturers of good standing might exist in their own immediate neighborhood. As regards the common ruck of business toilers, for such banking as they wanted, they were in the hands of multifarious discounting money dealers, generally of unknown means, whose methods of business were almost invariably exacting and often merciless. Even the more honorable and substantial among these petty traders in ready cash were, in these days, continually tempted, by the common ignorance of the simplest monetary calculations, and the lack of effective competition, into heaping up commissions and fancy charges, on every trifling provocation, in or out of the regular course.

In the year 1848, however, there began a new departure in banking. We may divide the thirty-five years that separate us from that date into two periods: a first one of some twenty years' duration, viz., 1848–67, and a second one, 1868–82. The various stages of the development of banking, during the first period, are broadly marked by the creation of the Comptoir d'Escompte in the year 1848 itself; by the absorption, in the same year, by the Bank of France, of the nine Banques Départementales (Provincial banks) previously in existence; by the creation of the Crédit Foncier, and of the Crédit Mobilier, both in the year 1852; by the law of 1857, which, while it extended the privilege of the Bank of France until 1897, put upon it the obligation of providing at least one branch in each Department throughout the country; by the foundation of the Crédit Lyonnais in 1863, and of the Société Générale in 1864; as also by the law of 1867, which, for the first time, and in a very considerable degree, established freedom of banking, inasmuch as it gave scope, in a measure hitherto unknown, to the formation of share capital, under the limited liability principle.

Among the many occurrences symptomatic of the gradual unfolding of the evolution thus roughly mapped out, and on a rapid survey of the various causes by which this evolution was influenced, we may notice the monopolization of bank notes issued by the Bank of France; the practical inauguration of a gold currency, rendered feasible by Australian, closely following on Californian discoveries; the enactment of the law of 1856 on public companies; a restrictive law prompted by panic, contingent upon too rash an outburst of joint stock enterprise and speculation, yet showing how keenly alive people were becoming to the importance of the question; the new policy, with regard to State loans, of direct subscriptions to the Treasury, in sums as low as a hundred francs, thus appealing to small investors, and inducing them to relax their habits of parsimonious secretion of capital; lastly, the treaty of commerce of 1860 with Great Britain, which gave an unwonted impulse to commercial energy, and broke new ground for financial ingenuity to seize upon.

I do not for a moment wish to convey the impression that, previous to 1848, nothing had been attempted to establish improved methods of banking. Far from such had been the case; combinations in every variety had found promoters and pioneers; but the fact remains, that before that year, and barring the Bank of France, no banking institution of the first class succeeded in founding itself; that none of an earlier date has lived to this day; that the wealthy private bankers had the unchallenged control of every important branch of finance; that the public mind was timorous in these matters and little prone to innovation.

Obviously, then, public banking is a salient feature of the development under study here, and it becomes at once apparent why I just now made choice, besides the Bank of France, of the Comptoir d'Escompte, the Crédit Foncier, the Crédit Lyonnais, and the Société Générale as landmarks of the ground to be gone over to-night. If we take into account the importance of the capital they collectively command, the enormously expanded volume and the diversity of their transactions, we have in them the embodiment of the evolution that took place during the period of twenty years under immediate consideration. And if we also include, in the list, the Crédit Mobilier, which I here mention separately for good reasons, and likewise bear in mind the increment of strength achieved meanwhile by the Bank of France, we shall find we have covered pretty nearly the whole field of banking operations, from the simplest deposit transaction to the most complicated combinations within the power of capital. We have, moreover, also before us in instructive parallel operation, and in keen competition not only with each other, but with private banking, two distinct systems of public banking: the one which looks to Government instigation and countenance, if not actual material support for its origin and advancement, and that which is the outcome of free enterprise. It does not, however, come within the scheme of this paper to theorize at any length, and our limits bid us be content with this somewhat cursive sketch of the aspect of our subject at the time I have chosen as a starting-point, and twenty years later.

II.

We may, then, at once, enter upon the second period, that of 1868–82, during which the institutions that found birth within the first period attained their manhood, and gave proof of their strength, and of the prominent part they were able to play in the general economy of the country. Nor can this be better made manifest at a glance, or more vividly illustrated, than by the subjoined statement, to which I now call your attention, wherein are tabulated various statistics, brought down to the present year, of some of the principal existing public banks, showing the dates of their foundation, their original and present share capital, the highest deposit amount attained, the number of branches, and certain other apposite particulars.

As may be seen, and will, doubtless, have been anticipated from what I have already said, none of these establishments, with the exception of the Bank of France, date back further than 1848. Indeed, even the Bank of France, which now transacts business for the public in 156 different towns, besides the head office and eight district offices in Paris itself, had then only fourteen provincial branches. Its cash and bullion did not, at any time during that year, exceed ten millions sterling, against a maximum note circulation of sixteen millions. The deposits in current account seldom went beyond some four millions sterling, and the advances on stock a bare million sterling.

The Bank capital was only £2,720,000.

In 1882 we find:

	£		*Frs.*
Capital of the bank	7,300,000	..	182,500,000
Highest point, deposits, not including Government deposits, February 4th	40,176,000	..	1,004,400,000
Highest point, discounts, February 7th	68,960,000	..	1,724,000,000
Highest point, cash and bullion, August 17th	86,324,000	..	2,158,100,000
Highest point, note circulation, January 30th	118,133,048	..	2,953,326,200
Highest point, advances on stock, February 4th	15,176,000	..	376,900,000

We also find that the ten establishments, other than the Bank of France, tabulated here, have a united share capital and liability of 967,500,000 francs, out of which 545,000,000 francs constitute the paid-up portion; besides commanding very large reserves.

Before proceeding, however, with a short analysis I propose to make, of some of these establishments, and of the chief differences in their objects and modes of action, we ought to take a glance at the laws which govern their legal status. Previous to the law of 1856, already alluded to, companies with a share capital were not under a special law of their own. They came under the provisions of the Code of Commerce of 1807, which recognized two forms of joint stock enterprise, viz., "commandite"—sleeping partnership—associations, and so-called "anonymous" companies. "Commandite" associations could be freely formed; none but the partners, however, whose names appeared in the style of the firm, were allowed to have a share in the management, any interference of the shareholders, however slight, being sufficient to forfeit the limit of their liability to third parties. Anonymous companies, on the other hand, required previous authorization from the state, and this was seldom granted otherwise than for undertakings which might be considered of general public utility. The managers' names did not appear in the style of the firm, and they were responsible to the shareholders only. After 1830, a large number of commandite associations sprung up and gave rise to reckless speculation, so that in 1838 a bill was actually brought forward entirely prohibiting "commandite" by shares. This, it was felt, was going to extremes, and the whole thing blew over without the bill becoming law.

In 1856, for the first time, and here again under the influence of panic, a law, special to share companies, was passed. Very heavy responsibilities were put upon promoters, managers and censors. It being soon found that these, while they precluded prudent men from readily entering upon joint-stock partnerships, proved no obstacle to unscrupulous adventurers, an attempt, in the opposite direction, was made by the law of 1863. In this, practical recognition was given, to the danger, not to say worthlessness, of a preliminary state of investigation, which, as often as not, conferred upon authorized undertakings an illusory prestige, and gave rise to expectations on the part of investors, which after results did not, by any means, as often justify. The law of 1867, under which companies are now formed, embodied most clauses of that of 1863, and went somewhat further in abolishing perfunctory protective restrictions. The guiding principles of its enactments were the providing certain regulations for the formation of companies, and the putting, upon promoters and shareholders, the task and responsibility of seeing that they were complied with in the statues of their society.

The following are some of the most prominent provisions:

Companies are not permitted to divide their capital into shares of less than 100 francs, if the said capital does not exceed 200,000 francs, or less than 500 francs. if above 200,000 francs.

They have no definite legal existence until the whole of their capital has been subscribed, nor until all the shares are a quarter paid up. Nor are shares negotiable until then. The statutes of companies may provide for the transformation of their shares into bearer shares, after they are half paid up. Original subscribers, as well as all intermediate holders before they are half paid up, remain liable for the full nominal amount of their shares, even after parting with them, for two years subsequent to any general meeting which may have been called for transforming them into bearer shares, or to decide their remaining inscribed shares.

Seven subscribers are a minimum required to form a company.

The invalidity of companies, on the ground of non-compliance with the law in their statutes, is no plea towards third parties, but may erve as a ground of action by the shareholders against the promoters and Board.

Members of the Board of Directors are answerable, conformably to the rules of common law, individually or jointly, according to cases, both to the shareholders or to third parties, for infractions to the clauses of the act, or for faulty management, notably in distributing, or allowing to be distributed, fictitious dividends.

Since the "*Krach*" in January, 1882, many and loud have been the complaints against the law of 1867; and there is, at the present moment, a bill pending for its reform. To a cool-minded and disinterested observer, there does not appear to be among the plethora of suggestions made, any to which much originality could be ascribed, or that could prevent the recurrence of last year's collapse. Teaching intending investors to investigate, and soberly to appreciate the soundness of any particular venture, or curing them of blind and greedy belief in golden promises of fat dividends, hardly comes within the ken of the law, and, pretty certainly, not within its power.

III.

Coming now to our proposed examination of the leading features and interdistinguishing characteristics of the chief banking establishments in France, we will, as in courtesy bound, go back to the Bank of France. The Bank, itself, divides its operations into two classes; the one consisting of transactions on behalf of its permanent customers, that is people keeping a regular account there; and the other, of transactions with the public generally. Not, be it understood, that the Bank actually has two distinct departments corresponding to such a division. What is meant here, and should at once be noted, as a peculiarity of French public banking, common, in a greater or lesser degree, to all the large establishments, is, that any one having certain occasional money matters to adjust, is able to avail himself of the machinery of the Bank, for the nonce, although having no account open there. Another point, which also calls for immediate remark, and may, perhaps, come somewhat unexpectedly upon my hearers, is, that the Bank of France carries on its business with its customers far more nearly in accordance with the practice of the London banks, than does any other French establishment. Almost everything is done through pass books. All vouchers are returned to customers. No interest on balances is either charged or allowed. The net of discounts or loans alone appears. No elaborate statement of account is ever rendered, nor does the Bank make it, in any way, an obligation to keep a balance, here differing, on an important point, from English banks. The one great impediment which the Bank has always placed in the way of a ready appeal to the most important of its primary functions, viz., the discounting of trade bills, resides in the much attacked regulation by which it declines to accept direct indorsements to itself; a first indorsement to third parties being a *sine quâ non*. This, the well-known rule

	Date of Foundation.	Original Capital.	Present Capital.	No. of Shares.	Denomination.	Paid up.	Highest Points since Foundation.			Branches.		
							Deposits.a	Dividend per Share.b	No. of accounts open in books.	Paris.d	Provincial.	Foreign.
Bank of France	1800	Frs. 30,000,000 $6,000,000	Frs. 182,500,000 $36,500,000	182,500	Frs. 1,000 A	In full.	Frs. 1,004,400,000 $200,880,000	Frs. 360	7,843	9	94 52c	—
Comptoir d'Escompte	1848	Frs. 20,000,000 $4,000,000	Frs. 80,000,000 $16,000,000	160,000	Frs. 500 B	do.	Frs. 121,755,000 $243,510,000	48	not stated.	1	3	5e
Crédit Foncier	1852	Frs. 25,000,000 $5,000,000	Frs. 155,000,000 $31.000,000	310,000	Frs. 500 A	do.	Frs. 78,193,000f $15,638,600	55	13,689	1	—	—
Crédit Industriel et Commercial	1859	Frs. 40,000,000 $8,000,000	Frs. 60,000,000 $12,000,000	120,000	Frs. 500 A	Frs. 125	Frs. 53,762,000 $10,752,400	24	10,190	8	—	—
Crédit Lyonnais	1863	Frs. 20,000,000 $4,000,000	Frs. 200,000,000 $40,000,000	400,000	Frs. 500 B	Frs. 250	Frs. 304,000,000 $60,800,000	35	66,434	35	65	8
Société de Depôts et Comptes-Courants	1863	Frs. 60,000,000 $12,000,000	Frs. 80,000,000 $16,000,000	160,000	Frs. 500 A	Frs. 125	Frs. 64,000,000 $12,800,000	16	18,909	1	—	—
Société Générale (g)	1864	Frs. 120,000,000 $24,000,000	Unchanged.	240,000	Frs. 500 B	Frs. 250	Frs. 287,000,000 $57,400,000	32	46,354	45	131	1
Société Lyonnais de Depôts et Comptes-Courants	1865	Frs. 20,000,000 $4,000,000	Frs. 50,000,000 $10,000,000	100,000	Frs. 500 A	Frs. 125	Frs. 69,000,000 $13,800,000	15	not stated.	—	1	—
Société Marseillaise de Crédit Industriel et Commercial	1865	Frs. 20,000,000 $4,000,000	Frs. 60,000,000 $12,000,000	120,000	Frs. 500 A	Frs. 125	Frs. 34,000,000 $6,800,000	16	not stated.	1	1	—
Banque de Paris et des Pays-Bas	1872	Fs.* 125,000,000 $25,000,000	Frs. †62,500,000 $12,500,000	*125,000 †125,000	*Frs. 1,000 B †Frs. 500 B	*Frs. 500 † In full.	Receives no deposits.	60	not stated.	1	—	3
Banque d'Escompte de Paris	1878	Frs. 50,000,000 $10,000,000	Frs. 100,000,000 $20,000,000	200,000	Frs. 500 A	Frs. 125	Frs. 24,646,000 $4,929,250	31	not stated.	1	—	—

A—Inscribed. B—Bearer.

a The figures given are for deposits proper. Most of the establishments hold, over and above these, creditor balances in current account, forming an aggregate of several hundred millions of francs. The Bank of France not allowing any interest, this distinction does not apply to it, all balances being practically at call.

b Highest, at present paid-up share amount, centimes omitted.

c The 52 applies to sub-offices for the collection of bills payable in the so-called "*villes rattachees*," where the Bank of France has no regular branch.

d Including Central Office.

e The Comptoir d'Escompte has, also, direct representatives in Sydney, Hankow, Hong-Kong, Foochow, and Yokohama.

f The Crédit Foncier is restricted by its statutes to Frs. 80,000,000 deposits.

g The full style of the Société Générale is "Société Générale pour favoriser le développement du Commerce et de l'Industrie en France."

of the three signatures, the Bank has never veritably compounded with; although it has, exceptionally, notably in 1848, in virtue of a special decree, admitted, what were, practically, warrants of merchandize, as security for the lack of a third signature. At the present day, it likewise dispenses with it, on certain approved stocks being deposited in guarantee.

On the other hand, the Bank offers considerable working facilities in its *modus operandi*. Not only does it furnish its customers with cheque-books for drawing upon the bank in the ordinary way—these are called direct cheques, and are violet colored—but also with special books of red colored cheques, so-called *bons de virements rouges*, the object of which is to enable payments to be made by their means, to other persons also having an account at the Bank; without it being possible for any one unlawfully to obtain value of the same, since they only operate as orders to the Bank to transfer such an amount from the drawer's account to some other account in the Bank books, and never as vouchers for the withdrawal of funds from the establishment. A third kind, again, is supplied; these are indirect cheques, pink colored, and are available to draw on other branches of the Bank than that where the account is open. For this purpose the drawer gets them marked at his branch. He is thus enabled to transform his own cheques into what practically become banker's drafts, a charge of half per cent. being made to him for this, unless the amount drawn for be not higher than the amount the Bank may have discounted for him during the previous five days; in which case the marking is free. Indeed, he may, even if he has already drawn out the whole amount of the said discounts, still transfer an equal amount in pink cheques, *franco*, by paying in that amount to his own account.

As regards its rate of discount, the Bank (as the statement in table below will show) has always striven to give it a fixity, which, however arbitrary it may appear, as applied to so shifting a factor as the value of ready money, has, unquestionably, been of considerable advantage to the bulk of traders throughout the country, inasmuch as it relieves them of a not unimportant element of uncertainty in their daily adjustments between buying and selling.

Bank of France.			Bank of England.		
Rate.	*No. of days to each rate.*	*No. of times each rate has prevailed.*	*Rate.*	*No. of days to each rate.*	*No. of times each rate has prevailed.*
2	722	2	2	1,273	7
2½	1,340	2	2¼	28	1
3	1,084	5	2½	780	13
3½	810	7	3	1,629	30
4	1,157	12	3½	671	23
4½	168	5	4	1,012	35
5	1,110	9	4½	179	10
5½	10	1	5	671	23
6	665	8	5½	21	2
7	207	6	6	452	18
8	32	2	7	228	15
...	...	...	8	174	11
...	...	...	9	91	4
...	...	...	10	96	1
	7.305	59		7,305	193

	Bank of France.		Bank of England.
	31st May, 1867, to 18th July, 1876.		*25th July, 1876, to 19th Nov. 1868.*
Greatest number of consecutive days at one rate.	2½ %, 1144 days	..	2%, 482 days.
	1864.		1873.
Greatest number of variations of rates in one year	12	..	25
Greatest range of rates in one year.........	1863.	..	
	3½% to 7%	..	1866.
	1864.	..	3½% to 10%
	4½% to 8%	..	
Average rate for whole period.................	3·77%	..	3·77%

The Bank of France rate, unlike the Bank rate here, is not merely an official *minimum*, more or less binding upon the Bank itself, but an absolute percentage, which it invariably applies to all its customers, regardless of any distinction between them, with no abatement whatever, nor indirect augmentation, whether in the shape of commission or otherwise. Firms with a large command of credit do contrive to maintain an outside market, where cheaper terms may prevail. The Bank rate is, however, at all times an effective rate to a far greater degree than is the case for the English rate; and the Bank of France consequently does a very large discount business both in Paris and in the Departments. Its importance is sufficiently demonstrated by the highest point attained and already quoted for 1882, some £70,000,000, while some idea of the ground covered by the Bank may be gathered from a mere inspection of the *number* of bills handed in for discount in Paris in the same year, viz., 4,927,024, of the total value of 5,139,436,499 fcs. fifty-two centimes giving an average amount per bill of 1043 fcs.—under £42. Out of this gross number of almost five million bills, 1,224,326 were not higher than 100 fcs.; 6742 being as low as, or lower, than ten francs.

RAILROAD POOLS.

The following article, relating to the history and operations of railroad pools, was written by R. W. Merrill, financial editor of the Philadelphia *Press*, and appeared in a recent issue of that paper:

Communism and socialism are looked upon as the most dangerous theories in political economy, and trades' unionism as degrading and enthralling to labor, for it tends to maintain an abnormal scale of wages, which taxes the skillful and industrious for the protection of the indolent and ignorant; and yet the whole principle of the pooling system, which controls more than nine-tenths of the railway capital of this country, is only a beautiful form of communism, in which the railroad, which has the advantages of situation, wise and economical management and energetic administration, is compelled to sacrifice a large percentage of its legitimate profits in order that roads less favored topographically, blackmail roads built not to be operated, but to be sold, roads whose treasuries have been plundered by speculating directors and officers, may be enabled to survive insolvency by levying excessive tariffs. Under the pool system, as now arranged, railway companies may divert freight, at their pleasure, from its natural channels, and, if one company hauls more than its proportion, its managers must not only pay over the entire receipts from the traffic, but tax their stockholders with the cost of doing it. Under this arrangement thousands and thousands of dollars go into the treasury of the pool, from the roads that do the business, to be divided out to those which did not do it, because people would not offer to them, save at a ruinous discount.

Pools are the outgrowth directly of an excess of capacity for the work that is required. Were there business enough for all, there would be no need of a pool; but when the business falls off then the pool comes in as a means of raising prices above what they naturally would be. As long as the pool succeeds it will hold together, but every secret cutting in rates weakens it. The stronger roads will wink at little reductions by roads which are compelled to make concessions in order to get any business at all, as long as the pool rate is maintained above the open market rate; but when infractions become so frequent that the cut rate becomes less than the open market rate, the usefulness of the pool is gone and the pool goes too.

Perhaps the worst features of the pools, which have come to be a necessary evil, is the invitation which they extend to blackmailing speculation. When the trunk line pool, which was the first of all to be organized, it was a very simple affair. There were three trunk lines coming into New York, each controlling a road to Chicago. The New York Central was allowed thirty-four per cent., the Erie thirty-three, and the Pennsylvania thirty-three, with the proviso that the Baltimore and Ohio should furnish it with eight per cent., leaving twenty-five for its own through line. Since then the ramifications of the pool have grown until Commissioner Fink's office has developed from a modest little back room, with half a dozen clerks, to a great establishment, with a regiment of 300 accountants mowing down columns of figures all day long.

Had it not been for the pool, there would have been less railroads, though not necessarily lower rates. If there had been no trunk line pool, the Nickel Plate would never have been called into existence to bleed the Lake Shore of half a million a year, and the West Shore would still be a project and not an accomplished fact. The reasoning is very simple. The Lake Shore was able to do all the business, and the Nickel Plate developed no new traffic. Its managers argued that the Lake Shore was earning ten millions a year, say, and when they got their line built they could demand a third of it, or else cut rates so that the Lake Shore would lose more of it. If the Lake Shore were not in the pool it would be compelled to meet the rate, and there was no chance for the new road. But under the pool the Nickel Plate comes in at once and is given a share of the traffic, without any reason save that it has put itself in a position to hurt the other lines.

As fast as new lines are built pools have to be changed. The Erie built its own line to Chicago, the Chicago and Atlantic, and the pie had to be cut into six pieces, instead of five. It had to go round, and, as it was no bigger than before, all had to take a smaller share, Then the Grand Trunk built its Chicago and Grand Trunk, and again a new division. Nor was the Chicago, St. Louis and Pittsburg inactive, though I do not vouch for the correctness of this sequence. It had been reorganized and wanted more of the live stock traffic, and, of course, its demand was acceded to. The only thing that has saved the pool from eternal smash a score of times has heen the arbitration provision, and the ability and fairness of Commissioner Fink is shown by the fact that appeals have rarely resulted in a change of percentages, and the difference between the percentages claimed and those awarded have never been great enough to warrant the expectation of making more money by rejecting them.

As the pool system has been extending all the time, until it now covers nearly every Western city of any importance, new complications have arisen out of the constant extension of lines into new territory and into that already occupied by other lines. People in the East wonder at the rapid extension of all the great systems of the West, but do not properly appreciate the vastly greater proportion of through traffic and the much greater distances. To build a branch or an extension into a new country when the traffic thus obtained would only be carried twice as far upon the main line would be foolish, but if by building a ten-mile branch, traffic may be had which will give the main line a haul of 1000 miles, the company can well afford to work the branch at a positive loss. The country is essentially an agricultural region, and the main lines could only be made profitable by branches at short distances apart from the main stem.

Take any one of the four great Iowa roads, and if you look at the map which they issue of their own lines you would suppose that they served every principal town in the State; but if you examine more closely a standard map you will see that they gridiron the State in each direction by short lateral branches, North and South, which are deflected so as to give all the larger cities and many of the smaller towns two outlets. At first the Union Pacific had only three feeders at Council Bluffs, and it was not to be expected that the Burlington and Quincy would be shut out from the traffic. so they began by circumventing the Union Pacific. Every transcontinental passenger knows and so does every reader of Congressional debates know the difficulty which was experienced in making the Union Pacific operate the bridge at Council Bluffs as part of its line. All passengers were disembarked at Council Bluffs, no matter by whieh road they came, and then waited the sweet will of the Union Pacific for a train to back slowly over from the station, whose lights were twinkling just across the river. No matter how cold the night, the trains were provokingly irregular, and no one could cross the bridge, even on foot.

The Burlington and Quincy built its own bridge across the river at Plattsmouth, and came up to Omaha, so as to make its own connection with the Union Pacific independent of the bridge. Then the Missouri Pacific and the Wabash built up to Omaha, and they claimed a share of the business, which, of course, had to be granted them. Not long after came the fight about territory, and for a time, as money was more easily to be had then than now, the Iowa roads squandered the money of their stockholders in roads built only to invade each other's territory with little chance of earning any interest on their cost. Again the pool was called in to settle the trouble. Of course, the St. Paul could not be kept out of a Union Pacific connection, and so the Council Bluffs Short Line was built, and there was a fourth road to divide the traffic. Again was the traffic parceled out, but not to the satisfaction of the St. Paul, which had no allowance for the passenger business. The St. Paul traffic was next attacked by the organization of Albert Lea route, and the war of rates followed, which was only settled by the purchase of the Omaha Road by the Northwestern.

All this time the Denver and the Union Pacific were having a fight of their own, the older road trying to starve out its younger rival, which had just come in for a share of the Utah traffic, but the declaration of war which threatened the breaking up of all the half dozen pools beyond Chicago was when the St. Paul finally refused to pay over anything on account of its surplus in the Iowa pool. They wanted their full share of the passenger traffic or they would not divide the live stock traffic, of which they had secured by far the greater portion through the superior facilities which they offered. It was hoped that there would be found some way out of the trouble, but so far meeting after meeting has been held, and though it is pretty certain that some plan of settlement will be found, no one can predict it with certainty. The breaking up of the Iowa pool carried with it the dissolution of the Colorado pool, the Kansas City pool and the Northwestern pool, and raised no end of disturbance with the Transcontinental Traffic Association.

The difficulty was that the pools had not kept pace with the growth of the railroads, and the Burlington and the Northwestern had their trans-Mississippi lines, which gave them an advantage over the Rock Island and the St. Paul in securing east-bound freight. There was but one way out of it—forming a new pool in which Ogden and Chicago should be the terminal points instead of Omaha and Chicago. To retain the old arrangement is as impossible as to organize a trunk-line pool with Buffalo as a terminal point instead of Chicago. The bears have made about all there is to be made out of the fuss, and indications are now that the pool troubles in the West will give them very little more ammunition.

THE PUBLIC DEBT AND THE BANKS.

The article below, taken from the *Pittsburg Leader*, is said to be the view of a banker of large experience. It is replete with admirable good sense, and is well worth laying before our readers:

There is a tendency among those who have been impressed with the immediate inconveniences resulting, at the present juncture of affairs, from the rapid reduction of the public debt to go to the extreme of opposing any reduction at all. This is a view of things which it is to be hoped the majority of the American people will never be led to adopt. A debt is always something which is to be paid, and the only legitimate discussion there can be with reference to its treatment, relates to the manner in which it can be most conveniently and wisely discharged. The country has arrived at a time when further reduction, owing to the nature of our banking system, involves an undue contraction of the currency unless, of course, there is legislation enacted to divert this effect, and hence there is a disposition to adopt the false theory which prevails to some extent in England that a National debt is a National blessing. The advantages of having such a class of securities in the country as the United States bonds is patent. They furnish a safe investment for trust funds and, so long as there is enough of them, a satisfactory basis for our bank circulation, but there is lack of wisdom nevertheless in retaining a large debt and making the people pay interest on it indefinitely for such reasons. A debt is an unnatural scaffolding on which to base a financial system, and it is desirable for us to get off it as gradually as may be necessary to avoid any shock to the economic interests. There is a way to retain the benefits of the present banking system and at the same time to take the National debt from under it, and it is for American statesmanship to devise the method. Until time has been given to digest the subject properly, temporary means may be adopted to stop the sudden contraction, but the fact should never be lost sight of that the debt is not to be suffered to be regarded as permanent. That a nation as enlightened as ours, and as full of material resources, should keep itself under a constant burden is preposterous on its face.

The history of National debts is not one to encourage any such idea. They never stand still. If they are not steadily and persistently reduced they invariably grow large, and as they grow larger the borrowing capacity of the debtor nation at favorable rates is correspondingly reduced, of course only after a certain limit is passed. The great obstacle to-day that stands in the way of Russia's entering upon an extensive war is her inability to borrow money. Her credit is about exhausted. If she borrows at all it must be at high rates of interest. France also has reached a point where additional borrowing lowers the market value of her public securities, and she finds herself crippled in this respect, and subjected to humiliations which she would not otherwise endure. Even England, whose credit ranks higher than any other nation except the United States, has reached a limit which is not regarded without apprehension. Mr. Gladstone has implored Parliament repeatedly to adopt a policy of reduction, while yet the capacity to control the burden remains. His earnest efforts in this direction have only produced a slight decrease which will be more than wiped out by the first extraordinary demand upon the exchequer. It is doubtful if England ever frees herself. Her commercial supremacy has probably about culminated. And should disaster befall her suddenly or her relative strength gradually decline, the time would come when her debt would pass beyond her power to manage it. The English people have grown obtuse and deadened to a state of public indebtedness, which, on general principles, ought to make them nervous. They have perverted their understandings into regarding it as harmlessly permanent, and the difficulty of inducing them to adopt an effective plan of diminishing it is probably insuperable.

All these debts grew to their present proportions because in intervals of peace and prosperity the governments forebore to seize the opportunity to cut them down, and got into the habit of regarding a standstill with complacency. It is important that the American people should not permit themselves to drift into the same habit of thought. We need to continue to feel that every National bond is something to be redeemed at maturity, and that the state of financial equilibrium will not be reached until every obligation is canceled. Everybody is fully aware of the rapid increase of the United States, and of the relatively decreasing burden of the debt, supposing it to be made permanent. It is a trifle, it may be said, on a strong man's back, but a principle may be involved in a trifle as well as in a large matter, and it is the principle of the thing that is to be protested against. It is well enough to take advantage of our debt while we have it to temporarily supply a currency needed in such an emergency as that which was relieved by the National Bank Notes, but to perpetuate the debt indefinitely for the sake of the currency is an entirely different matter. We want to cling to the debt-paying idea, and to feel some degree of mental discomfort until we cease to be a debtor. That is the healthy and normal state of mind for a nation as for an individual. This does not mean that we should act without circumspection in the premises, or be in an undue hurry, but that we should not forget the dictionary definition of the word "debt."

THE POTTER BANKING BILL.

The following is an extract from the circular issued by Mr. William P. St. John, setting forth the grounds for sustaining the Potter Bill recently introduced into the House of Representatives:

The bill proposes to refund the bonded debt of the U. S. at 2½ per cent. interest, to reduce taxation upon circulating bank notes when secured by said 2½ per cent. bonds and, in part of the proceeding, to require an economical method of payment of the National debt.

The Secretary of the Treasury is authorized to receive any outstanding U. S. bonds, and to issue an equal amount of 2½ per cent. bonds in exchange for bonds retired. The new 2½ per cent. bonds are to bear conditions and dates of maturity entirely in accord with the bonds for which, in each case, they are issued in exchange. The tax on circulation when secured by the new bond, is to be one-quarter of one per cent. each half year instead of one-half per cent. as now.

Opportunity of exchange, at par, is offered to the holder of 3 per cent. bonds. This he cannot profitably accept. The service rendered him, however, is material as will hereinafter appear. It will be discovered that if this bill shall be enacted, he need make no haste to purchase other bonds.

To holders of 4 per cent. and 4½ per cent. bonds a cash allowance is offered upon the acceptance of the 2½ per cent. bond of like terms as to maturity, and the sum is to be the difference between the present worth of the aggregate interest obligation of the Government on the bond issued, and that of the bond for which it is retired. It is at this point that amendment is suggested, viz.: to make the computation rate 3 per cent. instead of the 4 per cent. provided. It is in the Government's behalf that the exchange should be general. That it is in the bank's behalf is no less certain. It would appear that the Government could afford to invest its money at 3 per cent. per annum, when at every call of 3 per cent. bonds its present investment is at an average of $\frac{57}{100}$ per cent. less than 3 per cent. The quarterly payment of interest upon the 3 per cent. bonds is equivalent to an annual payment of 3.0335. The semi-annual tax return for bonds pledged for bank notes is .9034 per annum. The net obligation of the Government to the National banks is therefore $2\frac{13}{100}$ per cent. per annum, and two-thirds in amount of the outstanding 3 per cent. bonds are pledged for bank notes. Thus one-third at $3\frac{03}{100}$ and two-thirds at $2\frac{13}{100}$ yield together $2\frac{43}{100}$ per cent. per annum, as the rate upon the entire investment at every Treasury call of 3 per cent. bonds.

If the Government would accept as sufficient a saving of interest at the rate of 3 per cent. per annum, quarterly compounded, for all the period to the maturity date of each of its bonds, then, upon its issue of a $2\frac{1}{2}$ per cent. bond of like maturity as the bond retired in the exchange, it may pay in cash at present for the 4 per cent. bond $125\frac{3}{8}$ per cent., and for the $4\frac{1}{2}$ per cent. bond $113\frac{3}{8}$ per cent. If the rate of 4 per cent. per annum is to be exacted, then $122\frac{3}{4}$ and $112\frac{9}{10}$ per cent., respectively, can be paid. Then only so many of present owners as can acceptably use their money at 4 per cent, per annum, or higher, can profitably consent to the exchange. Corporations and others who carry Government bonds for the purpose of relief from taxation, or to have something available in cash for the time of need, may some of them make the exchange even at the 4 per cent. rate, but not to part with the new bond when received. Relief from the danger of bank note contraction in that event, though much delayed as the result of this bill, will be but temporary therefore, if this 4 per cent. rate shall be finally enacted. The National Banks, as a rule, employ their means at 4 per cent., or better, hence the cash received in such exchange, even at the 4 per cent. rate, would enable them with profit to continue their note issue by purchase of the long bonds, when required, in order to exchange them when the Treasury surplus shall permit. To those who use money at higher rates than already named—at 5 per cent.—the parity of the exchange to them would be for the 4 per cent. bonds $120\frac{66}{100}$ per cent., and for the $4\frac{1}{2}$ per cent. bonds $112\frac{45}{100}$ per cent., and at 6 per cent. $118\frac{88}{100}$ and $112\frac{1}{100}$, respectively. The banks now pledging 4 per cent. and $4\frac{1}{2}$ per cent. bonds will thus discover the handsome inducement which this bill offers them. And those now pledging 3 per cent. bonds, though not so directly gainers, will yet be benefited importantly, as follows:

First, the money to be expended in the exchange of 4 per cent. and $4\frac{1}{2}$ per cent. bonds—if at the 3 per cent. rate, which I urge—would profitably employ some two hundred million dollars of the surplus (if the money were on hand and all were exchanged $220,500,000). This means two years to expire before the earliest calling of 3 per cents again begins, even though the present rate of taxation should continue. Meanwhile, with public confidence restored, better business should result, with an improved demand for money in consequence. Many investors at present carrying Government bonds for safety, will, when reassured, elect to make a change for securities returning better income. This means lower prices for the 4 per cents. and $4\frac{1}{2}$ per cents. than have ruled for three months past. In October last the large advance began, and it reached its climax in December. The shrinkage since is only slight as yet, but let the supposed urgent bank demand for these long date bonds be once removed—which it appears to be the aim of those advocating the Senate McPherson and similar bills to continue, rather, and increase—and then the present owners of 3 per cents. will conveniently and profitably become possessed of what they need of 4 per cent. and $4\frac{1}{2}$ per cent. bonds during the next two years to come.

AUTHORITY OF BANK CASHIER.

SUPREME COURT OF THE UNITED STATES.—OCTOBER TERM, 1883.

Martin v. *Webb.*

A banking corporation, whose charter does not otherwise provide, may be represented by its cashier in transactions outside of his ordinary duties, without his authority to do so being in writing, or appearing in the records of the proceedings of the directors.

His authority may be by parol, and collected from circumstances, or implied from the conduct or acquiescence of the directors.

It may be inferred from the general manner in which, for a period sufficiently long to establish a settled course of business, he has been suffered by the directors, without interference or inquiry, to conduct the affairs of the bank.

When, during a series of years, or in numerous business transactions, he has been permitted, in his official capacity, and without objection, to pursue a particular course of conduct, it may be presumed, as between the bank and those who in good faith deal with it upon the basis of his authority to represent the corporation, that he has acted in conformity with instructions received from those who have the right to control its operations.

That which directors ought, by proper diligence, to have known as to the general course of the bank's business, they may be presumed to have known in any contest between the corporation and those who are justified by the circumstances in dealing with it upon the basis of that course of business.

Mr. Justice Harlan delivered the opinion of the court.

This is an appeal from a decree in two suits in equity, commenced in one of the courts of the State of Missouri, and thence removed into the Circuit Court of the United States for the Western District of that State, where, by consent, they were consolidated for final hearing.

The question presented is whether the appellant, the Daviess County Savings Association, a banking corporation of Missouri, doing business at Gallatin, in that State, is, under the circumstances of this case, estopped to deny that the cancellation, in its name and by its cashier, of certain notes secured by trust deeds upon real estate, and the release of record of the liens given by those deeds, was by its authority, and binding upon it.

The facts bearing upon this question, as they are disclosed by the pleadings, testimony and stipulations of counsel, are substantially as will be now stated.

On the thirtieth day of June, 1879, one Patrick S. Kenney was largely indebted to that association. The indebtedness was secured by recorded deeds of trust upon several tracts of land, in some of which, embracing a large part of this indebtedness to the bank, his wife had not joined. These deeds bore date, respectively, February 8, 1872, November 17, 1873, December 20, 1873, August 28, 1874, September 21, 1874, May 24, 1875, and April 1, 1876. In three of them the trustee was Robert M. Tomlin, who, at the date of their execution, and during the entire period covered by the transactions to be hereafter recited, was a director and the cashier of the bank. Kenney and wife had also executed and delivered a deed of trust upon a portion of the same lands, for the benefit of James D. Powers, to secure a debt of $5000 and interest. As to the lands therein described, it gave a lien superior to that created by any of the before-mentioned deeds, except the one of date February 8, 1872.

On the fifteenth of July, 1875, and first day of November of the same year, respectively, the Exchange Bank of Breckenridge, Missouri, and one Thomas Ryan, obtained judgments for money against Kenney, which on June 30th, 1879, remained, or were believed by those interested in them to remain, liens superior to that given by the foregoing deed of April 1, 1876.

It was desired by Tomlin, the cashier, to have Kenney's indebtedness to the bank in better shape than it was, and to secure further time on his indebtedness to other parties. He also deemed it important that the liens upon these lands (whether created by trust deeds or judgments), which were prior to those held by the bank, should be removed, and that Mrs. Kenney's signature be obtained to a trust deed or deeds in favor of the bank, covering all the lands of her husband. He, therefore, requested Kenney to obtain a loan of money sufficient to satisfy all liens prior to those held by the bank. Tomlin did not wish his bank to make further advancements to Kenney, believing the latter would be more prompt with strangers, than with the bank in paying interest as it matured. In order to effect the desired result, application was made by the cashier to Frank & Darrow, of Corning, Iowa, for a loan to Kenney. After some negotiations, that firm made an arragement with Albert S. Webb, R. L. Belknap, and William H. Kane, of New York, trustees under the will of Henry R. Remsen, for a loan of money to Kenney for five years, at eight per cent. interest, to be secured by a trust deed on his lands, which would give them a lien prior and superior to that held by all others, including the bank. It was expressly agreed between Frank & Darrow, representing the trustees of Remsen on one side, and Kenney and Tomlin, the latter representing his bank, on the other side, that the money thus obtained should be applied, as far as necessary, to the debts secured by the before-mentioned Powers deed of trust, and to the two judgments against Kenney; that the balance should be paid to the bank, which should then cancel and surrender the notes held against Kenney, taking a new note from him, and enter of record satisfaction and release of its liens under the several deeds; that Kenney and wife should execute a deed of trust, giving a first lien to Remsen's trustees to secure the loan by them made; a like deed, giving a lien subordinate to that of Remsen's trustees, to secure Frank & Darrow in the sum of $1000, the amount stipulated to be paid them for effecting the loan; that Kenney's wife should also make a deed of trust on the same lands to the Daviess County Savings Association, giving a lien subordinate to those given to Remsen's trustees and to Frank & Darrow, for the balance of their claims against Kenney remaining after crediting such portion of the $10,000 received from Remsen's trustees as should be paid to the bank.

No part of the sum received from Remsen's trustees was paid directly to or disbursed by Kenney; but conformably to the agreement between the parties, $5200 of it was applied in satisfaction of the debt secured by the Powers deed of trust, $1689.86 in discharge of the two personal judgments against Kenney, and the balance, $3110.14, was paid to the bank. A new note was then executed to the bank by Kenney, and the $3110.14 entered on its books as a partial payment thereof. Satisfaction was entered of record in the name of the bank by its cashier of all the debts held against Kenney, and the old deeds of trust held were also cancelled of record in its name by the cashier. Deeds of trust executed by Kenney and wife, of date July 1, 1879, were then placed upon record, all on August 6, 1879, but distinctly giving liens upon the lands in the order already indicated.

The new deed to the bank, in addition, expressly provides that the lien thereby created is subordinate to that given Remsen's trustees.

The old notes of Kenney were marked by the cashier on the books of the bank as paid, and the new note entered as the one Kenney was to pay. The $3110.14 went into the general funds of the bank, and was used in its business. The old notes and deeds being first stamped by the cashier as "paid," were placed by him in an envelope marked with Kenney's address. The cashier had promised when this arrangement was consummated to send them to Kenney, but finding the package containing them to be bulky, they were held for delivery to him when he should call at the bank.

The Daviess County Savings Association was organized in 1865. Of its paid up capital stock, at the time of these transactions, all, except a very small amount, was owned by McFerran, Hemry and Tuggle—McFerran owning a majority of the whole stock. McFerran was elected President, and from some time in 1870, until January 1, 1872, Tomlin was acting cashier, and from the latter date until January 1, 1881, he was cashier. At the outset the business seemed to have been managed entirely by the cashier, under the general supervision or direction of McFerran. But desiring to extend the field of his business operations, the latter removed in 1873 to Colorado, and there engaged in banking business. He did not return to Missouri until February, 1881. During his absence, and up to 1879, he claimed to be the president of the association. But during the whole period of McFerran's absence, the exclusive management of the business of the bank seemed to have been left to the cashier, without interference from any quarter. This state of things continued even after the election of Hemry as president on first day of January, 1879. Tuggle, one of the directors, says he never gave much attention to the affairs of the bank. He resided some distance from Gallatin, came to town about once a month, staying sometimes a week; was in the bank frequently, but never gave much attention to its affairs; when there he would inquire of the officers how it was "running," or "getting along," but he never examined its books, money or notes; and when in town, did not, he says, do anything about "running the affairs of the bank." He testifies that the meetings of the board of directors were "simply for the purpose of electing officers and declaring dividends." He knew that the business of the bank was varied, presenting itself in different forms; that deeds of trust were taken from time to time, and that in the course of its business it was necessary to cancel such deeds. Upon cross-examination, he said: "Tomlin was attending to the business of the bank from 1873 up to the time this loan was made. . . . When a man applied to the bank for a loan, or to have a deed of trust changed, or the security changed, my understanding was that Tomlin attended to it. . . . I never questioned Tomlin's right to cancel a deed of trust from 1873 to 1879; never knew of any other director questioning his right during that time. . . . Tomlin was acting as cashier from 1865 up to the time of making this loan, and, so far as I know, was transacting generally all the business necessary to be transacted here at the bank.' When asked by whom he expected a deed of trust to be cancelled, when executed by one who applied to the bank for a loan, and gave other security, and wished that deed released, his answer was: "I expected Tomlin attended to it." When asked whom he supposed had such authority from 1873 to the time of the loan in question, his answer was: "I understood he (Tomlin) was doing it. I never thought much of it, and knew nothing about his authority." Again, the same witness: "My understanding is that Tomlin was doing the business of the bank. Can not say when it was I first heard of this loan. When I heard it I did not do anything." Hemry, the other director, and who was elected president of the bank for 1879, said that he did not, nor did any individual director, to his knowledge, give orders as to the release of securities. "To be very particular," said he, "I don't think of any particular case in which I directed or advised." It thus appears that from 1873 up to 1880, during McFerran's absence in Colorado, there could have been no supervision of the business by him, and that the local directors surrendered all control to the cashier, who was their co-director. If they did not abdicate all authority as directors, they acquiesced in the cashier's assumption of exclusive management of the bank's business.

Tomlin understood, and from the conduct of the directors, had reason to understand, that he was invested with full authority to manage the operations of the bank according to his best judgment, and without disturbing the directors. This explains the fact—which is quite extraordinary in view of the present position of the bank—that from 1873 to 1880, inclusive, Tomlin, as cashier, entered in the name of the bank, upon the proper records of the county, satisfaction of more than one hundred and fifty different deeds of trust executed to secure debts held by the corporation. In no instance did he receive previous orders to do so from the directors. His authority or duty to do so was never questioned, to his knowledge, or to the knowledge of any one having business with the bank. To all who came into the bank or had transactions with it, his control seemed to be as absolute as if he were the owner of all the stock. His authority to make the arrangement with Kenney, Frank & Darrow, and Remsen's trustees, was never questioned by any one until February, 1880, when McFerran returned from Colorado on a visit to Missouri. Tomlin, during his explanation of the details of that arrangement, exhibited to him the old notes and trust deeds, they having remained in his possession in the package in which he originally placed them for Kenney. McFerran took possession of them, claiming that they were the property of the bank, although after the new deed of trust Kenney had given up the land to the bank and took back a lease from it.

The bank having, through Tomlin's management and with the money obtained from Remsen's trustees, removed the lien given by the Powers' deed of trust, and the lien, or the claim of lien, upon a part of the lands in virtue of the judgments obtained by the Exchange Bank of Breckenridge and Ryan, now ignores the new deed of trust, and seeks to foreclose the lien given by the original deeds, thereby defeating the prior lien given to Remsen's trustees by the deed of 1879; this, upon the ground that Tomlin as cashier, without authority and without their knowledge, had assumed to discharge the original debts, to cancel the original trust deeds, and to take a new note secured by a new deed of trust. It is to be observed that while the bank repudiates this arrangement, upon the faith of which Remsen's trustees parted with their money, it retains and does not offer to return, but has used in its business $3110.14 of the sum loaned by those trustees through Frank & Darrow to Kenney. It is willing to accept all the benefits resulting from the acts of its cashier, but endeavors to escape the burdens attached to it by the agreement of the parties.

We have stated with some fullness the circumstances disclosed by the record, so that the general expression in this opinion may be interpreted by the facts of this case. To permit the bank, under these circumstances, to dispute the binding force of the arrangement made by its cashier in reference to Kenney's indebtedness, including the cancellation of the old note and trust deeds, and the acceptance of the new ones, would be a mockery of justice. It is quite true, as contended by counsel for appellants, that a cashier of a bank has no power, by virtue of his office, to bind the corporation except in the discharge of his ordinary duties, and that the ordinary business of a bank does not comprehend a contract made by a cashier, without delegation of power by the board of directors, involving the payment of money not loaned by the bank in the customary way: *United States Bank* v. *Dunn*, 6 Pet. 51; *United States* v. *City Bank of Columbus*, 21 How. 356; *Merchants' Bank* v. *State Bank*, 10 Wall. 604. Ordinarily he has no power to discharge a debtor without payment, nor surrender the assets or securities of the bank. And, strictly speaking, he may not, in the absence of authority conferred by the directors, cancel its deeds of trust given as security for money loaned—certainly not, unless the debt secured is paid. As the executive officer of the bank, he transacts its business, under the order and supervision of the board of directors. He is their arm in the management of its financial operations. While these propositions are recognized in the adjudged cases as sound, it is clear that a banking corporation may be represented by its cashier—at least where its charter does not otherwise provide—in transactions outside of his ordinary duties, without his authority to do so being in writing, or appearing upon the record of the proceedings of the directors. His authority may be by parole, and collected from circumstances. It may be inferred from the general manner in which, for a period sufficiently long to establish a settled course of business, he has been allowed, without interference, to conduct the affairs of the bank. It may be implied from the conduct or acquiescence of the corporations as represented by the board of directors. When, during a series of years, or in numerous business transactions, he has been permitted, without objection, and in his official capacity, to pursue a particular course of conduct, it may be presumed, as between the bank and those who in good faith deal with it upon the basis of his authority to represent the corporation, that he has acted in conformity with instructions received from those who have the right to control its operations. Directors can not, in justice to those who deal with the bank, shut their eyes to what is going on around them. It is their duty to use ordinary diligence in ascertaining the condition of its business, and to exercise reasonable control and supervision of its officers. They have something more to do than, from time to time, to elect the officers of the bank, and to make declarations of dividends. That which they ought, by proper diligence, to have known as to the general course of business in the bank, they may be presumed to have known in any contest between the corporation and those who are justified by the circumstances in dealing with its officers upon the basis of that course of business.

These principles govern the case before us, and lead necessarily to an affirmance of the decree adjudging the surrender cancellation of the old deeds and the notes given by Kenney, and declaring the liens in favor of Remsen's trustees and Frank and Darrow to be superior to that of the bank.

It is so ordered.

BANK CHECK AS AN EQUITABLE ASSIGNMENT.

SUPREME COURT OF MISSOURI, 1883.

Dickinson v. Coats.

A check, drawn in the usual form on a bank against a portion of a deposit therein, does not before presentment and acceptance operate either at law or in equity as an assignment of so much of the deposit called for by the check.

Appeal from Jackson County.

The Mastin Bank of Kansas City delivered on August 2, 1878, to plaintiff its check in the usual form, for $500, drawn on the Metropolitan National Bank of New York City, that bank being its regular correspondent and depositary in that city, and having then on deposit between fifty and sixty thousand dollars. On August 3d the Mastin Bank suspended, and made an assignment to Coats for the benefit of creditors. The Metropolitan Bank was duly notified of the assignment, and on August 5th, when the check was presented to it, payment was refused. The check was protested for non-payment and due notice given. In September thereafter Coats collected the money deposited in the Metropolitan Bank. The question is, did the check operate, before presentment and acceptance by the drawee, as an assignment either at law or in equity of so much of the said deposit as its terms called for? The assignee appealed.

NORTON, J., in delivering the opinion of the Court, said: The question presented has been answered in the negative by the Supreme Court of the United States in the following cases: *Thompson* v. *Riggs*, 5 Wall. 663; *Christmas* v. *Russell*, 14 Ib. 69; *Bank* v. *Millard*, 10 Ib. 152. In the case last cited Justice Davis, who delivered the opinion of the Court, observed: "It is no longer an open question of this Court, since the decisions in the cases of *Marine Bank* v. *Fulton Bank*, 2 Ib. 256, and *Thompson* v. *Riggs*, *supra*, that the relation of banker and customer in their pecuniary dealings is that of debtor and creditor; it is an important part of the business of banking to receive deposits, but when they are received, unless there are stipulations to the contrary, they belong to the bank, to be loaned as its other moneys. The banker is accountable for the deposits which he receives as a debtor, and he agrees to discharge those debts by honoring the checks which the depositors shall, from time to time, draw upon him. The contract between the parties is purely a legal one, and has nothing of the nature of a trust in it. The holder takes the check on the credit of the drawer, in the belief that he has funds to meet it, but in no case can the bank be said to be connected with the transaction. If it were true that this was a privity of contract between the bank and the holder, when the check was given, the bank would be obliged to pay the check, although the drawer, before it was presented, had countermanded its payment, and although other checks drawn after it was issued, but before payment of it was demanded, had exhausted the funds of the depositor. If such a result would follow the giving of checks it would be easy to see that bankers would be compelled to abandon altogether the business of keeping deposits for customers. The right of depositor, as was said by an eminent judge, is a chose in action, and his check does not transfer the debt, or give a lien upon it, to a third person, without the assent of the depositary. This is a well-established principle of law, and is sustained by English and American authorities." In *Christmas* v. *Russel, supra,* Justice Swayne, speaking for the court, said that a bill of exchange or check is not an equitable assignment *pro tanto* of the funds of the drawer, in the hands of the drawee. The English authorities are to the same effect, of which the case of *Hopkinson* v. *Forster,* 19 L. R. Eq. Cas. 74 (decided in 1873), is alike, and where it was held that a check was not an equitable assignment of the drawer's balance at his bankers. The courts of New York also return a negative answer to the question before us, in the following cases: *Lunt* v. *Bank,* 49 Barb. 221; *Chapman* v. *White,* 2 Seld. 412; *Ætna Bank* v. *Bank,* 46 N. Y. 82; *Duncan* v *Berlin,* 60 Ib 151; *Attorney General* v. *Ins. Co.* 71 Ib. 325. In *Lunt* v. *Bank, supra,* it is said, "Checks drawn in the ordinary general form not describing any particular fund, or using any word of transfer of the whole or any part of the account, standing to the credit of the drawer in the bank upon which they are drawn, but containing only the usual request directed to the bank, to pay to the order of the payee named a certain sum of money, are of the same legal effect as inland bills of exchange, and do not amount to an assignment of the funds of the drawer in the bank, and there is no liability of the party upon whom such instrument is drawn. See also, 2 *Addison on Contr.* 493; *Byles on Bills,* 61, note 1; 2 *Parsons on Notes and Bills,* 61, note 1. Also *Bush* v. *Foote,* 58 Miss 5 (1880). We have been cited by counsel for plaintiff to a number of authorities as establishing a contrary doctrine to that announced in those above referred to, and upon examination of them find but three States where the question has otherwise been ruled upon by the courts of last resort. [His honor then considered the cases of *Fogarties* v. *Stillman,* 12 Rich. (S. C.) 518; *Munn* v. *Buck,* 25 Ill. 35; followed in 28 Ill. 168; 80 Ill. 212, and *Roberts* v. *Austin,* 26 Iowa, 315.] In an investigation of this question we have confined our examination of the decisions of courts of last resort, and in the light of the authorities we must answer the question presented in the record in the negative, and hold that the fund sought to be appropriated by the plaintiff to the payment of his debt, and in the hands of defendant as assignee, is only subject to *pro rata* distribution among the creditors of the Mastin Bank, of whom plaintiff is one, whose claims have been allowed in due course of administering the trust.

Reversed and remanded.

LEGAL MISCELLANY.

CONFLICT OF LAW—LOAN IN ONE STATE GOVERNED BY LAWS OF ANOTHER—USURY.—A citizen of another State may contract in this State for the loan of money to be used in the State of his residence, and agree to pay interest therefor, lawful by the laws of the latter State, although the rate exceeds that allowed by the laws of this State. In such case the contract is not rendered usurious by the fact that the note is executed in Ohio, if the parties, without intending to evade our usury laws, contract with reference to the laws of the State where the debtor resides. It is not essential to the validity of such contract as to the interest that the note should be made payable in express terms in the State where the maker resides. To ascertain whether the parties intended in good faith to contract with reference to the laws of such State, all the circumstances surrounding the transaction will be examined. *Fisher* v. *Otis*, 3 Chandl. 102; *Butters* v. *Old*, 11 Iowa 1; *Arnold* v. *Potter*, 52 id. 198; *Newman* v. *Kershaw*, 10 Wis. 340; *Horsford* v. *Nichols*, 1 Paige Ch. 225; *Townsend* v. *Riley*, 46 N. H. 300; *Depau* v. *Humphreys*, 20 Martin (La.) 1; *Fanning* v. *Consequa*, 17 Johns 511; *Pratt* v. *Adams*, 7 Paige, 615; *Chapman* v. *Robertson*, 6 id. 627; *Richards* v. *Globe Bank*, 12 Wis. 696; *Arnold* v. *Potter*, 22 Iowa 198; *Tillotson* v. *Tillotson*, 34 Conn. 336; *Jewell* v. *Wright*, 30 N.Y. 264; *Newman* v. *Kershaw*, 10 Wis. 341; *Fisher* v. *Otis*, 3 Chandl. 83; *Horsford* v. *Nichols*, 1 Paige Ch. 225; *Kellogg* v. *Miller*, 13 Fed. Rep. 198; *Tilden* v. *Blair*, 21 Wall. 241; *Wayne Co. Sav. Bk.* v. *Lowe*, 6 Abb. (N. C.) 76; S. C., 81 N. Y. 569; *Vliet* v. *Camp*, 13 Wis. 208; *Robinson* v. *Bland*, 2 Bar. 1078. Ohio Sup. Ct., January Term, 1883. *Scott* v. *Perlee*. Opinion by Doyle, J. (39 Ohio St. 63).

NEGOTIABLE INSTRUMENT—WHAT IS?—ALTERATION OF NOTE.—A note read as follows: "Twelve months after date (or before, if made out of the sale of Drake's hay-fork and hay-carrier) I promise to pay to James B. Drake, or bearer, sixty dollars, negotiable and payable at the First National Bank, Sioux City, Ia., with ten per cent. interest after the date until paid. If interest is not paid when due the same shall bear interest at ten per cent.; and if expenses and costs are incurred by the holder in consequence of a failure to pay at maturity, the undersigned agrees to pay a collection fee of ten per cent. on the amount due." After it was executed, the words "First," before "National Bank," and "Sioux City, Ia.," were inserted without knowledge of the maker. *Held* (1), that the note was negotiable, and (2) that the alteration was material, and discharged the maker even as to a *bona fide* holder for value. In *Walker* v. *Woollen*, 54 Ind. 164, it was held that a note almost identical with the one at bar, and in all material respects the same, was negotiable. In *Ernst* v. *Stackman*, 74 Penn. St. 1, a note payable twelve months after date, or before, if made out of the sale of W. D. Coffman's improved broadcast seeding machine, was held to be negotiable. See also to the same effect, *Capron* v. *Capron*, 44 Vt. 410; *Cota* v. *Buck*, 7 Metc. 588; *Palmer* v. *Hummer*, 10 Kan. 464; 1 *Daniel Neg. Inst.*, §§ 42, 43. The case of *Miller* v. *Poage*, 56 Iowa 96, is not the one at bar. The decision of the majority of the court in that case was placed upon the ground that the note was payable out of a particular fund, and hence was payable upon condition. The case of *Alexander* v. *Thomas*, L. R., 16 Q. B. 333, is not recognized in the United States as announcing a correct rule. See 1 *Daniel Neg. Inst.*, § 42. That the alteration in question is a material one, sufficient as between the original parties to discharge the maker, is sustained by the following authorities: *Woodworth* v. *Bank of America*, 19 Johns 392; *Adair* v. *England*, 12 N. W. Rep. 277; *Townsend* v. *Star Wagon Co.*, 7 id. 274; *White* v. *Hass*, 32 Ala., 430; *Nazro* v. *Fuller*, 24 Wend. 374; *Whitesides* v. *Bank of Kentucky*, 10 Bush. 501. That a material alteration of a note may be shown, even as against the indorsee thereof for value before maturity, was determined by this court in *Knoxville National Bank* v. *Clark*, 51 Iowa 564. Iowa Sup. Ct., June 8, 1883. *Charlton* v. *Reed*. Opinion by Day, J.

CURRENT EVENTS AND COMMENTS.

NEVADA NICKEL MINES.

As the discovery of nickel on the Pacific Coast has opened a new field of mining industry, and one which has every indication of becoming equal to the Comstock in richness, the *Record-Union* concluded to gather the facts. In this discovery, as in hundreds of other great finds, these mines have been lying for years in plain sight of the stage road where people constantly travel, without even notice. Samples of the ore have been sent to different assayers for copper, but none ever took the trouble to analyze the rock until it was sent to San Francisco, in 1881. Upon examination it was found to contain a large per cent. of nickel. More of the ore being secured, it was analyzed, proving the first result. Upon this showing W. S. Bell was sent to discover the locations, and succeeded in finding the richest and most valuable nickel property ever discovered. The discovery being kept as secret as possible, nothing was known as to its extent until recently. The property is in the northern portion of Churchill County, Nevada.

The property has been well prospected and the largest bodies of this mineral exposed that have been known. The nickel ores of Pennsylvania average but two per cent.; they are reduced on the ground to fifteen per cent., and sent to Camden, N. J., where they are again reduced and the metal extracted. The nickel found in Oregon has also been opened, but to what extent cannot be ascertained. Thirty tons of the Nevada nickel were sent to London, which graded twenty nine and one-fourth per cent. These mines are the only ones yet discovered that carry uniformly the three distinct characters viz., arsenuiret, which is a grayish, metallic red; arseniate, a beautiful apple green; and arsenite, having a dark metallic luster. As devėlopments progress the former characters are merged into the latter, caused by non-oxidation.

THE FORESTS OF THE SOUTH.

A recent letter from Frankfort says that the lumber interests of Kentucky are showing signs of rapid development. One-half of the State is covered by forests of valuable timber, which is beginning to find a market. Within eighteen months large mills have been erected on the Cumberland River at the crossings of the Cincinnati Southern Railroad and of the Louisville and Knoxville Railroad, at the crossings of the Chesapeake and Ohio and the Licking River, the Kentucky Central and the Kentucky River, and the Kentucky Union Railroad and the Red River. Along these roads, mills, stove factories, handle factories, &c., have been erected, and the next few years will show a wonderful increase in the products of the forests of Kentucky. The large tanneries in Louisville and Cincinnati look to Kentucky for supplies of bark, and in the future the stove factories, the agricultural implements and car factories of Ohio and the North must look to the South for supplies of hard wood timber. The maps and reports just published as the results of inquiries into the forest resources of the United States, by the experts of the tenth census, show that all of the available timber of the northern lake region at the present rate of cutting will be gone in ten or twelve years from June, 1880. From whence then is the great North-west to be supplied? Michigan pine is sold in Louisville, Cincinnati, and all the cities in the North and West. The largest area of white oak, yellow poplar, walnut, ash, etc., is in South-eastern Kentucky and Western North Carolina, and with transportation secured, Louisville and Cincinnati must, in a few years, exchange places with Chicago and Cleveland as the great lumber distributing points.

In Western North Carolina are extensive forests of white pine, and in the eastern part of that State is the celebrated long leaf pine, and in South Carolina valuable forests of pines and cypress. There yet remain in North Carolina 40,000 square miles of valuable forests. Of the sixty-two varieties of timber found east of the Rocky Mountains, North Carolina has in great abundance fifty-four varieties of the most valuable. This large area of timber, in North Carolina, as large as the State of Ohio, added to the timbers of Eastern Kentucky, South-west Virginia, and East Tennessee, will probably for years furnish profitable transportation to railways penetrating southward from the Ohio River, and bring great wealth to the Southern States.

GOLD DISCOVERY IN NORWAY.

A few months ago we gave some particulars of this important discovery. We understand that since then the lode has been opened to a greater extent, and has revealed what is considered to be one of the most wonderful auriferous veins that has been met with in any country for many years. A well-known, eminent, practical authority has recently examined the property, and his report fully bears out the views we have above expressed. He brought home a number of samples (each weighing several quarters of a hundredweight) taken from much larger quantities of stuff shot down from the lode, and well mixed and divided, the assays of which gave exceedingly good results, while a number of selected specimens are extremely rich, one stone in particular having a strong branch of gold about an inch wide running through it, which can be seen in the lode where this stone was taken from. The gold in this specimen alone is valued at £60. The matter is in the hands of Mr. Murchison, of Austin Friars, and with the experienced advice and valuable co-operation of Capt. Daw, the able manager of Bratsberg, this concern will probably become in a short time another grand success. Most if not all the capital is likely to be subscribed privately. The property is easily accessible, and it is no inconsiderable advantage that it is within two days' journey of England.—*London Mining Journal.*

GAS FROM SAWDUST.

The Minneapolis *Tribune* has received from George Walker, manager of the sawdust-gas works at Desoronto, Ont., some interesting information respecting the manufacture of the new gas. Mr. Walker is making illuminating gas from dry sawdust, and is producing, from each net ton of sawdust, from 20,000 to 30,000 cubic feet of gas. This, when purified and ready for use, is stated to be fully equal to ordinary coal gas and as wood contains no sulphur and very little ammonia, the purifying process is easier and much less expensive than in the case of gas made from coal. It is apparently a simple matter to change a coal-gas plant for the new process, as the storage and distribution, and in fact most of the apparatus, are precisely the same for sawdust gas as for coal gas, and the same burners are used for both.

The sawdust from which Mr. Walker makes gas at Desoronto is from white pine, but the gas can be made from wood of any variety, although resinous wood is preferable, by reason of its larger yield of gas. Mr. Walker's process is carried on almost entirely by machinery, the sawdust being dried and fed into the apparatus, and the product discharged almost without labor. In places where a market exists for the other products of the carbonization of sawdust—for gunpowder material, wood tar, acetic acid, wood alcohol, etc.—the cost of the gas is reduced to an extremely low figure.

The experiment at Desoronto seems to be quite successful, and it is probable that the new gas will be introduced elsewhere where the raw material is plentiful.

THE ARGENTINE REPUBLIC.

According to the report of our Consul at Buenos Ayres, the Argentine Republic is to be one of the great grain-producing countries of the world. He estimates the wheat crop of this year at 19,500,000 bushels, more than half of which will be surplus for export, and adds that the surplus corn will amount to 5,000,000 bushels. The number of acres devoted to agriculture has more than doubled in the last six years, yet there are less than 2,000,000 acres under cultivation in the fourteen provinces, out of 800,000,000, the greater part of the remainder being used for grazing cattle or sheep. The republic has a climate that ranges from the sub-tropical to that of Northern Canada. Experiments seem to prove that the pampas are remarkably fertile under cultivation, and admirably fitted for cereal crops. Exploration in Patagonia has revealed rich meadows and valleys capable of sustaining millions of cattle and sheep. The fertility of these lands will make them hereafter, in the Consul's opinion, the granary and garden of the republic. Several settlements have recently been made on the Atlantic coast of the Province, and the inhabitants are raising wheat. We sometimes forget that Patagonia lies in the latitude of the northern half of the United States, while the climate of the more important Argentine Provinces is that of the United States below Mason and Dixon's line. The republic has only 2,500,000 inhabitants, and most of these are indolent and conservative. The number of immigrants increases annually, however, and the wealth of the country's soil and mineral deposits will certainly be developed in the course of time. Consul Baker makes the prediction that at some time, although not in the near future, the republic will contend with the United States for a division of the export trade in grain.

SUGAR PRODUCTION IN CUBA.

The sugar interests of Cuba, according to the report of the United States Consul at Matanzas, are in a melancholy condition. The crop has been steadily decreasing since 1873, when it was 770,000 tons, and it is estimated that the production for the past year will show a falling off of thirty per cent., or 230,000 less than in 1873. The Consul says that the island is capable of producing millions of tons, and being within less than 100 miles of the United States it could, under proper management and a judicious internal policy, give to that country double the amount which it at present consumes, whereas it now offers to commerce only about one-third of its possible production. He ascribes the falling off to bad financial and agricultural management. Estates capable of producing sugar worth from $150,000 to $375,000 a year are in a most deplorable condition. The greatest burden upon the island is the terrible taxation inflicted upon it by the mother country.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. PRESENTMENT OF COUNTRY CHECKS THROUGH CITY CLEARING-HOUSE.

The banks in many of the towns near Boston "clear" through banks in Boston, *i. e.*, checks on the Natick National Bank are charged the "North" of this city through the Clearing-house. Those on the Union Market of Watertown through the "Second," &c., &c. Now, if any checks on these banks are returned to the charging bank at 1 P. M. "not good," would a presentation for protest at the Boston agent's counter be legal? And if it is impossible to get to the country bank to present the check the same day, would a presentation for protest the next day be legal? Or, if this check, refused in Boston, is presented next day out of town, and refused there, would a protest hold or be legal?

REPLY.—We suppose the inquirer means to ask what, if a check such as is described, is returned from the Clearing-house as being "not good," it is necessary for the holder to do, in order to charge the drawer and indorsers? In the first place, it should be noted that a formal protest is unnecessary, and that a simple notice of dishonor to the parties is sufficient for this purpose. The custom of employing notaries to protest notes and checks has grown up from the convenience such a course affords in preserving the evidence of presentment and notice. The first question is, whether presentment of the check through the Clearing-house to the Boston agent is a sufficient legal presentment to the country bank? We do not know that this question has been judicially determined. We understand, however, that it is customary for the country banks using the Boston Clearing-house to give notice to the members of the Clearing-house Association, that checks upon them will be paid through the Clearing-house by their Boston agents, and to have clerks daily at the houses of their Boston agents to receive and examine the checks and other items which come from the Clearing-house. A presentment through the Clearing-house of a check, drawn upon a member of the Association, is a sufficient legal presentment. See *Morse on Banking*, p. 457; *Reynolds* v. *Chettle*, 2 Camp., 596. And we think that a member of the Association, which has received such a notice from a country bank, has a right to rely upon the notice, and to say that a presentment of a check on the country bank through the Clearing-house to its Boston agent is a sufficient presentment. In our opinion it would be manifestly unfair to allow the country bank, after giving such a notice and enjoying the privileges of the Clearing-house, to say that the presentment is insufficient, and we think that the drawer and indorsers of the check, under such circumstances, would have no just ground for contending that a sufficient presentment had not been made. See *Overman* v. *Hoboken City Bank*, 1 Vroom, 61; 2 Vroom, 563. In our opinion, therefore, when such a check is returned from the Clearing-house "not good," it is dishonored, and a notice of dishonor to the drawer and indorsers will be sufficient to charge them. We do not see how a presentment at the counter of the Boston agent would avail the holder, because we do not understand that it is customary for the agent to pay, or that the country bank gives notice that it will pay, except through the Clearing-house. If it is thought best, however, to protest the check at the counter of the drawer, and to rely upon this as a presentment, a presentment by the notary during bank hours of the next business day would ordinarily be sufficient, unless this presentment, when made, is not made within what the law regards as a reasonable time after the check was issued to the original holder of it, and the drawer and endorsers have suffered some damage, *e. g.*, by the intermediate failure of the drawee from the delay in presentment. We think, however, that as the check is dishonored when it is returned "not good" from the Clearing-house, it is, at any rate, the duty of the holders to give notice of this dishonor to such of the parties to the check, as it intends to look to for its payment.

II. Fraudulent Indorsement.

Will you state your authority for decision in the case of John Jones ("Identity of Drawee") in your February number, page 632. We think you are off on this decision.

Reply.—The question involved in this inquiry is so simple that we supposed the short answer previously given to be sufficient. When a draft is made payable to the order of the payee, his indorsement is necessary to transfer the legal title to it. *Daniel on Negotiable Instruments*, vol. 1, p. 527. Therefore, when the fraudulent John Jones got possession of the draft, he obtained no title to it, and could convey none to any one else. If he indorsed it in his own name of John Jones, representing that he was the John Jones named as payee, this was a mere forgery (*Commonwealth* v. *Foster* 114, Mass. 318), and passed no title to the "innocent bank." The draft is still the property of the real John Jones, and no one else is entitled to recover upon it.

III. Grace on Time Checks.

Is the check herewith entitled to grace or not?

Pineapple Grove, N. Y., Jan. 28, 1884.

National Exchange Bank of Syracuse.

Pay to John Doe, or order, twenty days after date, one hundred dollars.

Richard Roe.

Reply.—By the supplementary law of 1875, checks payable in this State on a certain day, or number of days, after date, are not entitled to grace.

THE VOLUME OF MONEY IN THE UNITED STATES.

The Director of the Mint has prepared the following statements in regard to the money circulation of the United States on January 1, 1884:

COIN CIRCULATION.

United States coin.	*Gold.*	*Silver.*	*Total.*
Circulation July 1, 1883	$537,254,794	$228,216,199	$765,470,993
Coinage (six months) less deposits for recoinage	16,413,591	14,564,520	30,978,111
Excess of imports of United States coin over exports	370,229	—	379,229
Totals	$554,047,614	$242,780,719	$796,828,333
Less excess of exports of United States coin over imports	—	331,555	351,555
Less amount used in the arts	1,250,000	40,900	1,290,000
Circulation January 1, 1884	$552,797,614	$242,409,164	$795,206,778
Gain since July 1, 1883	15,542,820	14,192,965	29,735,785
Gold bullion December 31, 1883			$66,792,921

THE VOLUME OF MONEY—METALLIC AND PAPER.

	In National banks.	*In the Treasury.*
Gold coin	$552,797,614	$152,608,393
Silver dollars	161,425,119	119,449,385
Fractional silver coin	80,984,045	27,224,126
Gold certificates	91,031,920	27,446,780
Silver certificates	109,898,611	13,180,890
United States notes	346,681,016	39,644,249
National bank notes	350,482,829	8,955,820
Fractional currency	7,000,690	6,222
Totals	$1,700,301,844	$388,515,865

	In National banks.	*Other banks and general circulation.*
Gold coin	$73,447,061	$326,742,160
Silver dollars	5,000,000	36,975,734
Fractional Silver coin	3,470,647	50,289,272
Gold certificates	28,555,260	35,029,880
Silver certificates	3,803,190	92,914,531
United States notes	80,559,796	226,476,971
National bank notes	28,809,729	312,717,280
Fractional currency	427,734	6,566,734
Totals	$224,073,417	$1,087,712,562

In the six months from July 1, 1883, to January 1, 1884, the banks other than National and the general circulation gained in gold coin, $3,544,677; silver dollars, $5,633,854; fractional silver coin, $1,023,831; gold certificates, $8,014,100; silver certificates. $23,414,975, and fractional currency, $27,148, making a total gain of $41,658,585. During the same period they lost in United States notes $9,872,748, and National bank notes $4,133,164, making a total loss of $14,005,912. Deducting this amount from the total gains shows a net gain of $27,652,673.

The total gain in gold and silver coin and bullion in the United States from July 1, 1883, to January 1, 1884, is shown to be as follows: Gold coin, $15,542,820; gold bullion, $10,152,275; silver coin, $14.192,965; silver bullion, $52,157; total, $39,940,217; total gain in gold coin and gold bullion, $25,695,095.

BANKING AND FINANCIAL ITEMS.

THE CURRENCY BILL.—On February 25th, the Senate resumed consideration of the measure known as the McPherson Currency Bill.

The vote being taken upon Mr. Vest's amendment it was rejected—yeas 14, nays 36.

Mr. Plumb then offered the following amendment: "The organization of banks having a paid-up capital of $100,000, or less, shall be permitted on the deposit of not less than $10,000 of bonds of the United States drawing not less than four per cent. interest." Rejected.

Mr. Call read a letter from a New York financier, which stated that many of the banks were indifferent as to circulation, and that the most important question was the restoration of public confidence.

The question recurring upon the bill, as modified by the amendment of Mr. Morrill, it was passed by a vote of forty-three yeas to twelve nays. As passed, it is as follows:

A BILL to provide for the issue of circulating notes to National banking associations.

Be it enacted, &c., that upon any deposit already or hereafter made, of any United States bonds bearing interest in the manner required by law, any National banking association making the same shall be entitled to receive from the Comptroller of the Currency circulating notes of different denominations, in blank, registered and countersigned as provided by law, not exceeding in the whole amount the par value of the bonds deposited; provided, that at no time shall the total amount of such notes issued to any such association exceed the amount at such time actually paid in of its capital stock. And that all laws and parts of laws inconsistent with the provisions of this act be and the same are hereby repealed.

SEC. 2. That the associations organized for the purpose of issuing notes payable in gold, under the provisions of section 5185 of the Revised Statutes of the United States, upon the deposit of any United States bonds bearing interest with the Treasurer of the United States, shall be entitled to receive circulating notes to the amount and in the manner prescribed in this act for other National banking associations.

SEC. 3 That all laws and parts of laws of the United States inconsistent with the provisions of this act be and the same are hereby repealed.

On February 26th the House Banking Committee, by a vote of eight to four, authorized this bill be reported favorably to the House in the form that it passed the Senate.

CALL OF BONDS.—The Secretary of the Treasury issued on February 21st the 126th call for the redemption of $10,000,000 of three-per-cent. bonds. Principal and accrued interest will be paid at the Treasury on the first day of May next, and interest will cease on that day. The bonds embraced in this call are as follows, all numbers being original and inclusive: $50—No. 443 to No. 503, and No. 1308 to No 1311; $100—No. 3841 to No. 4892 and No. 9470 to No. 9473; $500—No. 1738 to No. 2139, and No. 3980 to No. 3981; $1000—No. 14,472 to No. 15,614, and No. 22,676 to No. 22,694; $10,000—No. 22,954 to No. 23,820. Total, $10,000,000.

THE AMERICAN EXCHANGE IN EUROPE.—The seventh semi-annual dividend, being at the rate of six per cent. per annum, has been declared on the capital stock of this corporation out of the profits of the half-year ended Dec. 31, 1883, payable at the offices of the company, London and New York, on March 1.

NEW YORK.—A new bank, called the Nineteenth Ward Bank, has been organized in this city under State charter, and its articles of association filed. The capital stock is to be $100,000, with privilege of increase to $500,000. The officers are not yet elected.

RESPONSIBILITY OF A SAFE DEPOSIT COMPANY.—In October, 1873, a police captain, accompanied by Detective Robert A. Pinkerton and several other assistants, went with a search warrant to the vaults of the Stuyvesant Safe Deposit Company in this city. The warrant had been issued by Recorder Hackett on an affidavit by Detective Pinkerton that he had reason to believe that certain bonds stolen from the Third National Bank of Baltimore on December 10, 1872, were there concealed. The police broke open the safes hired by Andrew L. Roberts, Mrs. Roberts, and Horace S. Corp. From Mr. Roberts' safe they took $9500 in cash, $13,500 in United States bonds, and $19,700 in other bonds. This, and property seized under the same warrant, they handed over to District Attorney Phelps. No proof that it formed part or was a portion of the proceeds of the Baltimore bank robbery was obtained. While it was in the hands of the District Attorney the Sheriff levied on it, under an attachment obtained by the National Trust Company in a suit against Gleason, Roberts and Walter A. Sheridan, alias Charles Rolston, to recover $30,000 alleged to have been loaned to Rolston, acting for the others, on forged New York, Buffalo and Erie Railroad Company bonds. To support this charge the Trust Company presented testimony given by Spence Pettis in a Massachusetts prison, who insisted that Gleason and Roberts had made a tool of him and had then left him to languish in jail.

The suit was tried in the Superior Court, and a verdict was rendered in favor of the National Trust Company for $34,000. The attached bonds were then sold under execution. The judgment of the trial court was affirmed at General Term, but the Court of Appeals reversed it in 1879, and Gleason and Roberts, who had been in Ludlow Street Jail for several years, were set at liberty. In the meantime the National Trust Company had gone into the hands of a receiver. On the ground that the Stuyvesant Safe Deposit Company should not have allowed her money and bonds to be taken from the safe hired by her, Mrs. Roberts then brought a suit against it for the recovery of $45,000 wifh interest from 1873. The company claimed that the money and bonds were taken by force, under cover of law, against the protests of its officers, and, furthermore, that it was relieved of responsibility by the acts of the National Trust Company and the Sheriff.

The case was brought before Judge Van Vorst and a jury in the Supreme Court of New York. On February 25th the jury found a verdict for the plaintiff for the full amount with interest, making the heavy total of $62,855. An allowance of $2000 was also granted.

COLORADO.—Loose banking management at Leadville has recently resulted in disasters at that place; but recklessness is not to be taken as a feature of all Colorado banking. At Denver there is evidence of sound and conservative management, as shown by the latest statement of the Colorado National Bank, the oldest banking institution in the State. Its leading figures are: Deposits, $2,149,212; cash and sight exchange, $898,000; loans, $1,174,484; capital and surplus, $313,666. The proportion of loans to capital and deposits is, in this case, only forty-seven per cent., while of the deposits there is on hand fifty-five per cent. in cash, or its equivalent, the equivalent being sight exchange and United States bonds in excess of $100,000 of bonds deposited to secure circulation.

BANK COMMISSIONER OF CONNECTICUT.—Hon. James W. Hyatt, of Norwalk, resigned his seat in the State Senate, on February 26, and was reappointed bank commissioner by the Governor. The Senate confirmed the appointment unanimously.

"TIME IS MONEY."—Under this aphorism bankers ought to find profit in reading the high testimonial which the Rockford Watch Company furnishes in our advertising supplement.

JOURNAL OF THE INSTITUTE OF BANKERS.—Attention is called to the announcement of this excellent magazine, at end of our present number, which contains valuable matter to the banker who seeks to understand the principles which underlie his vocation.

ILLINOIS.—A new bank, the Metropolitain National, has been organized at Chicago. The capital stock is $2,000,000, of which a large proportion is already paid up. The heaviest stockholders are Messrs. Preston and Kean, E. G. Keith, William Deering, and T. W. Harvey. It will occupy the present banking house of Messrs. Preston, Kean & Co., and will succeed to all their business, except the sale of bonds and securities, which those gentlemen will still carry on under their old firm name, but in different quarters.

KENTUCKY.—Mr. John W. Faxon, who has just been elected cashier of the Bank of Hopkinsville, was for fifteen years cashier of the Northern Bank of Tennessee at Clarksville. This position he resigned in July last to take one in the American National Bank at Nashville, which he has just been induced to leave for his new sphere of duty. Mr. Faxon has gained a high reputation for faithfulness and efficiency, and enjoys not only the confidence but the esteem of all who have been associated with him. The directors of the American National Bank, upon the severance of their relations, passed unanimously a resolution expressing warmly their regret and their appreciation of his high character.

MASSACHUSETTS.—The official report of Bank Examiner Needham, of the condition of the Union Market National Bank of Watertown, whose cashier —Abbott—absconded, fixes the actual defalcation at $57,117. The capital of the bank being impaired, a reduction of the capital or the assessment of the shareholders is necessary to insure the continuance of business.

KANSAS CITY.—At a meeting of the Directors of the Bank of Kansas City held on February 12, W. H. Chick was elected Vice-President, in place L. R. Moore resigned, and W. J. Anderson, Cashier, in place E. K. Thornton, deceased.

STOCKHOLDER'S LIABILITIES.—James A. Wells, a stockholder of the defunct City Bank, of Jersey City, was sued by the receiver for an unpaid subscription on this stock. He acknowledges his indebtedness, but claimed that the deposit to his credit should be a set-off against this. Chancellor Runyon gave a decision on February 11, holding that the deposit cannot be used as a set-off to the amount due on stock, as this would make Mr. Wells a preferred creditor.

OHIO.—The Fidelity Safe Deposit and Trust Company of Cincinnati has been organized, and its directors elected. The president is Hon. Julius Dexter. They expect to be prepared for business by May 1, in the new Emery building, Fourth Street, east of Walnut.

Springfield.—At the annual meeting of stockholders, in January, Mr. B. H. Warder, President, was re-elected a director, but being temporarily absent in Europe, could not be immediately qualified as such, and consequently could not be re-elected president. Mr. William Rodgers consented, therefore, to serve as president temporarily, and will act until Mr. Warder's return in May or June, when the latter is to resume the presidency.

WISCONSIN.—The Platteville Bank, Isaac Hodges, proprietor, at Platteville, Wis., closed its doors on February 9. The assets are $226,000, and the liabilities are said to be $140,000. Considerable excitement is caused by the failure, as the institution was believed to be perfectly sound. The Platteville Bank was started twenty years ago by E. R. Hinckley and Co., of Chicago, with Mr. McCann as the resident manager. Mr. Hodges had an interest in the bank from the start, and obtained entire control about five years subsequently. He was one of the old residents and solid men of Platteville, having been in business there for forty years. His wealth is mostly invested in farms and mortgages, which are not the proper assets for a bank.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from February No., page 640.)

(Monthly List, continued from February No., page 640.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
ARIZ.	Prescott.	First National Bank	....
	$50,000	F. W. Blake, *Pr.*	Alfred Eoff, *Cas.*
ARK.	Hope	City Bank	Nat'l B'k of Com., *N.Y.*
		W. G. Wood, *Pr.*	B. M. Wood *Cas.*
CAL.	San Francisco	London, Paris & Amer. B'k (limited)	Lazard Frères.
	$2,500,000	David Cahm, *Mgr.*	Eugene Meyer, *Asst. Mgr.*
〃	Gridley	Rideout & Smith	Drexel Morgan & Co.
〃	Pomona	Pomona Valley Bank	Chase National Bank.
〃	Riverside	Kleinschmidt, Klinefelder & Newberry.	....
	$25,000		....
〃	Tulare	Tulare County Bank	....
		John W. Hinds & Co.	....
COL.	Alamosa	First National Bank	Kountze Bros
	$50,000	William Barth, *Pr.*	H. I. Ross, *Cas.*
〃	Aspen	J. B. Wheeler & Co.	D. M. Van Hoevenbergh, *Cas.*
〃	Leadville	Trimble & Hunter	First National Bank, *Chic.*
CONN.	New Haven	McAllister & Warren	W. T. Hatch & Sons.
〃	New Haven	W. T. Hatch & Sons	W. T. Hatch & Sons.
DAK.	Athol	Bank of Athol	Commercial Nat'l B'k, *Chic.*
		Steward & Nauscawen.	....
〃	Blunt	Bank of Blunt	Fourth National Bank,
〃	Elkton	Bank of Elkton (C. H. Strong),	Merchants N. B. *Chic.*
〃	Estelline	Bank of Estelline	....
	$20,000	Hayes & Brown, *Agts.*	Union Bank, *Chic.*
〃	Hope	Steele County Bank	American Exch. N. B., and Nat'l
		(L. E. Booker)	Ger.-Amer. B'k, *St. Paul.*
〃	Le Beau	Bank of Le Beau	....
		R. H. Fairbairn, *Pr.*	W.H. Burns, *Cas.* Nat'l B'k, *Chic.*
〃	Mandan	German-American Bank..	(Streichenberg Bros)
〃	Mt. Vernon	Davidson Co. Bank	D. E. Hyde, *Cas.*
			Preston, Kean & Co. *Chic.*
〃	Steele	Kidder Co. Bank	Merchants National Bank.
		E. S. Taylor, *Pr.*	W. H. Finney, *Cas.*
〃	Sturgis	Stebbins, Fox & Co.	Donnell, Lawson & Simpson.
〃	Woonsocket	Bank of Woonsocket	First National Bank, *Chicago.*
		E. L. Baker, *Pr.*	C. E. Hinds, *Cas.*
〃	Woonsocket	Sanborn Co. Bank	Imp. & Traders' Nat'l Bank.
		Geo. W. Corkings, *Pr.*	Leon L. Stevens, *Cas.*
〃	Wessington	Bank of Wessington	Commercial Nat'l B'k, *Chic.*
		W. P. Peirce, *Pr.*	E. H. Vance, *Cas.*
〃	Wolsey	Bank of Wolsey, (G. C. Jones, Jr.),	Com'l Nat'l B'k, *Chic.*
FLA.	Apalachicola	Lake City Bank	Imp. & Traders' Nat'l Bank.
		Herman Ruge & Sons,	(*Exchange and Collections*).
〃	Lake City	Lake City Bank	United States National Bank.
〃	Ocala	H. P. Robinson & Bro.	H. M. Anthony, *Cas.*
GA.	Brunswick	First National Bank	....
	$55,000	C. Downing, Jr., *Pr.*	C. F. Way, *Act'g.*
ILL.	Brimfield	Exchange Bank	National Park Bank.
		Hamilton & Co.	C. W. Hamilton, *Cas.*
〃	Danville	State Bank of Danville	Fourth National Bank.
		J. S. McFerren, *Pr.*	R. D. McDonald, *Cas.*
〃	Hinckley	Wagner, H. D., & Co.	Continental Nat'l B'k, *Chic.*
〃	New Bremen	Exchange B'k, C. Andres, *Cas.*	Traders' Nat'l Bank. *Chic.*
〃	Philo	Philo Exch. B'k, (C. E. Parker).	
IOWA.	Avoca	Valley B'k of Avoca (Flack & Powers),	Fourth Nat'l Bank.
〃	Creston	Iowa State Savings B'k	First National *Chic.*
	$30,000	W. A. Page, *Pr.*	John S. Black, *Cas.*

State.	*Place and Capital*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
IOWA..	Ida Grove.....	Maple Valley B'k (J. G.	Freeman & Sons), First N.B., *Chic.*
" ..	Manning........	Bank of Manning........	Union National Bank, *Chic.*
		W. C. Henshaw, *Pr.*	J. B. Henshaw, *Cas.*
" ..	Sioux City.....	Security National Bank...	Imp. & Traders' Nat'l Bank.
	$100,000	Frank H. Peavey, *Pr.*	Wilbur P. Manley, *Cas.*
KAN....	Clyde..........	First National Bank.......	United States National Bank.
	$50.000	E. E. Parker, *Pr.*	W. P. Rice, *Cas.*
" ..	Coffeyville.....	Luther Perkins..........	Opdyke & Co.
" ..	Erie...........	Allen & Allen............	Kountze Bros.
" ..	Osage Mission..	Simmons & Co..........	Donnell, Lawson & Simpson.
	"	F.W. Simmons, *Pr.*	F. M. Farwell, *Cas.*
" ..	Osborne.......	Osborne Exch. Bank....	Imp. & Traders' Nae'l Bank.
		Robinson, Watson &	Co. ... .
" ..	Topeka........	C. N. Beal & Co........	Donnell, Lawson & Simpson.
" ..	Wyandotte....	Kan.&Mo.Loan&TrustCo	....
		Jas. D. Husted, *Pr.*	John I. Dunn, *Sec.*
MASS...	Holyoke.......	Home National Bank.....	....
	$250,000	Jas. H. Newton, *Pr.*	Edwin L. Munn, *Cas.*
MICH...	Gaylord........	Gaylord Ex. B'k (Cooper	& Crane), Ninth National Bank.
" ..	Ishpeming....	Ishpeming National Bank.	Hanover National Bank.
	$50,000	C. H. Hall, *Pr.*	C. H. Call, *Cas.*
" ..	Jackson........	Union Bank..............	Metropolitan Nat'l Bank
	$100,000	Wm. H. Withington, *Pr.*	Ezra M. Aldrich, *Cas.*
MINN...	Minneapolis....	Blake & Co..............	Ninth National Bank.
" ..	Shakopee......	Merchants & Farm. Nat'l B'k	....
	$50,000	John B. Couter, *Pr.*	John M. Schwartz, *Cas.*
MO.....	Breckenridge...	Breckenridge Savg's B'k.	Traders' Bank, *Chic.*
	$10,000	J. D. Thompson, *Pr.*	Eugene S. Low, *Cas.*
" ..	Rockport......	Rockport Farmers Bank..	Kountze Bros. & First Nat'l B'k,
	$15,000	John L. Carson, *Pr.*	Josiah W. Peck, *Cas.* *Chic.*
" ..	Warrenton....	Bank of Warren Co......	....
MONT ..	Dillon.........	First Nat'l B'k of Dillon..	....
	$50,000	Howard Sebree, *Pr.*	Benj. F. White, *Cas.*
NEB....	Blue Hill.......	Webster Co. Bank.........	....
		(H. Gund & Co).	First Nat'l B'k of Hastings, Neb.
" ..	Burchard......	George & Davis..........	First National Bank,
" ..	Crab Orchard..	Bank of Crab Orchard...	Donnell, Lawson & Simpson.
	$25,000	J. D. Russell, *Pr.*	W. M. Rothell, *Cas.*
" .	Elk Creek.....	Bank of Elk Creek.......	Donnell, Lawson & Simpson.
		(Jos. Duncan)	
" ..	Exeter.........	Exeter National Bank....	....
	$50,000	Robt. Wallace, *Pr.*	Wm. H. Wallace, *Cas.*
" ..	Exeter.........	First N. B. of Exeter.....	Donnell, Lawson & Simpson.
	$50,000	A. W. Miner, *Pr.*	C. S. Cleaveland, *Cas.*...........
" ..	St. Paul......	Farmers' State Bank.....	Chemical National Bank.
		Thos. Bryant, *Pr.*	Geo. E. Lean, *Cas.*
" ..	St. Paul........	First N. B. of St. Paul....	
	$50,000	Addison E. Cady, *Pr.*	Geo. E. Lean, *Cas.*
" ..	Talmage.......	Jas. Sweet & Co..........	Chemical National Bank.
		Carlos E. Sweet, *Cas.*	
" ..	Wahoo........	Saunders Co. Nat'l Bank.	....
	$55,000	Geo. W. Dorsey, *Pr.*	H. H. Dorsey, *Cas.*
" ..	Wakefield......	Security B'k of Wakefield.	Gilman. Son & Co.
		Archer, Molyneux &	Herrington.
OHIO...	Clyde....	People's Banking Co.....	Chase National Bank.
		C. G. Sanford, *Pr.*	John C. Bollinger, *Cas.*
" ..	Middleport.....	Middleport B'k'g Co.....	Metropolitan National Bank.
	$25,000	W. L. Hudson, *Pr.*	Chas. E. Hudson, *Cas.*
WAS. T.	Colfax.........	Second National Bank....	
	$60,000	F. M. Wade, *Pr.*	Alfred Coolidge, *Cas.*
WIS....	Cumberland....	Bank of Cumberland, (J.	F. Miller & Heath).
" ..	Lake Geneva...	First N.B. of Lake Geneva	
	$50,000	Frank Leland, *Pr.*	John A. Kennedy, *Cas.*
"	Milton Junc....	Gates Exchange Bank....	National Park Bank; and Hide
		(W. H. Gates)	and Leather Bank, *Chicago.*
CAN...	Toronto.......	Central B'k of Canada....	Imp. & Traders' National Bank.
	$500,000	David Blain, *Pr.*	A. A. Allen, *Cas.*

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from February No., page 642.)

	Bank and Place.	*Elected.*	*In place of*
N. Y. CITY.—	Manhattan Co. Bank	DeWitt C. Hayes, *Pr.*	John S. Kennedy.
ARK.	Hot Springs National Bank	B. D. Rapley, *A. C.*	Riel E. Jackson.
COL.	Bank of Loveland	A. S. Benson, *Pr.*	S. B. Harter.
"	First National Bank of Gunnison.	M. Coppinger, *Pr.*	L. Cheney.
		E. C. Shore, *Cas.*	M. Coppinger.
CONN.	Farm. & Mech. B'k, Hartford	John G. Root, *Pr.*	Alva Oatman.*
"	Guilford Savings Bank	Beverly Monroe, *Pr.*	....
"	Tolland Co. Nat'l B'k, Tolland.	Frank T. Newcomb, *Cas.*	A. J. Morton.
DAK.	First Nat'l B'k of Grand Forks.	John McKelvey, *Pr.*	H. G. Stone.
GA.	First Nat'l B'k, of Brunswick	Jas. H. Smith, *Cas.*	C. F. Way, *Actg. C.*
"	Exchange Bank of Macon	Geo. B. Turpin, *Pr.*	J. C. Curd.
ILL.	First National Bank of Charleston.	Lewis Munroe, *Pr.*	T. G. Chambers.
		R. S. Hodgen, *V. Pr.*	L. Monroe.
"	First National Bank of Kansas.	W. F. Boyer, *Pr.*	W. O. Pinnell.
		W. C. Pinnell, *Cas.*	W. F. Boyer.
"	First National Bank of Marengo.	R. M. Patrick, *Pr.*	G. V. Wells.
		N. V. Woleben, *Ass't. C.*	R. M. Patrick.
"	First National Bank of Marseilles.	J. N. Chapple, *Pr.*	A. Bruce.
		F. T. Neff, *Cas.*	J. N. Chapple.
"	First National Bank of Monmouth.	Jos. Martin, *Pr.*	D. Rankin.
IND.	National Bank of Rising Sun.	A. C. Downey, *Pr.*	S. Seward.
		P. S. Pate, *V. P.*	H. E. Espey.
"	Rush Co. National Bank, Rushville.	L. Link, *Pr.*	Oliver Posey.
		E. D. Pugh, *Cas.*	Wm. A. Posey.
IOWA.	Merchants' N. B., Des Moines	F. M. Mills, *Pr.*	T. Mitchell.
"	Bank of Exira	L. E. Born, *Pr.*	....
		Erwin Watson, *Cas.*	....
"	First National Bank of Iowa City.	L. Parsons, *Pr.*	D. W. Clapp.
		G. W. Marquardt, *V. P.*	L. Parsons.
"	First National Bank of Sigourney.	J. P. Yerger, *Pr.*	G. D. Woodin.
		G. D. Woodin, *V. Pr.*	A. G. Brown.
		F. S. Yerger, *Ass't. C.*	E. F. Crandall.
"	First National Bank of Sioux City.	Thos. J. Stone, *Pr.*	H. B. Rice.
		E. H. Stone, *Cas.*	T. F. Stone.
KAN.	Farmers & Drovers' Bank, Council Grove.	A. Moser, Jr., *Cas.*	H. W. Gildemeister.
"	The Powers Bank, Ellsworth.	Jas. W. Powers, *Pr.*	E. A. Powers.*
		W. F. Tompkins, *Cas.*	J. W. Powers.
"	Bank of Nemaha Co., Seneca	J. H. Hatch, *Pr.*	E. J. Emery.
"	First Nat'l Bank of Seneca	Julius Rosemblatt, *Cas.*	G. E. Black.
"	First National Bank of Topeka.	Geo. Willard, *Pr.*	J. D. Burr.
		W. Wellhouse, *V. P.*	J. W. Redder.
KY.	Bank of Hopkinsville	John W. Faxon, *Cas.*	Jas. A. Wallace.
"	The Falls City Bank, "	John T. Moore, *Pr.*	L. L. Warren.
		Dennis Long, *V. P.*	Jno. T. Moore.
MAINE.	National Bank of Saco	S. S. Richards, *Cas.*	T. Scamman.
MASS.	Mt. Vernon Nat'l Bank of Boston.	Frank E. Barnes, *Cas.*	H. W. Perkins.
"	Freemasons' Nat'l Bank of Boston.	Geo. P. Tenney, *Cas.*	E. S. Hayward.
"	Broadway Nat'l Bank of Boston.	Aquila Adams, *Pr.*	A. Dearborn.
		W. R. Dresser, *Cas.*	A. Adams.
"	City Nat'l Bank, Holyoke	C. Fayette Smith, *Cas.*	E. L. Munn.
"	First National Bank, Lynn	Amos F. Breed, *Pr.*	J. Wooldredge.
		Wm. Bassett, *V. Pr.*	C. F. Coffin.
"	Nantucket Inst. for Savings	Stephen Bailey, *Pr.*	Thos. G. Folger.

* Deceased.

	Bank and Place.	Elected.	In place of
MASS...	Union Market Nat'l Bank, Watertown.	Oliver Shaw, *Pr*.........	G. N. March.
		John K. Stickney, *Cas*...	T. G. Abbott.
" ..	Quinsigamond Nat'l Bank, Worcester.	E. B. Stoddard, *Pr*......	E. L. Davis.
" ..	Mechanics' Nat'l B'k, Worcester.	D. S. Messinger, *Pr*.....	....
MICH...	Second National Bank, Ionia..	H. B. Webber, *Cas*......	....
	Webber & Son, A. J.	E. T. Montgomery, *Cas*..	....
" ..	First National Bank of Holly.	E. M. Newell, *Cas*..	S. S. Wilhelm.
		H. W. Downing, *V. P*...	T. Hadley.
" ..	Muskegon National Bank...	Chas. H. Hackley, *Pr*...	C. T. Hills.
		L. G. Mason, *V. P*......	C. H. Hackley.
" ..	First National Bank of Romeo.	John H. Brabb, *Pr*......	M. A. Giddings.
		M. A. Giddings, *V. P*....	J. H. Brabb.
" ..	First National Bank of St. Johns.	John Hicks, *Pr*.........	J. Upton.
		J. Upton, *V. P*..........	J. Hicks.
MINN...	Merchants' National Bank of St. Paul.	W. R. Merriam, *Pr*.....	J. L. Merriam.
		C. H. Bigelow, *V. P*....	W. R. Merriam.
MO.....	First Nat'l B'k, Appleton City.	F. Egger, *Pr*...........	J. C. Bram.
" ..	Butler National Bank.........	J. H. Sullen, *Pr*.........	B. Powell.
" ..	Citizens' Nat'l B'k, Kan. City..	S. McWilliams, *Pr*......	J. A. Cooper.
" ..	Bank of Kansas City........	W. H. Chick, *V. P*......	L. R. Moore.
		W. J. Anderson, *Cas*....	E. K. Thornton.*
NEB....	Republican Valley Bank, Cambridge.	D. M. Tomblin, *Pr*......	....
		R. H. Northcott, *Cas*....	....
" ..	Columbus State Bank.........	J. E. Tasker, *Cas*........	A. Turner.
" ..	Omaha National Bank......	J. H. Millard, *Pr*........	E. Millard.
		Wm. Wallace, *Cas*.......	J. H. Millard.
N. H...	Farmington National Bank..	John H. Barker, *Pr*.....	J. F. Cloutman.
		J. F. Cloutman, *V. P*....	J. H. Barker.
" ..	Manchester National Bank.....	Walter M. Parker, *Cas*...	C. E. Balch.
" ..	First Nat'l Bank, Portsmouth..	C. A. Hazlett, *Cas*......	R. C. Peirce, *Act'g*.
N. Y....	First National Bank of Batavia	J. L. Bigelow, *Cas*......	L. C. McIntyre.
" ..	First Nat'l B'k of Binghampton	John Manier, *Ass't Cas*..	Geo. Pratt, *Cas*.
" ..	First Nat'l Bank of Brockport.	H. A. Metcalf, *Cas*......	F. E. Williams.
" ..	Ont. Co. N. B. of Canandaigua	John Callister, *Pr*.......	H. W. Perkins.
" ..	National Bank of Cortland....	Wesley Hooker, *Pr*......	J. S. Squires.
" ..	First Nat'l B'k of Franklinville.	Thos. Case, *Pr*.........	H. Stillwell.
" ..	First National Bank of Greenwich.	Horton Cottrell, *Pr*......	E. D. Culver.
		W. G. Stewart, *V. P*....	H. Cottrell.
" ..	First National Bank of Richburgh.	Wm. J. Richardson, *Cas*.	F. E. Fairbanks.
		Hiram Dimick, *V. P*.....	A. B. Cottrell.
" ..	First National Bank of Waverly.	F. E. Lyford, *Cas*.......	R. A. Elmer.
		R. A. Elmer, *V.P*.......	C. H. Shephard.
" ..	Merchants' National Bank of Whitehall.	Robt. H. Cook, *Pr*......	L. J. N. Stark.
		N. T. Jillson, *V. P*......	R. H. Cook.
OHIO...	Commercial Bank of Cincin'ti..	Wm. H. Campbell, *A.C.*	....
" ..	First National Bank of Cleveland.	Edw. Bingham, *V.P*....	James Pannell.
		Thos. West, *Ass't Cas*...	P. M. Spencer.
" ..	First Nat'l Bank of Delaware..	G. W. Powers, *Cas*......	J. E. Gould.
" ..	Hocking Val. N. B., Lancaster	Theo. Mithoff, *Pr*.......	H. C. Dinkle.
" ..	First National Bank, Mt. Gilead.	Wm. Hull, *Pr*..........	W. F. Bartlett.
" ..	First Nat'l Bank, Portsmouth .	A. T. Johnson. *Cas*......	C. E. Jewell.
" ..	First National Bank of St. Paris.	John Poorman, *Pr*......	L. Pond.
		L. Pond, *Ass't Cas*.....	....
" ..	Portsmouth National Bank....	W. C. Silcox, *Cas*.......	S. Reed.
PENN...	Second National Bank of Allegheny.	J. N. Davidson, *Pr*......	J. Lockhart.
		A. S. Cameron, *Cas*.....	J. N. Davidson.
" ..	Farm. & Merch. Nat'l Bank, Mercer.	R. V. Belles, *Pr*.........	B. Magoffin.
		McClane Thorn, *V. P*....	S. F. Thompson.
" ..	Wyom. N. B'k of Wilkesbarre.	J. Wroth, *Cas*..........	P. M. Carhart.
R. I....	National Bank of Commerce, Providence.	Robt. Knight, *Pr*.......	E. A. Greene.
		H. E. Williams, *V. P*....	C. M. Smith.
S. C....	National Bank of Newberry..	T. S. Duncan, *Cas*......	Jno. B. Carwile.
		T. F. McCrary, *Ass't C*..	T. S. Duncan.
TENN...	Hiawassee Sav. As., Charleston	T. L. Cate, *Pr*..........	Jas. M. Knox.
" ..	First Nat'l B'k of Chattanooga.	H. Clay Evans, *Cas*.....	T. J. Montague.

	Bank and Place.	Elected.	In place
TEX....	Exchange National Bank of Denton.	W. A. Pouder, *Cas*......	J. G. Gannon.
		S. F. Reynolds, *V. P*....	....
"	.. First National Bank of El Paso.	H. S. Kaufman, *Cas*.....	J. W. Zollars.
		J. W. Zollars, *V. P*.....	....
"	.. Henrietta National Bank....	W. R. Curtis, *Pr*.......	E. F. Ikard.
		W. S. Ikard, *V. P*.......	....
"	.. First National Bank of Honey Grove.	C. W. T. Weldon, *Pr*...	Y. Burgher.
		W. Underwood, *V. P*...	....
		R. J. Thomas, *A.C*......	....
UTAH ..	Utah National Bank of Ogden.	J. E. Dooly, *Pr*.........	J. W. Guthrie.
VT	National Bank of Lyndon.....	W. J. Stanton, Jr., *Cas*..	H. M. Pearl.
"	.. National Bank of Rutland....	C. S. Sherman, *Pr*.......	J. B. Page.
No. Sco.	Union Bank of Halifax........	Wm. I. Stairs, *Pr*.......	John A. Moren.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from February No., page 641.)

No.	Name and Place.	President and Cashier.		Capital
3115	First National Bank............ Clyde, KANSAS.	E. E. Parker,	W. P. Rice,	$50,000
3116	First National Bank... .... Brunswick, GA.	C. Downing, Jr.,	C. T. Way, *Acting*,	55,000
3117	Exeter National Bank .... Exeter, NEB.	Robt. Wallace,	Wm. H. Wallace,	50,000
3118	Saunders Co. National Bank.... Wahoo, NEB.	Geo. W. E. Dorsey,	Hamilton H. Dorsey,	55,000
3119	Second National Bank.......... Colfax, WASH. TER.	F. M. Wade,	Alfred Coolidge,	60,000
3120	First National Bank............ Dillon, MONT.	Howard Sebree,	Benj. F. White,	50,000
3121	First National Bank............ Exeter, NEB.	A. W. Miner,	C. S. Cleaveland,	50,000
3122	First National Bank............ Prescott, ARIZ.	F. W. Blake,	Alfred Eoff,	50,000
3123	East Saginaw National Bank.... East Saginaw, MICH.	John G. Owen,	Sidney S. Wilhelm,	100,000
3124	Security National Bank......... Sioux City, IOWA.	Frank H. Peavey,	Wilbur P. Manley,	100,000
3125	First National Bank............ Lake Geneva. WIS.	Frank Leland,	John A. Kennedy,	50,000
3126	First National Bank............ St. Paul, MINN.	Addison E. Cady,	Geo. E. Lean,	50,000
3127	Merchants & Farmers' Nat'l B'k.. Shakopee, MINN.	John B. Couter,	John M. Schwartz,	50,000
3128	Home National Bank........... Holyoke, MASS.	Jas. H. Newton,	Edwin L. Munn,	250,000

IN THE SENATE, February 26, Mr. Plumb proposed as an amendment to the bank bill, that banks with a capital of not exceeding $100,000 should not be required to take out circulation on more than $10,000 of bonds, provided they are bonds bearing as much as four per cent. interest. The amendment was not much discussed, and was lost by a *viva voce* vote. No good reason was given why it should not have been adopted, and it may yet be added to the bill by the House. The amendment does not affect in any way the capital, or the security of banks as respects their depositors. It would simply permit banks to become National, with less circulation than is now required. Many of the banks now organizing with a capital of $50,000 would be likely to increase it to $100,000, if such increase did not involve the necessity of depositing any more bonds.

DISSOLUTIONS, CHANGES, ETC.

(Monthly List, continued from February No., page 644.)

ARK....	Van Buren.....	Crawford Co. Bank; succeeded by Hynes & Co.
CAL....	San Francisco..	First Nat. Gold B'k; converted into a currency bank, Feb. 25.
COL....	Alamosa.......	Bank of San Juan; now First National B'k. Same officers.
" ..	Tin Cup......	S. G. Devenish & Co.; closed. Attachments filed.
DAK....	Grafton........	Bank of Grafton; now Grafton National Bank. Same officers. Gilman, Son & Co. $50,000.
GA. ...	Atlanta........	Lowry's Bank. Insert Capital, $300,000.
" ..	Augusta.......	G. P. Curry failed and assigned.
" ..	Forsyth........	Myrick, Proctor & Co.; succeeded by W. H. Head.
ILL.....	Litchfield......	Brewer & Grubbs; succeeded by S. M. Grubbs & Co.
" ..	Lovington.....	Merchants & Farmers' Bank (S. H. Morrell); failed.
" ..	Monticello......	Moore, H. V.; now Moore, H. V. & Co.
" ..	Stillman Valley.	Stillman Valley Bank (Jas. H. King); now King & Wilbur.
IOWA ..	Mt. Ayer.......	Ringold County Bank; reported failure.
" ..	Orange City...	Orange City Bank (Hospers & Betten); now Hy. Hospers.
" ..	Preston........	Bartholomew & Specht; now A. L. Bartholomew.
KANSAS.	Concordia.....	Concordia State Bank; now Concordia N. B. Same officers.
" ..	Jewell City....	Citizens' Bank (Benj. Musser); now Musser Bros.
" ..	Wellington....	Wellington Bank; now Wellington National Bank. Jas. A. Maggard, *Pr.* F. P. Neal, *Cas.* $50,000.
MAINE..	Waldoboro....	Waldoboro Nat'l Bank; voluntary liquidation Jan. 31, 1884.
MASS. ..	Boston........	Hubbard Bros. & Co.; failed.
" .	"	B. W. Gilbert & Co., Exch. Brokers; F. D. Upton retires.
" ..	"	John Pickering & Mosely dissolved. Business continued by Chas. W. Moseley.
" ..	"	Potter, Lovell & Co.; W. L. Tower retires.
MICH...	Boyne.........	J. M. Fuller & Co. changed to J. M. Fuller.
" ..	Hudson........	Boies & Co.; now Boies, Eaton & Co.
" ..	Ishpeming.....	Sellwood & Co.; closed.
" ..	"	Wadsworth & Co.; closed.
" ..	Mendon.......	J. B. & W. H. Anderson; failed.
MISS....	Okolona.......	Okolona Savings Institution; closed January 24.
NEB....	Exeter.........	Wallace & Co.; now Exeter National Bank. Same management Robert Wallace, *Pr.* Wm. H. Wallace, *Cas.*
" ..	"	First National Bank; successor to Bank of Exeter. A. W. Miner, *Pr.* C. S. Cleaveland, *Cas.*
" ..	Hastings......	City Bank; now City National Bank. Lyman H. Tower, *Pr.* Albert A. Sweet, *Cas.* $50,000.
" ..	St. Helena.....	Cedar Co. Bank (Bacon & Hatch); removed to Citizens' Bank at Neligh.
" ..	St. Paul.......	Farmers' Bank; now Farmers' State Bank. Thos. Bryant, *Pr.* G. E. Lean, *Cas.* Chemical & Omaha Nat'l B'k.
" .	Wahoo........	Saunders Co. B'k; now Saunders Co. Nat'l B'k; same management. Geo. W. E. Dorsey, *Pr.* Ham. H. Dorsey, *C.*
N. J....	Rahway.......	National Bank of Rahway; resumed business December, 1883. A. T. Shotwell, *Pr.* M. W. Brett, *Cas.*
N. Y....	Buffalo........	Shuttleworth, H. J.; now Shuttleworth & Newell.
" ..	Rochester......	Bank of Rochester; now German-Amer. Bank of Rochester.
OHIO...	Cincinnati.....	Seasongood, Sons & Co. Jacob Seasongood deceased.
" ..	Cleveland......	Everett, Weddell & Co.; now Everett & Weddell.
" ..	Richwood......	Union County Bank; assigned.
" ..	Upp'r Sandusky	Central Bank; suspended February 16.
TENN ..	Nashville......	Third National Bank of Nashville; went into voluntary liquidation February 20, 1884.
TEXAS..	Abilene........	Bank of Abilene; closed February 12.
" ..	Flatonia.......	Tuttle & Cockrill; succeeded by Kerr, Moore & Co.
" ..	Greenville......	Hunt Co. National B'k; voluntary liquidation, Jan. 22, 1884.
WIS....	Platteville......	Platteville Bank; suspended.
" ..	Muscoda.......	A. J. McCarn & Co.; closed.

DAILY PRICES OF STOCKS AND BONDS, FEBRUARY, 1884.

Government Bonds.—Closing Prices at the New York Board during February.

	Interest Periods.	1	2	4	5	6	7	8	9	11	12	13	14	15	16	18	19	20	21	22	23	25	26	27	28	29
4½s, 1891......reg.	Quarterly Mar.	113¼	—	113¼	113⅛	113⅛	113¼	113¼	113¼	113¼	113¼	113¼	113¼	113⅜	113⅜	113⅜	113⅜	113⅜	113½	113½	113½	114¼	113⅜	113½	—	—
4½s, 1891....coup.		114¼	—	114⅜	114¼	114¼	114⅛	114⅛	114⅛	114⅜	114⅜	114⅜	114¼	114⅜	114⅜	114½	114½	114½	114⅝	114½	114⅝	114¼	114⅝	114⅝	—	—
4s, 1907........reg.	Jan.	123¾	—	123¼	123¼	123¼	123¼	123¼	123¼	123¾	123¼	123⅝	123⅝	123¼	123¼	123⅞	123⅞	123⅞	123⅞	123⅞	123⅞	123¾	123⅞	123⅞	—	—
4s, 1907......coup.		123¾	—	123¼	123¾	123¼	123¼	123¼	123¼	123¼	123¼	123⅝	123⅝	123¾	123¼	123⅞	123⅞	123⅞	123⅞	123⅞	123⅞	123¼	123⅞	123⅞	—	—
3s, option U. S. reg	Feb.	100½	—	100½	100½	100½	100⅜	100½	100⅞	100¼	100¾	101	101	101	101	101	100¼	100¾	100¼	100¼	100¼	100¼	101	101	—	—
6s, cur'cy, 1895.reg.	Jan. & July.	129	—	129	129	129	129	129	129	129½	129¼	129¼	129	129	129	129	129	129	129	129	129	128¾	129	129	—	—
6s, cur'cy, 1896.reg.		131	131	131	131	131	131	131	131	131¼	131¼	131¼	131	131	131	131	131	131	131	131	131	130¾	131	—	—	—
6s, cur'cy, 1897.reg.		133	133	133	133	133	133	133	133	133¼	133¼	133¼	133	133	133	133	133	133	133	133	133	132¾	133	—	—	—
6s, cur'cy, 1898.reg.		135	135	135	135	135	135	135	135	135¼	135¼	135¼	135	135	135	135	135	135	135	135	135	134¾	135	—	—	—
6s, cur'cy, 1899.reg.		137	137	137	137	137	137	137	137	137¼	137¼	137¼	137	137	137	137	137	137	137	137	137	136½	137	—	—	—

New York Stock Exchange.—Daily Highest Prices for February.

RAILROAD STOCKS.	Mon. Jan. High.	Mon. Jan. Low.	1	2	4	5	6	7	8	9	11	12	13	14	15	16	18	19	20	21	23	25	26	27	28	29
American Tel. & Cable Co.	60½	59	—	60	59	59¼	—	59½	58½	—	59	—	—	—	—	—	—	—	—	—	—	—	—	—	—	57¾
Bankers & Mer. Telegraph.	123¼	119⅝	123⅞	124¼	124¼	124½	125⅜	125⅛	125¾	125¾	125½	125½	125⅜	125⅞	125¾	125¾	125⅞	125½	125½	125½	125¼	125½	125¼	125⅛	126¼	126¾
Canadian Pacific............	58¼	53⅜	56½	55⅞	56¼	55¾	55¼	54⅞	55½	56	55¾	55¼	55	55⅜	55⅜	56¼	55⅝	55	56¼	55⅞	55½	55½	55⅛	55	54⅝	54¾
Canada Southern............	54¼	48¼	54¼	55¼	56	55⅜	55¼	55⅛	56⅛	56⅞	57⅞	56⅞	50⅝	56⅞	57⅛	57⅝	56⅜	56	56⅛	56⅜	56	55½	55⅛	54⅜	53⅞	53½
Chicago & Northwest.........	118⅞	112¼	119	120¼	121⅝	121¼	120⅝	120⅜	121½	122¼	123¾	124	122¼	123⅛	123⅛	123½	122¼	122⅛	122⅛	122¼	122	121⅜	121⅛	120	118¾	118⅛
Do. pref...	147	140½	145½	—	147½	—	146½	145⅛	147	148	148¾	149½	148½	149½	148⅛	148¾	146½	146	146¼	—	—	146	145	145	144½	142¼
Chicago, Mil. & St. Paul....	94¼	84⅛	90¾	92	92⅞	92¼	91⅞	91¼	93¼	93¾	94⅛	93⅜	93½	93⅝	93¾	94¼	93½	92⅝	93¼	93⅜	93	92⅜	92¼	91½	90⅞	90⅞
Do. pref.	117	113¼	117	117	—	—	117¼	117¼	117	118	118½	118¼	118	—	118½	119	118½	117½	118	—	117¾	117¾	117	117⅛	117	116
Chicago, St. Louis & Pitts..	13¼	9⅝	—	—	10	—	—	—	—	10	10	—	—	10	10	11	10⅝	—	10⅞	—	—	—	—	10¼	—	10
Do. pre.	35	29¾	—	—	30	—	—	—	—	30	—	30	—	—	30	31½	—	—	31½	31½	—	—	—	—	—	—
Chicago, St. P., M. & O. M.	34½	27½	32	33¼	33½	32⅜	32	32¼	32¾	33¼	33½	33	33	33	33	33¼	32¾	32½	32½	32¾	32½	—	32	31¼	29¾	30¼
Do. pref.	95¼	88¼	93	95	95½	95	94½	94⅝	95	95¾	96¼	96	95¾	96	96	96	95⅜	94¾	95	95¼	95	94½	94⅜	93¼	92	92½
Chicago, R. I. & Pac........	118	115½	118	119	120	120⅝	119⅞	119	119¼	122½	126¼	125¼	124¼	124½	125½	126	125	124	124½	124½	124¼	123¾	123½	122	121½	121
Chicago, Bur. & Quincy......	123½	118½	122½	124½	124½	126½	125½	125¼	126	126¼	127⅝	127½	126¾	127½	127½	127¾	127	126¾	127¼	127⅜	126⅝	127¼	126⅞	124⅛	123½	123
Chicago & Alton.............	139½	133¾	140	140	—	—	—	139	—	—	—	—	—	139	—	—	—	134¾	—	135⅝	136	—	135½	133½	134½	134½
Chesapeake & Ohio..........	15	13⅞	—	14⅝	—	—	—	14⅜	14	—	14	—	—	—	—	14⅛	—	—	14⅛	14⅛	—	14	—	—	—	13⅝
Do. 1st pref..	25⅜	21	23¾	26½	27½	26¾	27	27	27⅛	—	28	—	—	—	—	—	—	—	26	—	—	—	—	—	—	25
Do. 2d pref..	17	16	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	16½	—	—	—	—	—	—	—

New York Stock Exchange.—Daily Highest Prices for February.—Continued.

RAILROAD STOCKS.	Mon. Jan. High.	Low.	1	2	4	5	6	7	8	9	11	12	13	14	15	16	18	19	20	21	23	25	26	27	28	29
Central Pacific	67¼	66¼	64x	65⅛	65⅛	64⅛	64¼	63⅞	63⅛	63⅜	63¼	62⅞	62⅞	63	63¼	63⅜	63¼	62¾	63	62⅞	62⅝	62	61⅞	60⅞	60¼	61
Cleveland, Col., Cinn. & Ind.	68	58	62	63	63¼	63	63½	—	—	65¾	66	65	63	—	—	—	64	—	—	—	—	64½	65	—	63	63
Colorado Coal & Iron	16¼	16½	—	14¾	—	14	13	—	13	—	—	14	—	—	—	—	—	—	—	13½	15½	17	16¾	16	16	15⅞
Delaware & Hudson Canal	108	105	108⅜	109	108¾	110	113½	113	113	113⅜	114	113⅜	113⅛	113½	113⅛	113⅛	113	113½	114	114	114	111⅞	—	—	110⅜	109⅝
Delaware, Lack. & West	122	114¼	121⅞	123⅞	123⅜	123¼	125⅝	126	126⅛	127⅞	128¼	127½	126¼	127½	127½	128¼	129⅜	129⅝	131¼	132½	132¼	132	131⅜	130⅛	129⅜	128¼
Denver and Rio Grande	25⅝	17¼	21	22⅛	22¼	22¼	21¼	21⅜	21¼	21½	21¼	21⅞	20⅞	21⅛	21⅜	21½	20¾	20½	20⅝	20¾	19¼	20⅛	20	19⅞	19½	19⅝
East Tenn., Va. & Ga.	6¼	5½	—	6¾	7	—	6¾	6⅛	6¼	8⅜	6⅝	6½	6¼	7½	8¼	8⅛	8	7¼	8	8	7¼	7⅞	7⅝	7⅜	7¼	7
Do. pref.	12¼	10¼	12⅝	13⅞	13⅜	13⅛	13	13	—	13	13¼	12¾	—	13¾	14½	14½	13⅝	—	13½	13½	—	13¾	13	—	12½	—
Homestake Mining	11	10	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Houston & Texas	51	45	47½	—	—	—	—	—	—	—	49¾	—	—	—	—	—	45	—	—	—	—	—	—	—	—	—
Illinois Central	137	132½	—	139¼	138½	138⅛	137⅞	137½	138	138⅜	138	—	140	140	139¼	—	133	133	133¼	133¼	—	—	—	131½	130¾	130¼
Indiana, Bloom'n & Western	19⅞	15	17½	18¼	18¾	18⅛	—	—	17½	18	17½	—	17⅛	—	—	17¼	—	—	17	—	17⅞	—	—	16¾	17	16
Louisville & Nashville	49⅞	42¾	49⅛	50	49⅝	49	48⅛	47¾	48½	48⅞	48¼	48	48¾	48½	49	49⅝	49	48⅞	49	49¼	48½	48⅝	48⅜	48	47¾	47¾
Louisville, N. Alb. & Chic.	35	25	—	27	—	—	—	—	—	—	—	—	—	26¾	26½	—	—	—	—	—	—	—	22	—	18	18
Lake Shore	99⅛	93⅛	99½	101½	101⅛	100⅞	100⅞	100¾	101⅞	103¼	103½	103	102⅞	103⅝	103⅝	104⅜	103¾	103⅜	103¾	104½	104	104	103½	103	102	101¾
Lake Erie & Western	19¼	15½	18	19½	19	18⅜	18	18	18	18½	18½	17¾	—	—	17½	18	17½	—	—	17⅛	—	—	—	—	16	13¼
Long Island	68¼	65½	67⅞	69	68¾	69⅜	69	—	69	72	71⅞	71⅜	71	—	71	71½	71	71¼	—	—	71⅛	—	71½	—	—	—
Michigan Central	93½	85	92⅜	94½	92⅞	92⅞	93	92½	93⅜	94	94⅛	93½	92¾	93⅜	93	94⅛	93	92⅞	93⅞	93	93½	93⅛	—	92¼	92	90
Mil. L. Sh. & West	16	16	—	—	—	—	—	—	—	—	10	—	—	—	—	—	—	—	—	12	—	—	—	—	—	—
Do. pref.	38	33	—	—	34	—	—	—	—	—	34	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Morris & Essex	127	121½	—	124	—	124⅜	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	124	—
Missouri Pacific	91⅜	85⅛	91⅛	92⅜	93⅜	92⅝	92¼	92¼	93⅛	94	95	94	93⅝	94¼	94½	94¾	94½	93¾	94	94¼	94	93¾	93½	92⅝	91⅝	91
Missouri, Kansas & Texas	23¼	16¼	20⅝	22⅝	23⅛	22½	22⅛	21⅛	22	22⅜	22⅞	22	21⅝	21⅞	22	22	21¼	21⅜	21½	21⅝	21¾	22½	21⅞	21¾	21¼	23⅛
Manhattan Beach Co.	19	15	—	18½	18⅛	—	18½	18⅜	18½	—	19½	21¼	—	—	—	19¾	19¼	21	—	—	20½	20¾	—	20	—	20
Manhattan Elevated	49	40	46½	48	52	52	51½	51¾	52	52	53	53½	53½	—	—	56	58	57	—	56½	58	59	58¾	58	57	57
Do. 1st pref.	—	—	—	—	—	—	—	—	—	88	—	—	—	—	—	90½	—	—	—	—	90	91¼	—	—	—	—
Metropolitan Elevated	92	90	—	—	—	—	—	—	—	93	—	—	—	90	—	—	—	—	—	—	—	—	—	—	—	—
Memphis & Charleston	40	32	36	37½	38	37¾	38	39	40	38	37	—	—	37½	—	37	—	—	36	—	—	—	34	—	34	—
Mobile & Ohio	10⅛	8½	—	—	9½	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9⅝	—	—	9½	—
Minneapolis & St. L.	18¼	14	16	17⅜	16¾	16¾	—	16¼	—	18	18¼	18½	18¼	18	—	18	17¼	—	—	17½	—	—	17	—	16⅛	16
Do. pref.	36	31¼	34	—	34	—	—	—	—	34	36½	35¼	—	35½	35¾	35½	35	—	35	34⅜	—	34¾	—	—	—	—
Mutual Union Tel.	17¼	14½	—	—	—	—	—	—	15	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	15½
N. Y. Chic. & St. Louis	9¾	8¼	9½	9⅛	—	9¼	—	9	9	—	—	—	9	10	10⅛	10⅛	10	9⅞	—	—	—	—	—	—	8¾	—
Do. pref.	20	16¼	—	—	19	19	—	—	—	—	18¾	18½	19	20¾	20¾	20¼	-	20¼	—	20	19½	—	—	19	—	18
N. Y. Central & Hudson	115⅝	110⅞	115⅜	115¾	115⅝	115¼	115¾	115¾	116⅝	118⅛	118	117⅜	117⅛	117⅞	117⅝	118⅛	117⅜	117½	117¼	117¾	117¾	117⅛	116⅞	116⅝	116¼	116
New Jersey Central	90	84½	87	87¾	88	87½	89	88½	89¼	89⅞	88⅜	87¼	87	87⅝	87¾	—	87½	88⅜	89⅜	90	89⅜	89⅛	—	88⅝	88¼	87½
N. Y. Lack. & Western	87½	85	—	88	—	—	87⅞	88½	88	89	—	90	90⅛	90	90	90	—	90	—	90½	90⅞	90½	—	91	91	91
Erie	28⅜	24⅜	26⅛	26⅝	27½	27	26¾	26⅛	27	27⅛	27½	27⅛	27	27¼	27⅜	27½	27⅛	26¾	26⅞	26⅞	26⅝	26¼	26¾	26⅝	25½	25½
Do. pref.	70	67⅞	68¼	—	69½	69⅛	69	68½	69	—	—	68½	—	69	69¼	69⅝	69½	—	69½	69⅜	69⅜	69⅝	—	—	—	—
Norfolk & Western....pref.	41	37½	—	39¼	—	38½	—	—	—	—	38	—	40⅝	40½	42	—	—	41	—	41⅝	41½	—	—	—	—	—

Northern Pacific	26⅞	20	22½	23⅛	23	22½	22½	22	22⅛	22½	22⅛	21½	21⅝	21¾	21¾	22	21½	21⅝	21⅞	21⅞	21⅞	21⅞	22⅛	21⅞	21½	20⅞
Do. pref.	50⅝	40½	47	49⅛	49	48⅝	48⅛	47⅛	46⅞	48	47¼	46¾	47⅛	47⅜	47⅞	48	47½	47¼	47⅞	48⅛	47½	47½	47¾	47¼	47⅛	46¼
Nashville, Chat. & St. L.	56	46	—	53	—	52½	—	51	—	53	—	—	—	—	53⅛	54½	—	53	—	—	—	—	—	—	—	—
N. Y., Ontario & Western	16½	8⅞	11¼	11⅛	11¾	—	11⅛	11⅛	11	11⅜	11⅜	11	—	11½	11⅛	—	11⅛	11¼	11¼	11	10⅞	11	10¾	10⅝	10½	—
Ohio & Mississippi	26½	22	22⅜	22⅜	22⅛	22⅜	22½	—	—	21⅞	22	23	—	23⅞	—	23⅝	23	22¾	21½	—	—	—	23	23⅜	23⅝	22½
Oregon Navigation	119	79	91	—	95	95	94	93	94	95	93	93	91½	93	93	93¼	95	95½	95¼	99½	96	94	93⅛	92	90⅛	—
Oregon & Trans-Continental	34⅝	16½	24½	25	25⅛	23⅝	23½	22⅞	22⅞	23⅛	22⅝	20¼	21⅛	21⅜	21⅛	21⅜	20⅞	20¾	20⅝	20⅝	20¼	20¾	21½	21¼	20¾	19¾
Ohio Central	3⅛	2½	—	3	3	2⅞	2¾	—	2⅞	3	3	3	2⅞	3	3	2⅞	3	3	3	3	—	3	2⅞	2⅞	—	3
Pacific Mail	47	40¾	46¾	46¾	45¾	46½	46	45⅞	46⅛	47¾	47½	46¾	47⅜	47¼	47½	47¼	47½	47⅜	47⅝	47⅞	48⅜	50⅝	51⅜	51⅛	51⅜	51
Philadelphia & Reading	59¼	52½	54¼	55¾	57⅞	57⅜	57¼	57⅞	57¾	58	57¾	57	56⅝	57⅛	56⅞	57¼	57	57	59⅛	59	60⅝	60⅛	60⅛	59½	58⅞	58
Pullman Palace Car Co.	115½	108½	114½	113¼	113½	113	111¾	111⅞	—	114	113⅛	112⅝	112¾	112½	112½	111¼	108½	110½	111	110	109¾	109½	108⅞	109	107¼	108
Peoria, Decatur & Evansville	15½	13	15	16¼	17	16¼	16	—	16⅛	—	16⅝	—	—	16	16⅛	16⅞	15½	15⅜	15¼	15	—	14¼	14⅞	14½	14¼	—
Richmond & Danville	56	52½	—	—	60	—	—	—	60	—	—	—	—	61	—	61	60	57	59	—	59⅞	—	—	—	—	—
Richmond & Alleghany	5	4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4	—	—	—	—	—	—
Richmond & West Point	31	26¼	27½	28¼	30¼	28⅜	29¼	28	28¾	29	29	29½	28¾	30⅞	32	31¾	30½	—	30⅛	30	—	29	29½	29¾	28½	28
Rochester & Pittsburg	15½	13⅜	15½	15⅞	16⅛	15⅝	15½	15⅜	15⅝	15¾	15¾	15½	15⅝	15⅝	15⅝	15⅝	15⅜	15⅛	15¼	15½	15¼	15¼	14¾	14⅝	14⅝	14⅝
St. Louis, Alton and T. H.	43	40	49	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	47½
Do. pref	91	88	—	—	—	96	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	95	—	94
St. Louis & San Fran.	20½	19¾	—	—	—	—	—	—	—	—	—	—	22½	—	—	—	—	—	—	—	—	—	—	—	—	—
Do. pref.	42	37½	—	39	—	—	—	—	—	—	—	—	—	—	41½	—	—	—	—	—	—	—	—	—	—	43
Do. 1st pref.	90	90	—	—	96½	—	—	85	—	—	—	—	—	—	—	—	—	—	—	87½	—	—	—	87	87	—
St. Paul, Minneap. & Man.	99	84	93	95	94¼	95	97	95½	97	97⅜	97⅜	96⅛	95	95¼	96½	96⅜	95¾	94¾	95½	96	—	95¾	95	94⅞	93½	92½
Texas & Pacific	20⅝	15	20	21½	21¾	21⅜	21	20¼	21	21⅜	22⅜	21⅞	21¼	21⅜	21⅜	21¾	21¼	20¾	20⅝	21½	21⅛	22	21¾	21½	20⅞	20⅜
Union Pacific	78⅞	69½	80	82	82¼	82⅜	82	81¼	82	82⅝	82⅜	80⅞	80⅝	81¼	83⅝	84⅝	84⅝	83⅜	83¾	83⅛	83¼	82⅝	82¼	80⅞	79¼	78⅞
Western Union Telegraph	76½	71½	76¼	77⅞	77¾	77⅜	77	75⅞	76¼	76⅞	76⅞	76½	76	76⅜	76⅞	78⅛	77½	77	77	77	76⅞	76¾	76⅞	76¼	75⅝	75
Wabash Pacific	19¾	12½	16¼	18⅜	18	17⅝	17¼	16⅝	17⅛	17¾	17⅞	17¾	17	17½	17½	—	16¾	16¾	17¼	17¾	17½	17⅝	17⅜	16½	16⅝	16
Do. pref.	32	24¼	27½	30½	30¼	29⅛	28⅜	27⅜	28½	29⅛	28⅜	29⅜	28¾	29	29⅛	28¾	28¾	28	28½	29¼	28⅞	28⅞	28⅝	27¼	27¾	27
MISCELLANEOUS—																										
Express—Adams	129	129	—	—	129	—	—	—	130⅛	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
American	96¼	92	97	101	100⅞	—	99	96	—	99	—	—	—	—	—	—	—	98¾	—	—	—	—	96½	95	—	96
United States	60	58½	—	—	60¼	—	—	—	—	60¼	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wells-Fargo	109	105	—	105	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ches. & Ohio, series B.	98	96	98	—	98¼	98½	100	99¾	100	101	100½	100	100	102	100⅞	100¾	101¼	102	102	102	101¾	—	101	101½	101⅝	—
Denver & Rio Grande 1st.	108¾	108	—	—	—	—	109	109	—	—	—	109	—	—	109⅛	—	110	—	—	—	—	—	—	—	—	—
Lehigh & W. B. con. ass.	104	102¾	104	—	104½	—	—	104½	—	—	105	105	—	105¾	—	—	—	—	—	106	—	107¼	107¾	107⅞	107¼	—
Metropolitan Elevated 1st.	104¼	100½	105	105⅝	105½	105	—	105¾	106	106¼	105¾	106	106	—	—	106	—	—	106	106⅜	106	—	106	—	107¼	107¼
Mo., K. & T. con. ass.	109	109	—	—	—	—	109	—	—	—	108	108	108⅜	108½	108½	108½	108½	108¾	108⅞	109	—	—	109	—	109	109
Mo., K. & Texas 2d.	68	63	66½	—	—	66¼	66½	—	—	66½	—	—	66¾	67	67	—	68	67¼	67¾	68¼	68¼	69¼	70¾	70¾	70¾	70¼
N. Y., Chi. & St. L. 1st.	102	100	101¾	102	102¼	102¼	102¼	—	102½	102¾	103¼	104	105	105¼	105½	105¾	105½	105⅛	105¼	105	—	104⅞	104⅞	105	105	104
N. Y. Elevated 1st.	117½	116½	118	117¾	—	—	117¾	117¾	—	—	117¾	118	—	118	117⅞	—	—	117¾	118	—	118	—	118½	—	—	—
N. Y., L. E. & W. 2d con.	93¼	87⅞	92¼	93	—	93	93	92⅝	93	93	93⅛	93½	93½	94⅜	94½	94½	94⅝	94½	94½	94¾	94¼	94⅜	94⅛	—	94	94
N. Y., W. S. & B. 1st.	67⅜	49⅞	53⅝	53⅛	53⅜	52½	53⅛	54	55	55	54⅜	54⅛	54	54⅜	55⅛	54⅞	54⅛	53¾	54½	54½	55	54¾	54⅞	54¼	54¼	57
Union Pacific 7s. L'd G.	109	108¾	—	—	—	109	—	109¼	—	110	110	110	—	—	—	110	—	—	—	—	—	—	110½	—	—	—
Union Pacific 1s.	114¼	113	114	—	114½	114¼	114¼	114½	114¼	114½	114½	114¼	—	—	—	—	—	114½	114	—	—	114¾	115¼	115½	—	115½
Union Pacific S. F'd.	118	117	118	118	117¼	117¾	117¾	117¾	118½	—	—	118¼	—	118½	118½	—	—	—	—	—	—	—	118½	—	—	—

WHEN NO FIGURES ARE GIVEN THE PRICE REMAINS THE SAME AS LAST QUOTATION.

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of February has been suggestive of a leap year indeed; for the depression that many thought at an end with the old year has leaped over into the second month of the new, and the fair hand of returning prosperity has not yet been extended to the country. In fact, the gloom seems to be deepening in some quarters, while a brighter outlook is scarcely discernable to the naked eye in any direction. "Darkest just before day," however, is an old adage that has been honored often by proving true, and it is by no means impossible that it may prove true again in this case. Weather and the physical as well as the commercial and financial elements have been against recovery since the new year has cast its shadows instead of its smiles upon us, as the clouds and storms have overcast the heavens or darkened and deluged the earth. That the elements have delayed and in great part ruined the first two months of this year's trade in many lines, cannot be disputed. With the return of good weather, therefore, that which has not been lost should be retrieved, and by so much the trade of March should be better than for the same time a year ago, unless, indeed, March itself shall fall behind last year.

It is the universal complaint that the country from one end to the other is poor, and is neither buying for consumption, speculating for profit, nor investing for income. Yet when we look for the causes of this they are not so apparent as some have supposed.

The crops of 1883 are turning out better for the farmers than expected. Either the quantity and quality have been underestimated, as now seems probable in the cases of wheat, corn and cotton, or the prices obtained have been higher than was expected last fall, as in the case of hogs and hog products, beef and beef products. Hence, the agricultural classes, on whose prosperity, the prosperity of an agricultural exporting country is supposed to depend, ought not to be poor, while the middle-men and transportation companies ought to be correspondingly busy and profitably employed. The speculative, financial and industrial classes, it is true, are not employed, as a rule, or are unprofitably employed, in most cases. These are the weak spots, and they must be eradicated before a general recovery can set in and hold. But they should not be so overshadowing as to bear down the equally favorable conditions named, for prices are generally low, and the cost of living, and especially of the necessities of life, as a whole, are not much, if any, above the average.

It would seem, therefore, that after the recent over-production of manufactures has been worked off, these industries must begin to recover, and with such recovery the profitable employment of capital and labor which would soon be followed by a restoration of confidence in financial affairs, and a revival of speculative activity which would set all the wheels of prosperity in motion again, though at no old-time, speculative 2.40 gait; but slowly, surely and safely. This would be healthy and permanent and is not at all improbable in the near future.

Wall Street is the worst "if" in the way; not a lion, but a huge Bear, notwithstanding the earnings of the railroads are showing much better than people seem to be aware of, and better than an average at this season of the year in the present dull state of our export trade It is lack of confidence in railway management, but still more in values of stocks whose composition has been shown to be so largely of water during the last six month's liquidation.

Let the country cut clear from Wall Street and leave it and its big stock of manufacturers and sellers, with their wares, and invest its surplus and *idle* money in legitimate property and enterprises, and the wheels will begin to move in spite of the stock market. There are good railroad bonds and a few good railroad stocks at present prices; but the latter are not many, for even the dividend-paying stocks are not necessarily dividend-earning ones. Hence it is necessary to discriminate carefully against dividend-paying stocks of roads whose bonded debts are being constantly increased. There are too many of these on the list, and too many of which there are more than suspicions that they have been increased to pay dividends on their stocks. Of course there is but one purpose in such financiering; that is to sell stocks owned by the men who mismanage such roads, in which they dare not trust their own money under their own control. There are grave suspicions that hitherto "gilt-edged" stocks, whose godfathers have shared the confidence of investors in the past, are in this boat, for there is no other reason apparent why their bonded debt should increase without increase in mileage or plant. It would be a very easy thing for these managers to buy the bonds of their roads if the public will buy their stocks, and thereafter default on the interest on their bonds when they have ceased borrowing money to pay dividends on stock. It would then only be necessary for them to foreclose, wipe out the stock, buy up the roads for the bonded indebtedness, and reorganize them upon a bankruptcy basis with the "water" squeezed out of the public, and the roads never go out of the present managers' control. That we are approaching another receivership and reorganization era, such as we had in 1876–78, is more than possible. The only stocks, therefore, which are safe to buy, are those which represent actual value, based upon what it would cost to replace their plant and franchise in cash, over and above their bonded debt. The same rule will apply equally to bonds, where they have been issued in excess of the cash value of the roads.

The most ominous condition outside of stocks is that of the state of the foreign exchange market, which has again touched the specie exporting point, by reason of our light exports, and brought us back to the condition we were in before the four abnormal crop years preceding 1882, when Europe's harvests were unusually light and ours as unusually heavy. Whether we are in better shape otherwise to withstand a drain of gold, than in 1874–78, remains to be seen. Certain it is that Europe is in unwilling mood as well as in bad condition to take our railroad securities to any greater extent now than then. There were more held abroad, however, in those years than now, to come home, and be paid for by shipments of specie; and this puts us in better condition than then by the difference. At the same time we have now gotten back to a price for our chief staples of food exports where we can again undersell Europe, and most other exporting countries, in her markets. Before another year's crops are marketed, therefore, we are likely to see onr exports rise again with normal crops at home and abroad.

Hence, with the hard times and consequent reduction in our imports of the luxuries of life, there ought not to go abroad enough gold to affect us seriously. Otherwise the monetary situation does not appear to be pregnant of any evil to the business of the country, except so far as the continued coinage of silver dollars not worth their face is a nuisance that will breed financial malaria if it is not checked or abated altogether. Stringency in money is scarcely to be apprehended as an element in the near future, although one to be provided against by Congress before the return of the industrial activity (shown above to be possible) shall require more than our present volume of currency. This is among the contingencies of the future, and the nearer the better for the country, provided we are ready for it. In the absence of railroad stocks, in which safely to invest idle cash, and of first-class railroad bonds or long Governments, at prices yielding fair return, there has been considerable money put into short Governments at a price that yields a fair interest.

State and municipal bonds of first class are in good request at very low rates of interest, and it is a favorable time for those with good credit to refund their debts. This explains the financial situation fully.

The commercial situation has not occupied as prominent a place in public attention in the past month as for some time before, while the financial position has assumed higher importance. Hence the greater space given here to the latter, leaving less to be said of the former. On this score the most important thing to note is the now generally accepted conclusion that a mistake was made last autumn in the world's estimates of the world's crops, and that these estimates were placed, as a rule, too low, because they did not come up to the enormous world's crops of 1882, of which, also, a surplus larger than supposed was carried over into this crop. The result is seen in the disappointing markets in nearly the whole line of produce, based upon the early estimates of the crops. These were too low on almost everything but meats, of which the estimates were as much too high, especially respecting the supply of hogs, on which there seems to have been as huge a mistake as there evidently was in the wheat crop in the other direction. The Bears have paid dearly for the former, led by the packers, who fought the advance until they had lost more than a season's profits on their packing, when they turned around and bulled the market as much more, on manipulation in part and on a steady falling off in the supply of hogs for the other part. Prices are now high, but stocks are light and nearly all in sight, while in Europe they are low, and home supplies not as large as last year, apparently. Hence prices may rule high, unless our summer supply of hogs is larger than now expected.

The Bulls in wheat have paid fully as dearly for their mistake, until they are so demoralized that they have generally given up hope. There are a few Bears, however, who are now turning bullish on wheat; but Europe does not take it, and shows disposition to pursue this policy until next crop, unless some accident happens to the growing crop, or more serious complications occur over there. The winter wheat crop is in fine shape, the winter having been entirely favorable to the plant, and now so far spent that there is not much danger from winter killing, which cut our last crop so short.

The soft-corn scare has been renewed since the mild weather of February came, but there is so much of it soft that it has fallen far below its relative value, compared with the speculative grade, that the latter all goes into store for delivery on contract, while the former supplies all consumptive demands. If this crop is short it is early to bull it on first half of the year, while if the bulk is poor the good will be dragged down by it till the poor is gone.

Cotton has eased off on larger port receipts than anticipated, and the late reduced crop estimates of a 5,750,000 crop are not as general as they were, the Government 6,000,000 estimate being revived again. Trading is very slow, and no speculative life or export activity have characterized this market.

Petroleum, however, has been lively enough, and indeed too lively for the Bulls, who have been compelled to drop their oil by the grasping monopoly that rules and will ruin this trade; this, too, in face of the strongest statistical position oil has been in for a long time. The belief is that they would not let the market go up while the public held the stock, and that, now they have it themselves, they will advance it sharply so soon as they get the public as short at low prices as it was long at high ones.

Iron has been dull, neglected and featureless, with little change, as have most of the minor speculative markets. There are now coffee, tea and sugar, wine and spirits, naval stores and tobacco, and butter and cheese Exchanges, where all we eat, drink or chew are speculated in, even to the sugar and syrup with which we sweeten them. This is one of the best and worst evidences of the lack of legitimate business in this city.

Since writing the above the flurry in Delaware, Lackawanna and Western has given an apparent new phase to the situation in Wall Street. But the real situation remains wholly unchanged. The market has been unsafe for outsiders for the last two years, but the recent "squeeze of the dry-goods pool," as it is called, reveals such a dangerous state of affairs that brokers themselves are afraid of dealing. The few active stocks on the list are only kept active by the manipulation of big operators who are trying to unload. The public is educated up to leaving them severely alone. The brokers know too much to buy them, and now they dare not sell them, consequently there is every chance of stagnation point being reached.

The reports of the New York Clearing-house returns compare as follows:

1884.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
Feb. 2...	$338,844,400	$73,961,300	$34,104,900	$355,071,300	$14,604,000	$19,298,375
" 9...	341,919,100	78,235,800	33,207,500	361,395,600	14,511,900	21,094,400
" 16...	345,894,200	78,319,800	32,577,100	363,544,400	14,538,200	20,010,800
" 23...	344,523,800	77,866,200	32,240,200	361,380,200	14,364,900	19,761,350

The Boston bank statement is as follows:

1884.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
Feb. 2.......	$145,960,500	$6,502,600	$5,891,500	$98,123,800	$25,195,800
" 9.......	146,132,100	6,465,900	5,807,900	98,096,400	24,696,500
" 16.......	145,618,000	5,962,700	5,378,800	98,302,000	24,567,500
" 23.......	146,574,400	5,966,500	5,193,500	97,768,600	24,478,100

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1884.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
Feb. 2	$77,795,520	$21,719,939	$72,437,942	$8,957,208
" 9	77,818,808	22,694,531	72,539,731	8,946,305
" 16	78,534,503	22,102,420	72,809,420	9,005,125
" 23	78,846,467	21,301,901	72,955,562	9,012,573

Our usual quotations for stocks and bonds are enlarged elsewhere to embrace a greater number and each day of the month. The rates for money have been as follows:

QUOTATIONS:	*Feb.* 4.	*Feb.* 11.	*Feb.* 18.	*Feb.* 25.
Discounts	4½ @ 5½	4½ @ 5½	4½ @ 5½	4½ @ 5½
Call Loans	1½ @ 2	1½ @ 2	1½ @ 2	1½ @ 2
Treasury balances, coin	$117,195,767	$118,400,393	$119,097,241	$119,778,025
Do. do. cur	$8,861,024	$8,207,928	$8,104,965	$8,443,280

We append the closing rates of Foreign Exchange for each day in February, When the date is not specified, the price remains the same as last quotation:

	1	5	7	11	15	16	19	20	21	22	27	28	29
London......60 days	486½	486	486½	486½	485¼	—	—	485¾	486	—	486¼	486½	—
" ......3 "	488¼	488	488¼	488¾	488¾	—	—	489½	489½	489¼	489¾	489½	—
Paris Francs.60 "	518¾	—	—	—	518¾	—	—	—	518⅛	518¾	516⅞	518⅛	517½
" " 3 "	515⅝	—	—	—	516¼	515⅝	—	—	—	—	513¾	515⅝	515
Geneva ..... 60 "	517½	—	—	—	—	—	—	—	—	—	—	—	—
" ...... 3 "	515	—	—	—	—	—	—	—	—	—	—	—	—
Berlin, Reichmarks 60 "	95	—	—	—	94⅞	95	95	—	95	95⅛	95⅜	95⅛	—
Berlin, Reichmarks 3 "	95⅞	—	—	—	95½	95⅞	95⅞	—	95⅝	95⅞	96	95⅞	—
Amsterdam Guilders 60 "	40⅛	—	—	—	—	—	—	—	—	—	—	—	—
Amsterdam Guilders 3 "	40¼	—	—	—	—	—	—	—	—	—	—	—	—

DEATHS.

BLANDY.—On February 6, F. J. L. BLANDY, President of the Union Bank of Zanesville, Ohio.

ELLIOTT.—On February 3, aged sixty-three years, WM. ELLIOTT, SR., of Elliott, Sons & Co., bankers, Philadelphia, Pa.

LOCHER.—On February 11, aged fifty-seven years, D. P. LOCHER, of D. P. Locher & Son, bankers, Lancaster, Pa.

MCKIM.—On January 24, aged twenty-four years. ALEXANDER MCKIM, of the firm of McKim & Co., bankers, Baltimore, Md.

POWERS.—On January 25, aged thirty-four years, E. A. POWERS, President of the Powers Bank, of Ellsworth, Kan.

SEASONGOOD.—On February 5, aged sixty-nine years, JACOB SEASONGOOD, of Seasongood, Sons & Co., bankers, Cincinnati, Ohio.

TRUFANT.—On February 9, aged forty-three years, GEORGE H. TRUFANT, Cashier of the People's Bank, Rockford, Illinois.

WATSON.—On February 17, at his plantation in St. James Parish, La., MATHEW WATSON, formerly President of the Planters' Bank of Nashville, Tenn.

THE

BANKER'S MAGAZINE

AND

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DIMINISHING EXPORTS.

The heavy decline in the export of wheat from our country is a grave matter. When we began to export in large quantities, and to draw gold from the old world in payment, the American people were jubilant. It was a remarkable sign of progress to reverse the old order of things under which year after year our gold had flowed away from us to other lands. This had been the case most of the time since the California gold discoveries. It made the nation dizzy to see gold coming back in such enormous quantities. At once we jumped to the conclusion that we were always to feed the old world; but not so thought our English friends. This was anything but a pleasant revelation for them to contemplate, to depend upon their former child for bread. Very soon they began to look to other lands for a supply. We did not follow them as they cast their eyes over the earth. We blindly pursued our way, believing that they would continue to look to us without a thought of going elsewhere. It is true we imagined, perhaps, that a small supply might come from Egypt, Russia, or other countries, but our faith was strong that the great West was to remain the permanent granary of Great Britain.

To what quarter did Great Britain turn for relief? To India. It was soon discovered that India could be turned into a great wheat-raising country. The only thing necessary was to provide transportation facilities. It was feasible to grow grain of a better quality than our own, but it could not be transported. But right speedily was the work of constructing railroads undertaken. Our mighty prairies would have been almost unoccupied to this day, except for this agency. We do not fully realize how much our agricultural progress is due to our superb transportation facilities. The northwest would have remained almost uninhabited, and the wide ranges of western prairie would have continued to raise rank prairie grass, had not the railroad invaded those regions and opened up the way for their profitable cultivation. The same thing has now happened to a large tract of India. Within an incredibly short space of time railroads have been completed, seed has been sown, large harvests have been gathered and transported to London, and the grain is laid down there more cheaply than it can be from this country. The inevitable result has followed. American wheat is no longer wanted. The price has fallen. What shall be done? The western elevators are full to bursting. Last month the Trunk lines, at a conference, reached a very important decision. The rate for transporting wheat, which a few years ago was cut down from one cent to a half a cent per ton per mile, was still further cut to nearly three mills per ton per mile. The object of this reduction is evident. It is for the purpose of stimulating the export of grain to foreign countries. It is said that whether we send any more grain abroad or not, depends entirely upon the action of the Trunk railroad lines. If the old rates were maintained the export of grain would cease. If they can be reduced to a sufficiently low point to favor exportation it will revive. Of course the railroad companies cannot carry grain at a loss; on the other hand, if they derive no revenue from this source their profits will diminish. This question, therefore, is a very important one, both to the shippers of grain as well as to the transporters of it. The future is not altogether certain, but it seems to be the opinion of those who understand the subject best that the railroad companies will be able to reduce the rates to a point at which they can live and yet enable shippers to compete successfully with foreign wheat. No doubt American speculators have had much to do toward stimulating the production of wheat elsewhere. By alternately elevating and depressing the price they have disgusted foreign buyers, and led them to look with deeper longing to other lands for a supply. The speculator, therefore, has been a bad enemy to our country's prosperity. His chief work has consisted in destroying the foreign market for American grain. He has sought to make a fortune for himself, and he has succeeded in bringing misfortune upon the country at large. Such is generally the case with speculation; a few may gain, but somebody loses: in every large speculation the loss somewhere is very great.

Petroleum for many years formed one of the chief articles of export, but the quantity now produced in Russia is beginning to affect very seriously the export of the American product. It is evident that Russia contains a vast abundance of petroleum, and there is no reason why it should not be produced successfully. It therefore comes into direct competition with the American, for, though very cheap here, petroleum can be produced more cheaply still in Russia. Our loss is some one else's gain, but it is a loss nevertheless. It has been predicted for many years that the quantity demanded would cease after a time, that new sources of supply would be discovered, and that our country would not always maintain its supremacy in this regard. This prediction is now fulfilled. Our country must cease to produce and sell as much as formerly.

So large a diminution of our exports affects, of course, the question of the export and import of gold. Of late we have been exporting that metal, it is said, in payment for foreign securities. If this be true we have reason to rejoice, because the securities are probably worth far more to us than the gold. We would very much prefer to pay for these securities in petroleum and wheat, but if we cannot pay in this manner, it is better even to part with our gold than not to have the securities at all.

THE LATEST PROPOSED PLAN FOR BANKING.

Early in the last month a deputation of the Pennsylvania National banks appeared before the United States Senate Finance Committee, and proposed a substitute for the security of deposited Government bonds now required for National bank circulation. The substitute gives to the holders of the notes of the banks a priority of claim against all their assets, and also creates for the redemption of the notes of failed banks a special fund by setting apart the tax on the circulation of banks and the profit derived by the Government from the loss of bank notes. It is also stated that the five per cent. on circulation now deposited in Washington by the banks shall be a part of the security, but it does not distinctly appear whether that five per cent. is to be, as at present, a security merely for the notes of the bank which deposits it, or for the notes of any bank which shall become insolvent. If the latter is intended it would make all the banks joint guarantors for each other, to the extent of their deposit of five per cent. on their circulation, and in that case it becomes material to know whether the five-per-cent. fund is to be first exhausted by bank failures before the other fund, made up of Government contributions, is to be drawn upon.

The plan does not seem to differ materially from the plans heretofore proposed by Messrs. Coe and Hewitt of this city, except that the Government itself is to be made a contributory party in making up such losses as may occasionally occur by National bank failures.

It is true that this contribution is only to come from such taxes and profits as the Government has actually received from the operations of the National banking system, but still it takes money which has always been and is now received, treated and expended as a part of the public revenue. We must say frankly that we do not believe that this part of the plan will ever command any considerable support in Congress.

So far as the security for the redemption of National bank notes is concerned, it would doubtless be reasonably provided for by a priority of claim upon the assets of the issuing banks, and by such a degree of their joint liability for each other as would arise from making the five-per-cent. fund responsible for the notes of any bank which may happen to fail. And it is probable that very few banks would refuse to accept such a degree of joint liability.

But upon the views which we entertain in respect to a circulation of bank notes, the security for their redemption, although a matter of great importance, is a matter of very minor importance as compared with such a regulation of the amount and steadiness of their aggregate quantity as will secure a stable standard of value, prevent alternate expansions and contractions of the currency, and guard the country against the enormous fluctuations in the general range of prices from which it suffered so much under the *régime* of the State banks, which were always legally bound to redeem, and ordinarily did redeem, their notes in specie, but upon the aggregate amount of whose notes there was and could be no enforceable limitation.

If the measure of the issue of National banks is to be shifted from the small amount of Government bonds which are practically obtainable to be deposited as security, to the mere capital of banks which can be enlarged indefinitely and at pleasure, the actual issue will fluctuate with the commercial demand for currency, and thereby become greater as prices expand and less as prices contract, so as to intensify both the rise and fall. That method of regulating the volume of a paper currency, which is the vital point in respect to such a currency, was at one time popular in England, but was abandoned there forty years ago as being the worst conceivable method. We have been rid of it in this country for twenty years, and it is to be hoped that it will never be revived.

It was not within the power of the States to impose any limit upon the aggregate amount of State bank notes in the country, but that is easily within the power of Congress in respect to National bank notes, and in fact such a limit originally existed by law. The limit was taken away from and after January 1, 1879, by the Resumption Act, but since that date a more restrictive limit has been practically imposed by the scarcity and high price of Government bonds, so that the National bank circulation has not possessed in any degree the feature of elasticity. It ought not to possess such a feature in the sense of fluctuation, first in one direction and then in another, but it is a different question whether it ought not to possess such a feature in the sense of a steady enlargement, *pari passu* with increasing population and exchanges. The English have decided this last question in the negative, upon the ground that the elasticity of their currency as a whole is sufficiently assured by the elasticity of the coin part of it. But a different decision may be made in this country, of which the growth is much more rapid.

THE LEGAL TENDER DECISION.

The Supreme Court of the United States has rendered another decision touching the ability of the Government to issue legal-tender notes, which will doubtless be regarded as final. The history of Congressional legislation on this subject, and the interpretation given to the legal-tender laws by the supreme federal tribunal, will forever form one of the most curious, as well as important chapters in the legal history of our country. Whether this last decision be regarded as right or wrong by the student of constitutional history no one will question its finality. It is never likely to be reversed, except by a constitutional amendment. Such a reversal is certainly very remote, judging from the temper of the people at the present time.

Whether the action of the Supreme Court is to be regretted or not, therefore, it will undoubtedly stand. A change in the composition of the court is a very slow process, save by a radical change, which would certainly be a great shock to the people. It would be possible to increase the number of the judges, and thus add enough to bring about the reversal of the decision at some future day; but such a step would be fraught with the gravest consequences; nor is it probable that it will ever be attempted. If a time should ever come when the judges of the Supreme Court regarded this question differently as individuals, it certainly would be a very serious question whether they should express such an opinion in an authoritative manner.

When Mr. Chase was Secretary of the Treasury he slowly arrived at the conclusion that the power to issue legal-tender notes inhered in the Government, and having reached this conclusion, he expressed his opinion fearlessly and without reserve; but singularly enough, within a very short period afterward, as Chief Justice of the United States Supreme Court, he changed his opinion and decided the first legal tender case in the negative.

There were those who questioned the sincerity of his action; but we think that Mr. Chase was honest and sincere in both opinions. As Secretary of the Treasury, of course he was desirous of obtaining money to support the Government, and naturally his mind would incline him to stretch the power of the Government to the utmost limit. As a judge he looked at the question in a different light, and no discredit should be attached to him for having the manliness and courage to reverse his opinion, if in the light of further study he believed that truth and duty lay in such a course.

This decision, however, did not stand long. Two other judges were added to the bench. The subject was re-opened, and a decision pronounced in favor of the constitutionality of the law. That decision has stood, though not unquestioned, until the present time. The question before the Court recently decided was, whether the Government in time of peace had the authority to issue such notes. When the first decision was reversed, the court based their reasoning on the necessities of the occasion. Judge Strong, who delivered the opinion of the court in the case of Knox against Dee, declared, that whether legal-tender acts were appropriate instrumentalities for carrying into effect and executing any of the known powers of any department of the Government, a consideration of the time when they were enacted, and of the circumstances in which the Government then stood was important. He then reviewed the situation of the Government at the time the acts were passed, and asked the question, "Now if we were certain that nothing else would have enabled the Government to maintain its armies and navy, and nothing else would have saved the Government and constitution from destruction, while the legal-tender act would, could any one be bold enough to assert that Congress transgressed its powers?' And he adds, "it is plain to our view that none of those measures, which it is now conjectured might have been substituted for the legal-tender acts, could have met the exigencies of the case at the time those acts were passed." It will be seen, therefore, from these extracts that the Court sustained the legal-tender legislation, on the ground that it was absolutely essential to the preservation of the National life. But in time of peace no such exigency exists; the Government is enabled to get all the means necessary to maintain itself with ease. It was therefore a fair question to raise, whether the Government had a right, the war having passed away, to continue to raise money by a forced process. The Supreme Court now finally decides that Congress is sole judge when such money may be issued, in other words, is the sole judge of the exigency which will justify resorting to this expedient. It is not for the Supreme Court to declare the time or the season.

Congress is omnipotent in the matter. Thus the question seems to be finally settled. To Congress and to Congress alone must we look in the future in dealing with this question.

The subject, however, presents one hopeful aspect. Twenty years have passed away since the greenbacks were first issued. The principles of money are much better understood now than they were then. They know more perfectly under what limitation it should be issued. It is true there are a great many persons in the country who advocate the almost unlimited issue of paper money, but it may be truly said even of the greenbackers, so called, there is a wide difference among them with respect to the quantity which the Government should issue. We believe we are right in saying that while there are many in favor of public issues, yet they do not believe either in the unlimited issue of money by the Government, or the issue by it to any very large amount. We think that public opinion on the whole has been growing in favor of a sounder currency. This decision is not likely to cause the mischief which it would have caused, perhaps, ten years ago. Those opposed to Government issues are numerous, strong headed and powerful. Much as we regret that the Supreme Court could not see a way to decide this question in a different manner, we are still hopeful that no such evil consequences will result therefrom as some have imagined.

GOVERNMENT GUARANTEE OF BANK NOTES.

Senator Allison, of Iowa, who participated largely in the February debates in the Senate upon the bank bill, insisted throughout that whatever changes might be made in the kind of security upon which National banks might obtain notes for circulation, the Government must itself absolutely guarantee the payment of the notes, and itself shoulder whatever risk there may be about the security. Declaring that he did not intend, at present and until further discussion, to commit himself to the acceptance of such a security as the individual liability of the stockholders in banks (such liability to extend to the whole of their individual property), he admitted the possibility that the country might at last be compelled to accept it. But in all events, and whatever might be accepted as security, he declared that the whole system must be given up, unless the Government guaranteed the notes. On the 21st of February his language was:

Whenever the Government ceases to guarantee to the holders of these circulating notes absolute payment, I, for one, want to see the system destroyed utterly and absolutely. . . . The only question for the Government of the United States to consider in settling this matter is, what is a sufficient collateral security to be held by the Government, which will enable it to recoup itself if in any event it is bound to pay these circulating notes?

In the debate on the same day he repeated that however it be secured, the National bank-note circulation must have "absolute redeemability at the pleasure of the holder of the currency at the Treasury of the United States," and that there should be "the absolute faith of the Government behind every dollar." By this language, we understand him as meaning that bank notes must always have the kind of redeemability at the National treasury which they possess to-day; that is to say, payment in coin or lawful money if the banks fail to pay them, and constant receivability in at least large branches of the public revenue.

The control of the currency of the country belongs exclusively to the National Government, and it will never again permit its control over any part of the currency to lapse by neglect to the States. All the money of the country, paper as well as metallic, must be National in its authorization and regulation, and its equal value and acceptance in every State must be secured by efficient measures.

Having this exclusive jurisdiction and duty in the premises, the Government ought not to permit the circulation of any paper money which it will not itself receive for all taxes, debts and dues. Any money which is good enough for the people is good enough for the Government. Everybody is practically compelled to accept money which is actually current, whether it is legal tender or not, and if the Government permits any money to be actually current it does thereby really force its circulation and becomes morally responsible for it. It shirks a plain duty when it allows the circulation of anything as money which it is afraid itself to accept as such. The Government never adequately performed this duty until it taxed the State bank notes out of existence, made the National bank notes receivable for all taxes except custom dues, and compelled every National bank to receive the notes of all other National banks for any debt due to itself. It is upon these provisions for the receivability of National bank notes for United States taxes and for debts due to all National banks, that the uniform currency of these notes in all parts of the country depends. It would not have been adequately secured by the redeemability of such notes at the common central point of Washington. The country is so large that mere redemption at any one point would not of itself have been sufficient.

In excluding National bank notes from receivability for customs duties, Congress was controlled by the necessity of keeping the promise which it had previously (in 1862) made to the holders of certain bonds (the interest of which was expressly payable in coin, and the principal of which was legislatively construed to be so payable), that the customs revenue should be collected in coin only, and that so much of the coin thus obtained as was necessary for the purpose should be exclusively devoted to the interest and sinking fund of the public debt. Whether it was, or was not, wise and necessary to give such a pledge, good faith has required that the pledge should be observed, and will continue to require that until the public debt shall be so reduced that it becomes manifestly of no practical importance to the public creditors whether it is observed or not. It may well be doubted, however, whether if the present Treasury construction is sound, that greenbacks may be treated as coin certificates, and therefore received for tariff duties, it may not be equally well applied to National bank notes, for the ultimate coin redemption of which the United States is responsible.

Senator Allison has stated with equal opportuneness and vigor the doctrine now firmly held in this country and which will never be given up, that all paper money, equally with all metallic money, must be National. No interference with it by the States will ever again be tolerated, after the long and disastrous experience we have had of the incurable evils of local bank issues. Furthermore, such issues have been becoming less endurable as the communications between different sections have become perfected, and as the tendency to the diffusion of such issues to places far distant from the local point of promised redemption has become stronger and more active. Mr. George S. Coe, in his address (August 18, 1881) on taking the chair as President of the American Bankers' Convention, well said:

> A great change has taken place in the commercial conditions and relations of the various States to each other and to the country at large. States once comparatively isolated have become interlocked with the others by railroads and other modern motors. Modern commerce knows no state lines. Currency notes, once emitted anywhere within the States of the Union, diffuse themselves among the people of the broad land and become practically National.

Diffused everywhere as bank notes now are, they must be made everywhere equally current without discounts and brokerages, and this can only be effected by National regulation and responsibility, at least substantially equal to what now exists in the case of the present National bank notes.

The same progress from local to National paper money which has been witnessed in this country, was witnessed in Europe in respect to metallic money, and the progress in both cases arose from the same causes and necessities. An American financial writer (*Weston on Money*), says:

> In the earlier history of nearly all European countries the coining of money was practiced by the feudal barons, and mints did not become National until the authority of the central Governments became real and effective.

A PREMIUM ON GOLD.

A city contemporary (the *Evening Post* of March 10) prints a communication from Cambridge, Mass., in which it is maintained that without some enlargement of the aggregate volume of the greenbacks and bank notes no premium can arise upon gold until the coinage of silver dollars has reached something like $800,000,000, and that this will not occur at the present rate of coinage until about twenty-five years from the present time. It is the general line of the argument of this correspondent, that so long as any gold remains in circulation it will be a decisive proof that there is no premium on it, inasmuch as nobody will use as money anything which is salable at a premium, and that all the gold cannot pass out of use as money until the aggregate of other kinds of money is sufficient to sustain the range of prices consistent with and required by the equilibrium of our foreign trade. He maintains that, in order to expel the gold, there must be not merely an issue, but an "over-issue" of a currency of either paper or silver, not convertible into gold, and that this will not happen in this country until there is "more than enough of greenbacks, national-bank notes, and silver and silver certificates in circulation, to occupy the whole field of currency." In substance, the ideas of this correspondent are those which Senator Hill, of Colorado, elaborated in his speech upon silver, in June, 1882, which we reviewed at the time. Their scientific soundness seemed to us then, as it does now, to be entirely clear. Inconvertible paper will not expel coin, until enough of such paper is issued to take the place of the coin, and so long as any coin circulates, it will be proved that there is no depreciation of the paper, and no premium on the coin. In like manner, silver inconvertible into gold will not expel the latter metal, until there is enough silver coined to take the place of the gold. The point upon which we differed from Senator Hill was this, that as nobody undertakes to deny the inexpediency and danger of issuing inconvertible paper, in the face of the uniform experience that it cannot be kept within the necessary bounds, we believe that it is for the same reason inexpedient and dangerous to issue a silver money not legally interchangeable at the public Treasury for gold, and which, from an inferiority of bullion value, must at some point in the continued coinage of it, cease to be exchangeable in the market for gold money. Senator Hill himself admitted that, unless there was a decided change in the present relative market valuation of the two precious metals, the silver dollars would depreciate at last. He maintained, however, that the date of such a depreciation was remote, and in that we agreed with him. But we could not agree with his expectations, which seemed to us to be of the Micawber stamp, that in the meantime something would turn up to prevent the final catastrophe. On that vital point, the following views of the correspondent of the *Evening Post* seem to be more considerate and wiser:

> The full effects of the silver evil will be slow in making their appearance. But this very slowness will make them all the more crushing and difficult to remedy if they should unhappily be allowed to come upon us. With a mass of perhaps 800 millions of highly inconvenient and, in relation to other countries, uncurrent silver dollars on our hands, with our paper depreciated to the silver standard, and our gold exported as merchandise, the task of restoring our currency to a sound condition would be one of gigantic proportions, and would prove to be both costly and difficult to an extent which can hardly be estimated at present.

WEALTH OF THE COUNTRY.

The Census Bureau has finished its computation of the aggregate wealth of the United States at the date (1880) of the late census, and fixes the figure at 43,642 million dollars, the principal items being given as follows:

	Millions of dollars.
Farms	10,197
Residence and business real estate	9,881
All real estate exempt from taxation	2,000
Railroads and equipment	5,536
Telegraphs, shipping and canals	419
Live stock, farming tools and machinery	2,406
Household furniture, clothing, paintings, books, jewelry, household supplies of food, fuel, etc	5,000
Mines, etc., with one-half the annual product	781
Three-fourths the annual product of agriculture and manufactures, and of imports of foreign goods	6,160
Specie	612

Estimates of this kind are, from the nature of the case, partly conjectural, but it is claimed that the figures for 1880 have been more carefully prepared than at any preceding decennial date. Doubtless there are errors now, but they are not likely to be all on one side, and what is called "the balance of errors" is probably not large. The figure of 781 millions for mines, &c., seems small. On the other hand, the estimate that three-fourths of the annual product of agriculture and manufactures and of the imports of foreign goods are, upon the average, in existence and under conditions entitling them to be reckoned as a part of the National wealth, seems large.

Comparisons of the wealth of different nations, in which the methods of computing wealth may be very diverse, are to be taken with great allowances, but it is worth while to note that in Mulhall's *Balance Sheet of the World*, an authority as much quoted as any other, the wealth of countries in 1880 is put down at 38,139 million dollars for the United States, 43,366 for Great Britain, 35,898 for France, 29,403 for Germany, 17,134 for Russia, and 14,762 for Austro-Hungary. As to such comparisons, it is opportune to refer to an observation of the London *Times*, which we quoted a few months ago, that the valuations of British property depend upon artificial conditions, the permanency of which cannot be relied upon, which observation applies as well, although with less force, to France and Germany.

The present Census Bureau fixes the wealth of the country, at four decennial periods, as follows:

	Valuation. Millions.		Per cent. of increase.
1850	7,136	....	.....
1860	16,160	....	126.4
1870	24,055	....	48.9
1880	43,642	....	81.4

In the foregoing table the figures for 1850 and 1860 are those fixed by the census authorities in those years. Those authorities in 1870 fixed the figure for that year at 30,069 million dollars, but the present Census Bureau, in view of the fact that the dollars then current in this country, and in which all prices were then made and stated in this country, were paper dollars worth only eighty per cent. as compared with coin dollars, has reduced the figure to 24,055 million dollars. This is getting into deep water, and possibly beyond soundings, and we believe that the comparative figures in the table would have been, upon the whole, more accurate if the present Census Bureau had left the figure for 1870 alone. To say nothing of the fact that the depreciation of the greenbacks and National bank notes in 1870, relatively to coin, raised the prices primarily of only imported and exportable articles, and is well remembered not to have raised the prices of land considered independently of structures upon it, it is certainly true that metallic money is itself never absolutely steady in value, and that it is known to have experienced a marked rise and fall between 1850 and 1880. The culmination of the effect of the California and Australian gold discoveries in depreciating money and raising prices is commonly stated to have occurred in 1865, and the most approved authorities agree that in 1883 prices had relapsed to the standard of 1850. Without proposing to go into the discussion at this time, we believe that the coin prices in this country in 1860 were approximately as high as the greenback prices in the summer of 1870, the great swell of prices both in this country and Europe, as a consequence of the enormous issues of paper in France brought about by the war between France and Germany not having occurred until after that summer, and having been principally felt in 1871, 1872 and the first half of 1873.

Taking the whole period between 1850 and 1880, the wealth of the country was, in round numbers, multiplied six times, while population only doubled, so that the *per capita* wealth in 1850 was $308, as compared with $870 in 1880, the purchasing power of money at the two dates not being materially different.

This greater increase of wealth than of population is well established to have occurred in Western Europe, and especially in Great Britain, in modern times, and since the great discoveries of science and improvements in machinery.

In a paper, read last autumn before the British Association, by Mr. Mulhall, he gave figures tending to show that in 1660 the wealth of England and Wales was £45 *per capita*. In 1812 it was £127 *per capita* in the whole of the United Kingdom, then including Ireland, a much poorer country, and in 1882 it was £249 *per capita*. Making allowance for the lower prices of 1660, or rather raising them to the scale of 1882, Mr. Mulhall believes the real gain *per capita*, from 1660 to 1882 to have been not less than from £109 to £249. One of the consequences of this greater increase of wealth than of population in Great Britain has been the general rise of wages in that Kingdom during the past century, although they are still low. There has been experienced in this country the same consequence of the same fact, labor being now much better remunerated than it was in 1800. There is room enough and need enough for further improvement; but the world is not, everywhere and in everything, going from bad to worse, as pessimists take pleasure in trying to persuade us to believe that it is.

BRITISH COMMERCE.

The full official accounts of the foreign trade of the United Kingdom for the calendar year 1883 are now published, so that the following comparison can be made of the money value of exports and imports during the last three years:

	Total Imports.	*Exports of Domestic Production.*	*Exports of Imported Goods.*	*Total Exports.*
1881	£396,773,350	£234,022,678	£63,060,097	£297,082,775
1882	412,001,683	241,467,162	65,193,552	306,660,714
1883	425,603,932	239,829,744	64,042,000	303,871,744

Prices of both imports and exports were lower in 1883 than in 1882, so that the gain in the quantities imported in 1883 is somewhat greater than the gain in money value, while, instead of there being a falling off in the quantity of the exports in 1883, as compared with 1882, there was some gain, notwithstanding the fall in the value.

The statements above are confined to merchandise, and do not include the precious metals, and they show a large and increasing adverse balance of the British foreign trade, it having been £99,690,575 in 1881, £105,340,969 in 1882, and £121,732,188 in 1883.

The explanation commonly given of this adverse balance of trade is, doubtless, in the main, correct, that it is offset in part by the profits of British foreign trade and by the earnings of British ships, and that the balance not so offset is the form in which the English receive the annual dividends and income on their enormous investments in their colonies and in foreign countries. Nevertheless, the recent increase in the adverse balance of their trade suggests the possibility that they may be realizing some part of the principal of their outside investments. That is certainly true of their investments in this country.

The trade between the United Kingdom and its colonies is treated as foreign trade. If it was possible to obtain the statistics of the trade between the different States of this Union, and aggregate them together, it would present a total which would dwarf the figures as now given of British trade into absolute insignificance. The trade between New York and San Francisco, or between Boston and Savannah or New Orleans, is as much commerce as the trade between Liverpool and Montreal. But it is a necessary result of the vast territorial area and diversified resources of this country, that the bulk of its trade must be domestic trade, which does not enter into the statistics of our foreign trade at all, but it is on that account not less, but more valuable and important.

As will be seen, of the total imports of Great Britain during the last three years, more than five-sixths were consumed at home as materials for manufactures and otherwise, and less than one-sixth was re-exported. A writer in this country has recently pointed out that the foreign trade of the famous commercial cities of antiquity, like Tyre and Alexandria, and of the middle ages, like Venice and Genoa, consisted of buying goods of one class of foreign nations, and of selling them to another class of foreign nations, thereby levying their profits as merchants out of the whole world. On the other hand, nearly all the commerce of the present times is the exchange by each nation of what it produces and has disposable, for the commodities of other nations for its own uses. Great Britain deals more than any other nation in a mercantile way with its imports, that is to say, a larger proportion of its foreign purchases are made with a view to their resale and not to their consumption at home. But, even in the case of Great Britain, this part of their foreign trade is relatively very small. In the case of this country it is absolutely insignificant, our re-export of foreign goods not having reached so high a figure as $20,000,000 in any one year since 1865, and having averaged during the last eighteen years only about $15,000,000.

The London *Economist* of January 26 and February 2 makes elaborate comparisons between the prices in 1883 and in 1882 of the commodities imported into and exported from the United Kingdom. This comparison is not possible in respect to about one-fourth of the commodities, for the reason that the custom-house returns do not show the relation between their quantity and value. But the comparison covers three-fourths of the commodities, and having a value exceeding in the aggregate 2500 million dollars. The average fall in their prices in 1883 is slightly in excess of three per cent., as compared with 1882; but 1882 was a year in which prices were very low, and were generally supposed to have touched bottom.

Imports in 1883 valued at £345,939,000, would have exceeded in valuation by the sum of £22,090,000 the same articles imported in 1882, but the actual excess in their valuation was only £10,840,000, showing a loss of £11,250,000 by reason of a decline in prices, which indicates an average decline of rather more than three per cent. The *Economist*, of January 26, says:

> The consumers have had more food by eleven per cent. for an additional payment of seven per cent,; the users of materials for manufactures have had more by 1.63 per cent., for which they have paid less by .95 per cent.

Exports in 1883 of articles of British production were valued at £165,719,000, being less by £1,594,000 than the valuation of the same articles in 1882, whereas, if prices had not declined, the valuation would have been £3,529,000 greater, by reason of the larger quantities. The decline in prices was, therefore, £5,123,000, or rather more than three per cent., and being substantially the same as the rate of decline in the prices of the imports.

The *Economist*, of February 2, says:

> The promise of more profitable trade with which the new year opened in 1883, faded away before its close, and 1884 commences with very little to encourage either manufacturers or sellers.

And yet it is plain that so far as direct loss and gain are concerned, and not taking into account the effect of falling prices to depress industries, Great Britain profits by a fall in prices, if the rate of the fall is as great in its imports as in its exports. inasmuch as its imports are so much in excess of its exports as the result of the annual tribute which it receives from its foreign loans and investments. On the contrary, a country like India, obliged to export more than it imports, in order to meet the charges on the debt which it owes to England, suffers directly from a general fall of prices, if the fall is as great in what it exports as in what it imports.

THE PENNSYLVANIA RAILROAD REPORT.

The report of the Pennsylvania Railroad Company must impress every reader with the vastness of the company's operations. It has become the greatest railroad corporation in the country, and it is not too much to say, probably the best managed. It would be difficult to analyze within our limits all the figures contained in this document. We can only glance at some of the leading features of the report, and indicate the growth in the company's business and its future prospects.

One creditable feature of the report is, the reader is enabled to ascertain from it the real nature of the company's operations. This can not be said of all railroad reports. Some of them are as inexplicable as an India jungle, and the more they are studied the more hopelessly is the reader confused. A befogged report means usually a shaky condition of things; while a straightforward report, like the one before us, means that the company has nothing to conceal from its stockholders and the public. The report discloses the fact that the gross earnings of the company exceed one hundred million of dollars, or more than two millions a day. Eighty-three and five-eighths millions of tons of freight were carried, and forty-eight and seven-eighths millions of passengers. These figures do not convey an altogether clear knowledge of the business, inasmuch as the freight and passengers were moved over varying distances. Recognizing the mile as the unit of railroad operations, the traffic of the road in 1883 represents the enormous figures of 1156 millions of passengers carried one mile, and 7759 millions of tons of freight. Although the business of the country has been drooping during the past year, the report shows that the company transacted a prosperous business. Until the closing month of the year, the monthly statement recorded gains in the earnings on the lines east of Pittsburgh, though this can not be said of those west of that place. The figures now exhibited show a gain of $4,138,606 in the gross earnings on all the lines owned or controlled by the company, a gain in the net earnings of $607,264. Perhaps the point of main importance is the constant increase of local traffic, amounting to 3,897,797 tons of freight moved, and 3,578,148 in the number of passengers.

The company's income may be divided into three branches: first, from lines east of Pittsburgh and Erie, the earnings of which come directly into the company's treasury; secondly, by the result on those lines for whose charges and obligations it is in whole or in part responsible; thirdly, by the returns received from a large amount of securities of branch and connecting roads belonging to it. When business is good, there is a gain from each of these sources, and when it is bad a loss is likely to accrue from each of them. It follows that while the company owns a vast property, it is not necessary to know the profits on each division in order to arrive at the profits to the parent company. For example, on the lines west of Pittsburgh, their profitableness or unprofitableness would be shown by the dividends received on the stock of the Pennsylvania Company, every share of which is owned by the Pennsylvania Railroad Company which operates these Western lines; hence to get an exact and comprehensive idea of the company's fiscal operations a study simply of the income account is necessary.

We give below an abstract of the same for the past six years, a comparison of which shows at a glance what progress has been made during this period.

	1878.	1879.	1880.	1881.	1882.	1883.
	$	$	$	$	$	$
Net earnings, line Pitts. to Phila. and branches....	9,396,037	9,992,008	11,936,172	12,178,540	12,958,186	13,696,400
Int. on Investm'ts.	1,804,846	2,110,933	2,903,669	3,211,466	3,510,562	4,113,059
Interest for use of equipment......	277,916	241,461	243,550	266,691	273,225	286,141
Other items.......	38,105	160,804	658,532	245,469	189,521	277,760
Total.........	11,516,904	12,505,206	15,741,923	15,902,166	16,931,494	18,373,360
Rentals, int., &c...	5,192,440	5,022,725	5,690,438	5,770,448	6,162,931	6,429,928
Net, Penna. Div...	6,324,464	7,482,481	10,051,485	10,131,718	10,768,563	11,943,432
Loss United N. J..	1,136,775	939,889	1,035,309	302,865	568,759	653,915
Balance.......	5,187,689	6,542,592	9,016,176	9,828,853	10,199,804	11,289,517
Less—						
Fund purchase of securities.......	† ——	600,000	600,000	600,000	600,000	600,000
Pa. RR. sink'g f'd.	† ——	243,460	291,000	286,480	282,810	280,860
Advances, deficiencies, &c.—						
Shamokin Coal..	7,546	7,000	7,000	7,000	3,500	——
Allegh. Val. RR.	240,260	390,651	332,150	400,085	*618,975	661,010
Penna. Canal...	30,155	36,000	——	——	——	——
Sunb. Haz. & W.	——	——	50,000	50,000	50,000	——
Fred. & Penna..	——	——	15,000	15,000	15,000	15,000
ElmiraChem.&C	147,873	159,737	27,423	——	——	——
Am. Steamship .	55,000	45,000	——	90,000	115,000	180,000
Phila. & Erie..	231,654	75,543	25,575	175,974	——	——
Balt. & Potomac	154,138	88,849	29,459	143,332	——	——
	866,626	1,646,240	1,377,607	1,767,871	1,685,285	1,736,870
Balance for stock..	4,321,063	4,896,352	7,638,569	8,060,982	8,514,519	9,552,647
Dividends.......	(2 p. c.) 1,377,404	(4½ p. c.) 3,099,152	(7 p. c.) 4,820,914	(8 p. c.) 5,861,718	(8½ p. c.) 6,890,715	(8½ p. c.) 7,530,650
Remainder....	2,943,659	1,797,193	2,817,655	2,199,264	1,623,804	2,021,997
Other credit items.	§1,233,226	‡1,673,934	795,220	350,866	226,756	§603,452
Surp. beginn'g year	2,347,382	4,057,815	4,181,074	7,793,949	10,344,079	12,194,639
Total to credit of profit and loss...	4,057,815	4,181,074	7,793,949	10,344,079	12,194,639	13,613,184

(☞ *See references on next page.*)

It has been the policy of the company within recent years to provide the means for new extensions and additions to the property, partly by increase in shares, and partly by increase in bonds. The soundness of this policy no one should question. It tends to avoid undue enlargement of the debt, and again it causes the stockholders to co-operate and contribute some of the additional capital needed for new enterprises.

During the year the stock was increased $7,300,000, and $3,000,000 of bonds were issued. The proceeds of these sales were used in providing additional facilities on existing lines, or to aid in the construction of new lines which were deemed necessary for the protection and development of the company's business. One of the more noteworthy enterprises of the company is the building of a road to Reading.

Perhaps the strongest feature in the report is the showing with respect to the net earnings from local traffic. During the year the company carried 21,674,160 tons of paying freight, not ten per cent. of which was through freight. Indeed, the latter amount was only 1,937,850 tons. Moreover, the gain over previous years is wholly in local and not in through freight. This is certainly a very strong statement which the stockholders will read with no little cheerfulness.

Eight and one-half per cent. dividends have been declared, but the stockholders have really received nearly ten per cent. through the allotment of stock to them at par, which in the market commanded a premium. In these times of business depression it is a pleasure to record a business statement showing such great prosperity.

* Including $200,000 in 1882 and $100,000 in 1883 for bonds due State of Pennsylvania.
† $100,000 paid for this purpose in the following year.
‡ This was a debit, and occurred through the charging off, in whole or in part, of sundry items not thought fully good, and also by the payment of $100,000 on account of the sinking fund for the year 1878 and $100,000 for trust fund same year.
§ Debit, because of certain items that were charged off.

BANKING IN GERMANY.—The *Journal of the Institute of Bankers* (London) has an account of the progress of an important movement which is being successfully promoted among the bankers of Germany. Its object is to extend and facilitate the use of the check among the commercial body, and to bring about the establishment of a general clearing-house system in Germany. The movement was begun by the principal bankers of Berlin, but has now spread to a number of the other chief cities, in which the clearing system has been adopted. The effects of the new system have not been slow in making themselves apparent. The system is already felt to be of great service to the bankers, as conducing to convenience in the collection of drafts and economy in the use of coin and notes. A marked extension of the use of checks since the adoption of the system is reported. The new movement is largely the result of the development in Germany during the last few years of deposit banking, a branch of the banking business which had not been previously much cultivated. The movement is distinctly in the direction of progress, and it appears to be the expression of a real need in Germany, where, as in the other continental countries, the use of the banker's check is much less developed than in England and the United States.

FINANCIAL FACTS AND OPINIONS.

Comparing the first seven months of the current fiscal year with the same months of last year, the money valuation of the merchandise imports declined from $428,026,909 to $389,260,669, and of the merchandise exports from $506,011,433 to $470,956,985. The decline in both imports and exports has been about seven per cent., and may be ascribed mainly to a fall in prices. The favorable balance of the foreign trade during the first seven months of the current fiscal year was $81,696,316, as compared with $77,984,524 during the same months of the preceding year. There is nothing in the course of our foreign trade which indicates that our prices are too high relatively to prices in the countries with which we trade.

The aggregates of Government bonds, deposited for circulation by the National banks, were as follows at the dates named:

July 1, 1879	$354,254,600	......	Nov. 1, 1883	$352,937,300
" 1888	361,652,050	......	Feb. 12, 1884	342,210,050
" 1881	360,488,400	......	Feb. 23, 1884	341,525,051
" 1882	357,812,700	......	Mar. 15, 1884	340,255,150
" 1883	353,029,500			

The fluctuations shown above were very slow and moderate in amount, except the diminution in the quantity of deposited bonds between November 1, 1883, and March 15, 1884.

The Director of the Mint estimates the gold existing in this country January 1, 1884, in the form of American coins, at $552,797,614. At the same date, the Treasury held $66,792,921 of gold bullion, thus making the total gold $619,590,535.

It is to be hoped that there will be no hasty legislation at Albany which will impair the accumulation of the sinking funds of this city. There can be no serious objection to canceling the bonds held in those funds, provided a sinking fund account is kept, and interest is still charged on the bonds. That is the way this business has been transacted at the United States Treasury for many years. But this merely formal change is not the real object of those who are moving in this matter. They openly avow that what they desire is a postponement of the payment of the present debts of the city, which in their opinion is going on too rapidly. We do not agree with them. We are constantly creating large, new debts, such as that for the aqueduct authorized a year ago. It is no time to put the payment of existing debts farther off. Nothing should be done without a fuller discussion than is possible in the short remaining life of the present Legislature.

The gross yield of gold and silver from the Comstock Lode during 1883 was $1,875,000, or only one-twentieth of the yield when it was at its maximum.

Mr. George, of Mississippi, introduced (March 10) in the Senate a bill for the withdrawal of bank notes and greenbacks below the denomination of $10, and for the stoppage of the further minting of gold coins below the same denomination, and directing that the Treasury adopt all practicable measures for the recoinage of smaller gold coins into pieces of $10 and upwards. The bill further provides for silver certificates of $1, $2, and $5 to be a legal tender, and to be issued on the deposit of either silver dollars, or of silver bullion, "of the value at the United States Mint of said bullion," such issue to be in quantity equal, as near as may be, to the aggregate of bank notes, greenbacks and small coins withdrawn under the provisions of the bill. The proposition to withdraw bank notes and greenbacks below $10 is not likely to prevail, at any rate at present, but there seems to be a good deal of support for the proposition to withdraw greenbacks below the denomination of $5, with a view to the substitution of silver dollars, or of silver certificates for $1 and $2.

One of the speakers at the meeting (March 6) of the New York Chamber of Commerce, stated that an English cotton manufacturer, then in this country, said that sixty-five per cent of the money used in settling the weekly pay roll of his workmen consisted of silver coin, and that this was about the average per cent. of the silver coin issued by others in such payments. This is subsidiary silver, having a bullion value of about seventy-five cents on the dollar, of which about $100,000,000 is computed to be in circulation in Great Britain and Ireland. This is twice as much coin of that kind as circulates in the United States with a population more than one-half larger. It is thought by many that more would circulate here, if the banks and other financial institutions would keep more of it within the easy reach of the people. Complaints of the scarcity of it are made, at any rate, in numerous localities. The surplus of it in the United States Treasury, about $28,000,000, shows no diminution, although the return of that species of our money from the countries south of us has substantially ceased. Our increase of population ought to drain off $1,500,000 of that surplus annually, at the rate at which we actually employ such money.

The London *Economist* of January 26, after pointing out the extreme risk to English investors of meddling with the stocks of American Railroads, proceeds to say that these roads are nevertheless of great extent and value, and must afford a sound basis for the issue of a large amount of bonds, which must be looked to as the "right outlet for English capital." No fault is to be found with Englishmen for desiring profitable employment for the capital they have to loan, but it seems pretty clear that they must give up before long such employment for it as they have found in this country. The same cause, which is the rapid expansion of loanable capital in the United States, which has driven Englishmen out of the holding of American Government bonds will drive them out of the holding of really first-class investment American railroad bonds. It is the relative price of bonds in different localities which determines the locality in which they will be owned. Everything salable goes to the highest bidder. American Government bonds have come to this market because it is the best market for such bonds. American railroad bonds which are sound, or reputed to be so, are following the same course, because there has been and will be the same proportional rise in their selling price. In fact, the tendency to this market is rather greater in the case of railroad bonds than in the case of Government bonds. The superiority of the knowledge of American investors in respect to railroad bonds is greater than it is in respect to Government bonds, all the essential facts relating to the latter class of bonds being about as well understood in Europe as they are here. In a contest with American capitalists and investors for the ownership of American railroad bonds, the capitalists and investors on the other side of the Atlantic will be about as likely to be outwitted and outgeneralled, as they admit themselves to have been in dealing with American railroad stocks.

The last January returns of the Canadian banks show the employment at that time of rather more than $16,000,000 in loans in this country, which is a striking proof, considering the present low rates of interest in the United States, of the stagnation of trade and business in Canada, and of how little room there is there for such discounts as banks of circulation like to make. There has been, at times, a good deal of Canadian money in Wall Street, and a good deal of it has been and is employed in Chicago, where rates have so far never reached any very low point.

A firm of bankers in England having a right to a certain fixed issue of notes under Peel's Bank Act of 1844, recently sold out their business, good will, &c., to a new banking company (limited), making the special stipulation in respect to their right of note issue, that it should be exercised by the new banking company as their agents, and that they should receive two per cent. per annum upon whatever notes might be kept in circulation. The officials of the British Treasury refused to recognize this transfer, it being their view that the right of note issue lapsed by the retirement from business of the bankers who had enjoyed it. We refer to the case as tending to show what the right of note issue is regarded as worth in England, where there is no tax on circulation.

The London *Economist* of February 16, in an article setting out the reasons which induce England to desire the stoppage of the coinage of silver in this country, says:

If it were set free it would be an addition to the commodities which the United States can exchange with other countries. Its liberation would thus tend to swell the volume of American trade, and, as that trade lies largely with this country, to widen the market for our commodities.

In the same article the *Economist* says, in reply to the threat of Cernuschi, that the States of the Latin Union will discard their silver unless England remonetizes it:

Even if the Latin Union is dissolved, the demand for silver is not likely to be affected by its dissolution. Amongst the nations constituting the Union there is no one at all likely to discard silver, for the very sufficient reason that there is no one that can afford to do so.

The number of stocks listed on the London Stock Exchange in 1853 was only 482. It had increased in 1873 to 1090, and at the end of 1883 it was 1623.

The Director of Public Works in Paris suggests to the city authorities the purchase of six or seven hundred acres of unoccupied ground "between the outer boulevards and the local belt railway," whereon to erect houses for workmen. He says it can be purchased at an average price of forty francs per square metre, which is about seventy-five cents per square foot, which will give some idea of the price of land in the outskirts of Paris.

The London *Economist* of February 23 says, in reference to the shipments of silver from Great Britain during the year 1883:

To the East we shipped nearly £600,000 [$3,000,000] more than in 1882, and considering the simultaneous great increase in the amount of the India Council drawings, this shows an immense absorbing power on the part of India.

The Chinese demand for silver is small, and is not sensibly increasing. The prices of silks and teas, which make up the bulk of Chinese exports, are now very low, while the prospect of a war with France depresses all branches of Chinese trade.

The prices in Great Britain of twenty-two articles, selected by the London *Economist* as most accurately representing the general movement of prices, show a fall of their index number from 2.435, January 1, 1882, to 2.342, January 1, 1883, and to 2.221, January 1, 1884, being at the rate of about five per cent. in each year. The fall of prices in this country during the same two years is popularly supposed to have been greater than that.

No direct evidence is needed to create the belief that the persistent and general fall in the prices of commodities must have weakened all the mercantile establishments in such a city as London, and have produced the absolute bankruptcy of many of them.

Of the large stocks of merchandise, not only in England but in the British colonies and in many foreign countries, the ownership, direct or indirect, is always in London, and not a little of it is always "carried," to use an American word, by the bankers of London. The *Pall Mall Gazette*, of February 27, reports that "trade being dull and profitless," rumors prevail that many houses, once important, are "now tottering on the brink of bankruptcy." It even goes so far as to say that "the contraction of values in almost all directions has created wholesale insolvency," and that the open announcement of many bankruptcies is put off only from a lingering hope "that prices will rise and enable holders to get rid of their stocks of iron, wheat, rice, or coffee, as the case may be, without ruinous losses."

In a late circular of Moss & Co., very prominent English shipbrokers, after recitals of the enormous excess of iron and steel shipbuilding in Great Britain, and of the resulting ruinous fall in rates of freight, an attempt is made to draw consolation from the fact that the case, so far as rates of freight are concerned, is about as bad with others as it is with the English. On this head they say: "The French bounty has not done much for French owners, and protection still less for American owners; there has also been a heavy fall in the value of shares in the leading French and German steamship companies, so that, bad as things are with ourselves, we are still able to hold our own, and prepared to take advantage of whatever may offer."

International freighting being conducted upon free trade principles, it must certainly be true that the British cannot have injured themselves by building too many ships without at the same time injuring in nearly an equal degree everybody else engaged in the business of either building or running ships. And it may be true, although Moss & Co. hint at that, rather than directly affirm it, that the English having the greater capital can bear greater losses than anybody else, so as to drive all others out of it, and thus happily illustrate the doctrine of "the survival of the fittest," which is the chief corner stone of the amiable philosophy of free trade.

The Paris letter of the London *Economist* of March 1, says:

Silver for London has been sought after. It is estimated that £100,000 has been sent from Paris to London during the past week.

The Vienna letter in the same journal says:

Silver has been more in demand here for the past few days, and for the first time for years it has risen above par in notes. This circumstance is due to the rise in the price of silver in London. Applications have been made for silver to be exported from Austria to India. It seems that these transactions were rendered necessary by the large exports of corn from India.

The *Circular* (March 6) of Pixley and Abell of London says that during the preceding week $1,791,500 in Austrian silver florins were shipped to India from Venice and Trieste.

The balance of trade in favor of India is always large, but its recent exports of wheat have made it very much larger, and this is the basis of the increase of its demand for silver.

If the official Italian returns are to be exactly relied upon, they show very small transactions in gold and silver in the Italian foreign trade of 1883. Of gold the imports were $7,794,640, and the exports $1,638,660. Of silver, the imports were $10,141,400, and the exports $764,560. It would seem that Italy is at any rate holding on to all the gold and silver dollars, about $125,000,000, of which rather more than two-thirds was gold, which it borrowed for the resumption of coin payments, which was consummated in April, 1883.

The London *Banker's Magazine* notices the exhibition in London of a £44 [$220] nugget from the Transvaal gold mines, and says that a few more exhibitions of that sort will bring upon the Boers an invasion more formidable than that of the British army. It adds that the reports from the Transvaal gold mines are all of a more favorable character than heretofore. The London press generally, however, caution the English public against what may be only a repetition in respect to a new locality of the excitement about the gold reefs in India, which transferred so much money from the pockets of investors to the pockets of sharpers.

The gold production of Victoria during 1883 is officially reported at 785,762 ounces as compared with 864,610 in 1882. The production has not fallen so low since 1850, except in 1878 and 1879.

The Italian cabinet issued an order some time ago requiring that at least two-thirds of the metallic reserve of the banks should consist of gold. The French Government objected to this as a discrimination against silver, and its purpose is well known and avowed not to continue the Latin Union treaty with Italy, if it is persisted in. A law, not containing the obnoxious provision, is pending before the Italian Chambers, and is expected to be passed. The French Minister of Finance, however, stated in the French Chamber of Deputies early in March that the indications were that Italy did not desire to extend the Latin Union treaty, which expires December 31, 1885.

THE SMALLEST SAVINGS BANK.—Probably the smallest savings bank in the world, and the one having the smallest directors in the world, is the Irving Penny Savings Bank of Brooklyn, established in Public School No. 9. It has, according to its last annual report, 144 accounts, and the total amount in bank was $267.33. The bank pays four per cent. interest on sums over $5. Each depositor has a tiny bank-book. The officers of the bank are boys and girls. The accounts are audited quarterly by the trustees of the school. The bank receives one cent deposits.

COMPARATIVE METHODS IN FINANCE.

It is an exceedingly difficult matter to make a satisfactory comparison of the finances of different countries. Very few Government reports are made in such a form as to be intelligible to the uninitiated foreigner. To understand fully the statement of income and expenditure, or of exports and imports, one needs to be acquainted with all the ins and outs of the administrative and economical system. Take such a simple example as the value of merchandise imported into a country. We must know, in order to institute any valuable comparison, in what standard the value is estimated, whether paper, silver or gold, and we must reduce all these returns to some one standard. We must know, further, whether the value reported is that in the market from which they come, or that in the market to which they go, whether it is the wholesale or retail value, how the value is ascertained, whether by Government experts or the self declaration of interested parties, &c. This obstacle, however, can be surmounted by any one who is determined to get at the desired facts. A more serious hindrance lies in the circumstance that some branches of revenue are not reported at all, or only very incompletely. Thus, many Government officials have, as their only remuneration, the fees to which they are entitled, while they are rarely required to make any report as to the amount so received. Another source of trouble is the lack of uniformity in the methods of making these reports. No two governments, and hardly any two ministries, keep their accounts in exactly the same way. In one statement we find gross income, in another net income—that which remains after deducting costs of collection—and often no hint whatever as to which method of returns is adopted. So far does this carelessness (we can not call it anything else) extend, that one sometimes finds on the same page in one line gross income, and in the next net income, without any indication as to which is which. This lack of uniformity in keeping accounts often renders it utterly impossible to compare the reports even of the same government, even for two different decades or centuries.

A fourth source of confusion lies in the different organization of government departments. A given department often performs very dissimilar functions in different government. The statement of its income and expenditure in various National budgets will contain, therefore, very unlike elements, and often in such a state of mixture as to be utterly inextricable. We find, indeed, at times, that even in the same country exactly similar functions are assigned to different departments. Thus, in our own Government, the superintendence of the Ocean Coast Survey belongs to the Treasury Department, while that of the Lake Coast Survey is assigned to the War Department! This dissimilarity in functions of bodies having the same name complicates very much the problem of comparing finances.

Still another, and perhaps the most serious difficulty of all, lies in the fact that no two budgets of different countries embrace an account of exactly the same phenomena. Some budgets give us, through their statement of public expenditure, a very fair idea of the weight of public burdens, while others, owing to a different method of providing for certain public wants, may be of small importance for this purpose. A simple comparison of the amounts expended (as reported in budgets) for any given object, may indeed be entirely misleading. Thus, the cost of the military establishment of the United States, for 1876, was about one half that of the expenditures of the German Empire for the same purpose. Now, if any one should therefore conclude that our military burden, if we had spent twice as much in that year, would have been equal to that supported by Germany, he would make a grievous error, owing to the very different methods in which the armies are recruited in the two countries. The burden laid upon us by the support of our military establishment is very well represented by the sum of money actually expended by the National Government, because we hire our soldiers and pay them wages enough to induce them to give up other occupations, and we pay our officers enough to support them, and if we send troops anywhere we do not quarter them on the public without paying a fair price for their maintenance. In Germany, on the contrary, the army is recruited by compelling every able-bodied man to serve without pay, or at least none to speak of. The officers are expected to be men able to contribute out of their private means to their own support, and the expense of supporting officers and men during the grand reviews and parades is largely provided for by the voluntary or compulsory contributions of localities and private citizens. The method of providing for public wants must, therefore, be constantly kept in mind in comparing the National finances.

The difficulties thus far described apply to the comparison, not only of National, but also of local finance. They are indeed heightened in the case of the latter, and one or two new difficulties appear. In most countries not even a pretense has been made to publish accounts of local finances in an accessible form. The local boards make their returns, as a rule, to local authorities, and their reports lie buried in the local archives. Even where they report to the general Government no full account is published, and the only way of getting access to them is to go to the seat of Government.

There is a further trouble. In no two countries do we find the authority and functions of local governments to be the same.

Their powers and office in the political system depend upon their legal relation to the general Government, and this is as various as the countries are numerous. Now, in comparing local finance we may take one of two methods, either the *a priori* or the *a posteriori*. We may divide all the functions of the State into two classes, local and general, according as they further local or general purposes and interests. Public expenditure will then, of course, be classified in the same way. Laying it down as a principle that the revenue for local expenditure in this sense should be raised from local sources by local authorities, we may proceed to test the excellency of all existing systems of finance by the degree of their conformity to this rule. It may be objected to this plan that it is exceedingly difficult to draw the line between general and local functions. Financial history can certainly not decide the question, for, as a matter of fact, the same function appears in the history of a nation now as local and now as general. The decisions of the courts are conflicting, and no two authoritative writers on the subject agree in their classification. Besides, experience proves conclusively that local Governments can perform certain of the functions which, on the above principle, would be classified as general, quite as well, or better than, the general Government.

A second plan is to compare carefully existing systems of finance, and to study the common difficulties and the measures adopted to meet them, and finally to deduce any general principles which may be suggested and verified by financial history. We shall adopt this plan in the work before us.

For the purposes of our investigation governments may be divided into two general classes, centralized and decentralized. This centralization may exist in three spheres, the executive, the judicial, and the legislative. We are concerned here only with the first and last of these spheres. Legislative centralization exists when the general Government exercises all the legislative powers which pertain to the State. Administrative centralization exists where the central executive or administration supervises directly by its own agents the execution of all the laws. These two forms of centralization may exist together, or the former without the latter (not *vice versa*, however), and in all possible degrees of perfection.

In France we have the best example of a nation where both forms are almost completely developed. The National Government unites in itself all the sovereign powers of the State. It superintends foreign affairs, controls the army and the navy, administers the National school system, levies and collects National, and largely, also, local, taxes, and regulates all internal affairs either directly or indirectly. The administrative powers are concentrated in the hands of a National bureaucracy, under the direction of the President of the Republic and his responsible ministers. France is divided into eighty-six departments, each under the presidency of a Prefect appointed by the President of the Republic. He is agent of the National executive and at the same time State's attorney. There is a department assembly elected by universal suffrage, which, however, possesses almost no power. It is a board for the equalization of direct taxes among the subdivisions of a department, and may pass resolutions and give advice. Any of its measures may be declared null and void by decree of Prefect or President. The ultimate political unit of a department is the Commune, *i. e.*, town or parish. The mayor is elected in small communes, in the larger appointed by the National executive, but may be removed in all communes by the latter. The city council is elected for three years, but may be dissolved by the Prefect, and in such cases a municipal committee appointed by the latter rules the city until the term has expired for which the council was elected. There are two other subdivisions of the department, the *arrondissement* and the *canton*, but as they are for mere administrative purposes without any special budget, they are of no importance in our present investigation.

This glance at the system of administration is necessary to an understanding of the financial system. The National revenues are derived from three sources: Profits of Government property, from court and administrative fees, and from taxes direct and indirect. The National budget for 1881 presented the following estimate of income from the sources mentioned:

BUDGET ESTIMATES OF REVENUE FOR 1881.

I.—TAXES. *A.—Direct Taxes.*		
1. The four principal taxes	$379,398,300	
2. The assimilated taxes	23,407,670	
3. Three per cent. on dividends	36,448,000	$439,253,970
B.—Indirect Taxes.		
1. Registration and stamp tax and fees		660,458,000
2. Taxes on consumption		——
(*a.*) Spirituous liquors and licenses	404,025,000	
(*b.*) Domestic sugar	124,044,000	
(*c.*) Salt	32,791,000	
(*d.*) Transportation	79,299,000	
(*e.*) Other	61,399,000	701,558,000
3. Customs	309,235,000	
4. Monopolies (tobacco, powder, matches)	364,976,000	
Total from indirect taxes		$2,036,227,000
II.—FEES FOR PUBLIC SERVICES.		
1. Post	109,492,000	
2. Telegraph	26,508,000	
3. University (tuition, &c.)	4,571,310	
4. Fees on patents	1,831,495	
5. Coinage	134,529	
6. Other	1,450,000	143,987,334
III.—OTHER SOURCES.		
1. Domains and forests	90,744,807	
2. Foreign possessions	31,983,412	
3. Various	34,997,380	157,725,599
Total		$2,763,208,789

The above table does not include the revenue raised by the general Government and distributed to the departments. In order to get a clear idea as to how much the French people pay every year in taxes, we should deduce from the income of the direct and indirect taxes the cost of managing the monopolies, as it is only the net income from these sources which can be fairly called taxes.* Adding together, however, the income from the taxes as they stand, we have the enormous sum of 2,475,480,970 francs, raised by a population of a little less than 37,000,000, *i.e.*, about 67 francs, or $12 per head.

The taxes embraced under the title "four principal taxes" are the land tax, movable property and personal tax, door and window tax, and tax on trades and occupations. They are all old imposts, and date in their present form from the revolutionary period in France, 1789–1799. The land tax was introduced January 1, 1791. It was to consist of a certain per cent. of the net income of land and buildings. In the case of land the net income was to be found by subtracting from the gross income the cost of the seed, of cultivation of harvesting, and of such improvements as were necessary to keep the ground in good condition, manuring, draining, &c. The net income of buildings was to be ascertained in a similar way, by deducting costs of repairing, keeping up, &c., from gross returns. The early legislators were inclined to make this tax pay as much of the public expenditure as possible, some of them, indeed, seeming to think that it could be made so profitable as to dispense with other taxes altogether. The very first year of its existence undeceived them completely. The net income of lands and buildings in France was estimated in 1791 to be about 1200 millions of francs. The total amount to be raised was fixed at 240 millions of francs, *i.e.*, twenty per cent. This sum was divided among the departments, and then further distributed among the arrondissements and communes. The actual returns from these taxes fell so far short of the expectation that the Government was compelled to reduce gradually the amount demanded, until in 1821 only 154.7 million francs was levied. From that time on the income gradually rose to 173 millions in 1878, and to 174,300,000 francs in 1881, as given in above table. It is estimated that this sum is about eight per cent. of the total net income from lands, and buildings in France. A detailed investigation of this tax would present many points of interest to our American economists and financiers. We may present a sketch of its history, mode of assessment, &c., in a future number.

* It is a fair question whether nearly the whole income from these sources should not be first subtracted, for, as a matter of political economy, only the difference in the price demanded by the Government for its products and that which consumers would have to pay under free competition, can be rightly construed as a burden resting upon the consumer.

The movable property and personal tax was introduced about the same time as the land tax, and is at bottom an income tax. It was fixed, in the first place, at sixty millions of francs, estimated to be twenty per cent. of the total net revenue from personal property and from personal labor. It was found necessary, however, to reduce this assessment also to thirty million francs, which has been raised of late years to about sixty millions in 1878, and to 61,717,500 francs in 1881; *i. e.*, it took nearly one hundred years for the tax to equal the expectations of its introducers. This tax consists of two parts, the personal tax and the tax on movables. The former is fixed at the sum of three days' wages, the latter assessed according to the rental value of the house occupied by tax-payer.

The door and window tax was introduced in 1798, and yielded at that time fifteen million francs, but became less and less lucrative, until it was assessed directly on the departments in 1802. It yielded in 1878 41,109,000 francs, and in 1881 42,556,500. The amount of tax is determined by the number of doors and windows which are actually used for purposes of ingress or egress or of lighting the rooms.

The tax on occupations was also introduced in 1798. It is levied according to a complicated classification of the occupations and cities where they are followed. It consists of a fixed and a variable rate. The former is determined for each commune, and all occupations in that commune must pay the same tax. The latter varies according to the rent of the quarters occupied by the business. This tax yielded nineteen millions in 1803, 118,104,000 in 1878, and 100,230,300 in 1881.

Under the term assimilated taxes, are included seven special taxes classified as "direct," for no better reason than that they are collected by the same department as the four principal taxes. They are taxes on land held in mortmain, on mines, fees for verifications of measures and weights, fees for inspection of apothecary shops, tax on horses and carriages kept for private use, on billiard tables, and on clubs or associations for social or jovial purposes. Since lands held in mortmain are not subject to exchange or sale, they never pay the taxes which are levied upon all transfers of property. It was found by experience that the ordinary real estate changed hands once in twenty years, and as such land pays about five per cent. of its value in taxes and fees at every change, it was determined to levy a tax of five per cent. of the yearly income of such property. The property of communes, churches, &c., even though not inalienable—since, as a matter of fact, it is but seldom sold—is subject to the same tax. This impost was estimated to yield 5,240,000 francs in 1881. The mining tax consists of a fixed tax of ten francs per square kilometer in the surface of the mining district, and five per cent. of the net income of the business, and its yield in 1881 was estimated at 2,200,000 francs. The tax on horses and carriages was estimated to yield 9,232,670 francs in 1881, and the other above-mentioned imposts brought the total yield of these assimilated taxes to 23,407,670 francs.

The item numbered 3 under the head of direct taxes in the table given above, comes from a three-per-cent. tax on all dividends declared by joint stock companies of any kind. There are other taxes which such corporations have to pay, which we shall mention in discussing the registration tax. It will be seen that while the "direct taxes" yield a very large sum, yet they only contribute between one-seventh and one-sixth of the whole public income.

The indirect taxes furnish the vastly greater part of the public revenue. Most important of all is the registration tax (*enregistrement*). Every document connected with the transfer of property, nearly all legal documents of every sort to be valid, must be entered in the public registry. The fee for registration constitutes the tax. A clear idea of the amount of these fees (fees simply in form—in reality, taxes) may be gained when we know that the income from this source for 1881 was estimated to be 523,546,000 francs, *i. e.*, over one hundred millions more than all the direct and assimilated taxes together. In addition to this tax, nearly all such documents must be written on stamped paper, *i. e.*, paper which has paid the stamp tax. This latter impost was expected to yield 140,467,000 francs in 1881.

The imposts on spirituous liquors, and on licenses for selling them, are so similar to our own on such objects that we do not need to discuss them in detail. The same thing is true of the tax on sugar and that on salt, which are simply excise duties on inland sugar and salt.

The tax on transportation is a tax on passenger traffic, consisting of ten per cent. of the fare. The parties owning the vehicles of transportation, railroad cars, omnibuses, &c., advance the tax and raise their rates accordingly. The other taxes on consumption embrace a tax on paper wrapping, writing and printing, which was expected to yield 15,265,000 francs; a tax on playing cards, a fee for testing all gold and silverware, a tax on wax candles, on coal oil and other oils, on vinegar, on dynamite, and a small number of other unimportant objects.

The Government regulates the cultivation of tobacco, fixes the price at which it will be purchased at the factories, manufactures and sells all domestic tobacco, except that which is exported, and sells all that is imported. The price at which it is sold is fixed by the Government, and contains the tax. The same thing is true of powder. It has sold the monopoly of making and selling matches to a private company for a certain number of years. The returns from these taxes for 1881 were estimated at 335,217,000 francs from tobacco, 13,544,000 from powder, and 16,215,000 from matches.

The item "other sources," under II, embraces consular and diplomatic fees, and fees for inspection of imported cattle. Algiers, India, Cochin China and Andorra pay the sums under III 2. The item 3, under III, includes a number of sources of income which are difficult to classify, such as the deduction made from all salaries of civil service employes for the benefit of the pension fund a further deduction made from the salaries of all members of the National Chamber of Deputies who hold remunerative offices, a contribution from the city of Paris toward the support of the local police in Paris, &c.

The above outline affords a general view of the sources from which public revenue in France is drawn, and also to some extent of its amount. The sum total is equivalent to about seventy-seven francs per head. Of that sum about sixty-seven francs, as said above, come from what the budget classes as taxes. The method of assessing and levying these taxes is well worth study, as it is different in many respects from the English, German or American methods.

E. J. JAMES.

(TO BE CONTINUED.)

AUSTRALIAN WHEAT CULTURE.

The Chicago *Tribune* publishes a letter on Australia, its products, industries, developments, population and political prospects, from the pen of Mr. A. M. Garland, ex-President of the Wool-Growers' Association of the United States and a member of the recent Tariff Commission, who has just been on a visit to that country. Concerning Australia as a grain raiser he says: "From being buyers of flour for their own tables a few years since, the farmers of those colonies now grow 50,000,000 bushels of wheat. Self-binders, drills and other paraphernalia peculiar to wheat production find ready purchasers and intelligent manipulators in every locality where farming is attempted. The surplus of the wheat product drifts along the line of commerce into the warehouses of Europe, and is sold to men who without it would be compelled to look to the United States for their supply. In a country so especially adapted to pastoral husbandry as this is, general or persistent grain-growing need not be looked for until the population has many times doubled its numbers; but the very ease with which crops can be grown will serve to swell the product to a maximum. So long as good crops can be had for little labor, the minority which devotes itself to grain production will inevitably swell the aggregate production faster than the demands of population can absorb it. The markets of Europe are yearly finding additions to their supplies in new centers of production, so that a short crop in Europe no longer means high prices in America."

THE EFFECT OF GOLD EXPORTS.

Recent shipments of gold to Europe furnish a proper occasion to discuss the cause and the consequences of exporting the money metals.

The general cause is an adverse balance of foreign trade, and that can result from nothing else than a higher range of prices at home than abroad of such merchandize as is internationally dealt in. The effect of such a cause to produce an export of the money metals may, of course, be staved off, but only temporarily, by selling securities abroad.

It is to be taken into account that an adverse balance of the foreign trade will not cause an export of the money metals, if such balance is less than the amount which a country is entitled to receive as interest and dividends on its foreign investments, of which the most conspicuous example is the case of Great Britain. The reverse proposition is equally true in respect to countries like the United States and India, having an interest account to pay abroad, that they will not experience an inflow of the precious metals if their favorable balance of foreign trade is less than, or only equal to, the amount of their foreign interest payments. It is also to be taken into account that countries producing more gold and silver than they can absorb as additions to their currencies, must be exporters of the precious metals to an extent of such excess, and must therefore during any considerable term of years have such an adverse balance of foreign trade as will cause such an export.

In the case of every country there is at every time a certain range of its prices relatively to the prices of the world, at which, under the circumstances of its position, as either a debtor or a creditor country, or as a producer, or non-producer of the precious metals, its foreign trade will be at the proper equilibrium. If its actual prices are above this range, those metals must begin to flow out, or will flow out more rapidly, until the proper relation between its own prices and those abroad is restored; and this will be brought about in two ways—first, by the fall of its own prices by the diminishing quantity of its money; and, second, by the rise of prices in the other countries to which its money is exported.

It seems almost idle to discuss the question, whether an export of the money metals by this country in such a case is an evil to be deprecated. If it is an evil, it is an unavoidable one. It is a necessary incident of the fact that our monetary standard is kept at the metallic standard, and is thereby brought under the control of the foreign exchanges. Keeping our money at that standard has always been the policy of the country, and is not likely to be changed for an indefinite period. No proposition to change it is at present advocated by any considerable number of persons, and we must accept all the consequences of it, one of which is that it occasionally enforces a fall in prices, which is something that is never agreeable. A constant rise of prices, although it could be made possible under some conceivable systems of money, would not be desirable. It is, at any rate, impossible with a system of money kept at the metallic standard, under which the fluctuation must be sometimes downward.

As already noticed, an export of the money metals restores the equilibrium between prices at home and prices abroad, partly by lowering them at home and partly by raising them abroad. Some of the consequences of a rise in foreign prices are directly beneficial to us, such as an improvement in the markets for everything that we sell abroad, and a diminished intensity in the competition with our own industries of imported foreign goods. A rise in foreign prices does not seem to be harmful to us in any way, except in respect to such goods as are not produced at home, and which must be obtained, if obtained at all, by importation. An exportation of the money metals thus has mixed consequences as to prices, some of them beneficial and some of them injurious, and this is equally true of an importation of the money metals, which, while it tends to raise the general range of prices at home, must also tend to lower the prices of exports. We have had an example of that in the effect of our large importations of gold within the last six years from Europe, so much exulted over by thoughtless persons as an unmixed good, but of which one of the effects has been to so reduce the money and consequently the prices of Europe, as to lower the returns from our exports, the bulk of which are to that part of the world, and also to make the competition with European goods with our own industries more severe.

The situation summarily stated, is, that as a consequence of the fact that gold and silver are the money of the world, there is such a solidarity of the currencies and prices of the several nations which compose it, that the interflow between them of the money metals cannot be regarded as having consequences essentially different from those which attend the movements of money between different sections of the same country. These consequences are, without doubt, of importance, but they are of such a mixed character, and to such a degree counterbalancing and compensatory of each other, that they are far less important than they are sometimes supposed to be. Wherever gold and silver may be, they serve the purpose of sustaining prices, not merely, although most powerfully, in the particular place in which they may be found, but in all places to some degree. It must be admitted that it would be, in certain aspects, agreeable to us to keep our gold and deplete Europe of it for the next six years, at the rate at which we have been doing that for the past six years, by the double process of retaining the product of our own mines and at the same time importing it. But the necessities of the case, taking all consequences into account, will not permit affairs to continue always in that course.

Prices in New York are as much depressed by the transmission of gold to New Orleans, as to London, and they would be probably more depressed by the transmission of gold to Washington Territory. In its direct effects upon New York the loss of gold is the same, no matter where it is sent. The variation is in the degree of compensation, which is received from the influence of the gold sent away from New York in raising prices in the place to which it is sent, and the activity and power of that influence depend upon the intimacy of the market relations between such place and New York. Gold is a money of the world, and the range and intensity of its operation upon prices, as between one place and another, are measured by commercial intercourse, and not by distance, or by National boundaries, except in so far as either of those circumstances affects the amount of commercial intercourse between different points.

The apprehensions of danger and disaster from an export of the money metals from this country arise mainly from ideas growing out of the materially different condition of our currency in former times, and from overlooking the fundamental revolution which has been wrought by the suppression of the note-issuing power of the State banks. Under the system which was overthrown by that suppression, the State banks, whose notes constituted substantially the entire currency before the Civil War, were on what was called the specie basis, in the sense of keeping the volume of their circulation at some relation of quantity to the specie in their possession. While there was never—either imposed upon them by law, or maintained in practice—any such thing as a fixed proportion of coin to paper, it resulted from their legal duty to maintain specie payments, that they were obliged to maintain some proportion of coin to paper, varying with circumstances, but always a higher proportion when there was a tendency to an export of coin. On the average, at different times, the proportion was probably not higher than one (1) of coin to five (5) of paper. In that condition of the case an export of coin compelled a five-fold contraction of bank circulation, and thereby reduced the currency by a sum five times greater than the amount of the export if the coin exported was all drawn from the banks. Nearly all of it must have been withdrawn from the banks, inasmuch as they alone possessed any coin disposable for export, the coin in use as circulation from hand to hand not being capable of being withdrawn from that use to any appreciable extent. Indeed the contraction of bank circulation was ordinarily greater than five-fold the export of coin, because the instinct of self-preservation caused the banks to increase the proportion of their specie to their paper whenever specie was in demand for exportation. As the late Amasa Walker said, describing the old specie basis system of the State banks, in his *Science of Wealth*:

If ten millions are to be paid abroad, it must be taken from the specie of the banks; the basis of the currency is so much diminished, and the circulation must be curtailed accordingly. If the proportion of specie is as one to five of notes, then the export of ten millions abroad must cause a contraction of fifty million dollars at home.

The contraction of money at home under that vicious system vastly exceeded the export of coin, and the counterbalancing effect of the exported coin to raise prices abroad was consequently reduced to very small proportions. In the case supposed by Mr. Walker of an export of $10,000,000 of coin under the old system, the addition to the money of other nations was only that precise sum, whereas the subtraction from the money of this country was $50,000,000, thus making an absolute diminution of $40,000,000 in the total money of the world. It is true that if all other nations had had systems of currency like our own, consisting of bank notes issued on the specie basis plan, prevailing in this country before the Civil War, the $10,000,000 of exported coin would have produced a bank-note expansion elsewhere of $50,000,000. In fact, however, bank notes in any form were known in comparatively few countries, principally in Europe, and it was only in Great Britain that bank notes on the specie basis plan were known in Europe; and in that important Kingdom with which our commercial and financial relations have always been, as they still are, greater and more intimate than with any other country, such notes had ceased to exist since the passage of Peel's Bank Act of 1844.

By a series of events connected with the Civil War, and not as the result of any scientific discussion, or of any foresight on the part of the public men of the country, the currency of the United States is now in the condition of fluctuating in its volume only precisely to the extent that gold and silver obtained from our own mines are permitted to be minted, or are exported or imported. This means, under existing circumstances, only precisely as gold is exported or imported, inasmuch as our silver coins are practically non-exportable, while the function of being money appertains not to silver bullion, but exclusively to our own silver coins, which foreigners cannot send here because they possess none which they can send. Our currency is, in short—except in the particular that we produce both gold and silver and permit the minting of the latter within a limit below our production of it—in the exact condition of the

British currency, which expands and contracts only as gold flows into or out of the United Kingdom. If we export $10,000,000 of gold our total money is reduced by that sum, and no more. No contraction of the volume of either our silver money, our greenbacks or our bank notes follows an export of gold. There is also no contraction of the total money of the world, because other countries gain précisely as much money as we lose. So far as our exported gold goes to Europe, as the great bulk of it always does, we experience a benefit from the effect of its operation there, not, perhaps, fully compensating for our own loss of it, but nevertheless a manifest, direct and sensible benefit, in securing better prices for what we sell in Europe, and in diminishing the intensity of the competition of European goods and wares with similar goods and wares of our own production, wherever we encounter that competition, whether in our own markets or in other parts of the world.

Both descriptions of our paper money, the greenback and the National bank note, are redeemable in specie. The greenback is directly so redeemable, and the National bank note is so indirectly, because, although it may be at the option of the banks redeemed in greenbacks, the latter entitle the holder to demand specie. But neither the greenback nor the National bank note derive their credit or value from a specie reserve, nor does the volume of either fluctuate with changes in the amount of such reserve. The credit which they enjoy is the National credit upon which they both rest. Their value, which is, in fact, equal to that of specie, arises from their functions as money, and from the close limitations of their quantity, which is a legal limitation in the case of the greenbacks, and a practical limitation in the case of the bank notes. The National banks neither keep, nor are by law required to keep, any reserve against their notes, except the nominal one of a deposit in Washington of specie or lawful money equal to five per cent. of their circulation. No law requires a reserve to be kept for the redemption of the greenbacks, and the sum which is actually kept for that purpose is known by everybody to be entirely needless for any such purpose, and to be kept, in fact, for an altogether different object. The Secretary of the Treasury was authorized to take measures in the way of accumulating funds so as to resume specie payments January 1, 1879, and to maintain such payments afterwards. In his discretionary exercise of that authority he accumulated a specie reserve equal to forty per cent. of the greenbacks, which was a prudent act in view of the want of confidence then prevailing, and of the necessity of making resumption a success beyond a peradventure. But it is idle to say that if such a reserve was large enough at that time, there can be any reason for maintaining one even approximately as large, now that confidence in resumption is completely established, no calls for the redemption of the greenbacks having been made for three or four years, and a preference for them to coin existing in every part of the country. The so-called reserve is now kept on hand, not because anybody really supposes that it is needed as a reserve, but because the use of it in the payment of Government bonds, the only use of it which is possible, would cause a contraction of the bank-note currency. As soon as that difficulty can be overcome, as in some way it probably will be, the pretext—for it is nothing more—that anything beyond a nominal reserve for the greenbacks is required, will be abandoned, and it will no longer be denied that their value depends upon the impregnability of the public credit, the monetary functions with which they are endowed, and the restriction of their volume. But whether the reserve against them is continued to be kept at the present figure, or is reduced to a nominal amount, no export of gold will diminish their quantity any more than an import of gold would augment it.

An export of gold can have no more effect upon the total amount of our money at home than would be produced by the export of an equal amount of silver dollars, of greenbacks, or of bank notes, if such an export was not impossible, or by the withdrawal of an equal amount of silver dollars, of greenbacks, or of bank notes, which is possible, or by the suppression of the coinage *in futuro* of an equal amount of silver dollars, which is also possible. But an export of gold is far less injurious to us than either of those impossible or possible things would be, because an export of gold works no contraction of the money of the world, in the consequences of which we cannot escape a participation; whereas a withdrawal of any of the greenbacks or of the bank notes, or a melting down of any of our coined silver dollars, or a suppression of the future coinage of such dollars, would cause such a contraction.

Upon the whole, an export of gold does not seem to be a ground for anxiety and alarm, but ought rather to be looked at as a necessary incident of the policy—undoubtedly approved by a great preponderance of public opinion—of keeping our currency at the metallic standard, and thereby bringing it under the control, as to its volume, of the foreign exchanges. The only effect of such an export is to lower prices, and there is no escape from the necessity of lowering our prices, whenever they get so high relatively to prices elsewhere as to cause a persistent adverse balance of our foreign trade.

If our paper money is limited to its present volume, or if no greater increase of it is allowed than is necessary to keep it in correspondence with the increase of population, there is no occasion to apprehend an export of gold sufficient to effect any important reduction of our present stock of gold, and still less, such an extreme reduction as would cause a premium to arise upon what was left, in which last supposed case none of that metal would remain in monetary use.

Our present volume of legal-tender money is, in round numbers, 1300 million dollars, made up of 600 millions of gold, 168 millions of silver, 247 millions of greenbacks, and 285 millions of National bank notes. In the larger estimates frequently made of the greenbacks and National bank notes, the mistake is committed of making no allowance for the cash which is held, locked up and withdrawn from use, as a fund for their redemption. In the case of the National bank notes this redemption fund is five per cent. of their circulation, and in addition about $40,000,000 deposited by banks which have failed or are in liquidation, or are reducing their circulation. In the case of the greenbacks the Treasury officials affect to hold a reserve of forty per cent. for their redemption, which would be $138,800,000. It is not probable, however, that if the idea of keeping a reserve against the greenbacks should be given up, the total reserve of the Treasury would be reduced by more than $100,000,000 below what it is now, so that the actual addition made to the currency by the greenbacks may be regarded as their total issue, 347 millions, less a reserve of 100 millions held against them.

Of our total legal-tender money, gold now constitutes six-thirteenths, or nearly one-half, and there is no present probability that there will be for a considerable period any appreciable increase of the aggregate of the greenbacks, bank notes and silver. The greenbacks are a fixed quantity, and the increase of the silver, which is very slow, is likely enough to be offset to some considerable extent by a diminution of the bank notes. The only commercial cause of an export of gold is too high a range of our prices relatively to prices elsewhere, the existence of which condition seems to be disproved by the large favorable balance of our foreign trade. At all events, a very small export of gold would be sufficient to so raise prices abroad and lower them at home, as to check any further outflow. To suppose that the export of gold can go to the length of causing a sensible premium upon gold, is to suppose what is manifestly impossible, viz., that our total money could undergo a reduction of six-sevenths, or any approximation to a shrinkage so enormous. It is certain that where there are different kinds of lawful money, any kind which becomes sensibly dearer than the others will disappear from use, and form no part of the actual currency of a country.

GEO. M. WESTON.

BANKING IN FRANCE.*

The opening of an account at the Bank of France necessitates an introduction by two sponsors, themselves having an account there. The account may either be a simple deposit and drawing account, or it may be a discount account, or, again, it may be fed by the negotiation of advances on selected stocks.

For the general public, the bank transacts the following operations:

It receives deposits not under 5000 francs in Paris, or 2000 francs in the country, and against them gives receipts to order, on presentation of which the same may at once be drawn out again, no interest being allowed, nor commission charged.

It receives, for safe keeping, all stock, home or foreign, and undertakes the cashing of coupons, and all kindred formalities. It issues drafts to order, not under fifty francs, on any of its branches.

It makes advances on stock, with a margin of twenty per cent. on French Rentes, and Treasury bonds, and twenty-five per cent. on railway debentures, corporation loans, and similar securities. The rate on advances has of late years been from one-half per cent. to one per cent. above the bank rate. Formerly, it was identical with it.

To the special privileges of the Bank of France, consequent on its position as a State bank, we are bound to devote some consideration. On being closely scanned, these will appear to be neither so many nor so formidable, as is generally assumed. They certainly have not impeded, in recent times, the rapid progress of formidable rivals in practically every branch of the bank's business.

Originally founded in the year 1800, as a free company, the law of 1803 gave the bank the stamp of a State institution, by drawing up a set of rules for its management, and conferring upon it the exclusive right of issuing notes in Paris. These rules underwent a first emendation in 1806; the post of Governor of the bank, as a government nominee, being then created. They were further amended and consolidated in 1808, into what are known as the fundamental statutes (Statuts Fondamentaux) of the Bank. The bank council was, by the law of 1803, not since altered in this particular, made to consist of fifteen regents, under the control of three censors. Five of the regents and the three censors must be manufacturers or merchants, chosen among the shareholders. The law of 1806 farther ordained that three of the regents must be Receivers'-general of the Treasury. The most important of the bank's privileges, its exclusive right of issue, limited at first to Paris, as we have seen, was extended in 1841 to all towns where the bank should establish a branch. In 1848, however, the absorption, by the bank, of the nine "Banques Départementales," then in existence, practically abolished all note issues other than those of the Bank of France. In 1848 also, and for the first time in the history of the bank, its notes were made a forced currency. This occurred a second time in 1870, almost immediately on the breaking

* A paper read before the Institute of Bankers, London by Henry Chevassus. Continued from our March number.

out of the war with Germany. A distinction of some importance has to be drawn between the way in which the first period of suspension in the reimbursement of the notes began and ended, and the course followed for the second.

In 1848, on the fifteenth of March, a degree of the Provisional Government of the Republic declared:

Firstly. That the notes of the bank would, from that date, be legal tender.

Secondly. That the bank was relieved, until further order, of the obligation to give cash for its notes.

Thirdly. That the total issues of the bank, and its branches, should not go beyond 350 millions of francs (this limit was increased in December, 1849, to 525 millions, in consequence of the bank having taken over the country issues).

This first period of forced currency terminated in August, 1850, by the repeal of the three clauses enumerated. The bank was again free to issue notes to an unlimited amount, subject to paying cash for them on demand, and the public were at liberty to accept or refuse any notes at all.

On the twelfth of August, 1870, a decree signed by the Empress Regent, inaugurated a second period of forced currency; and did so in almost similar terms to those of the decree of March, 1848. The limit of issue was placed at 1800 millions of francs; increased to 2400 millions on the twelfth of the same month; and successively raised, by the Government of the Republic, to 2800 millions on the twenty-ninth of December, 1871, and to 3200 millions on the fifteenth of July, 1872. But, and here we come to the distinction I wish to bring out, this second period, contrarily to the course adopted in 1850, was not put an end to, by a repeal, pure and simple, of the decree that gave it a commencement. No fixed date was at any time appointed for its termination. A finance law of August, 1875, merely provided that whenever the advances made by the bank to the State, consequent on the gigantic war expenditure of 1870–1, were reduced to 300 millions of francs, the bank would once more be under obligation to pay cash for its notes. This came to pass on the thirty-first of December, 1877; and since the first of January, 1878, Bank of France notes have ceased to be a forced currency; but they continue to be legal tender, similar in this respect to Bank of England notes, while the limit of issue remains at 3200 millions of francs; here, on the contrary, differing from the latter, in their amount being within the discretion of the bank council, up to a given maximum, instead of being made dependent on the movements of the gold reserve.

It will seem paradoxical in view of a note circulation of 525,000,000 of francs in 1849, augmented to six times that amount at the present day, to say that the question of note issues, and the exclusive privilege thereof, has lost its importance in France, and yet this is no unwarrantable assertion.

Formerly, no subject was more keenly, I may say more acrimoniously, debated. All social reformers, all transcendental financialists, and many practical men tried their hands at it. Banks of circulation, considered in every variety of Utopian combination, were looked upon as the Gordian knot of practical economics; the untying of which was made to appear as the indispensable preliminary to a more or less vague regeneration of the body politic. The scythe of time may be said to have cut the Gordian knot. The bank holds, at present, a bullion reserve of over eighty millions sterling, being, in round numbers, two-thirds of the authorized issue. There remains then a further forty-eight millions—never fully issued—backed up by the various bank reserves; the bank's bill-case having, even in the most difficult phases of its existence, proved a substantial and effective guarantee for the deposits. We are then justified in looking upon the note circulation of the present day as the outcome of public requirements and convenience, and not of any mistaken notion that they are anything more than particularly trustworthy promissory notes. Be this as it may, certain it is, that no scheme would receive countenance that would tend to free competition of issues, or could weaken the confidence placed in Bank of France notes; a confidence mainly resulting from their being no possible confusion as to their origin, or the nature of the security they rest upon.*

With the other privileges of the bank, we may deal very briefly. The law in France recognizes two maxima rates of interest: the legal rate with a maximum of five per cent., and the commercial rate with a maximum of six per cent.; a somewhat subtle and roundabout distinction. The bank was allowed, by the law of the ninth of June, 1857, which extended its various privileges to the thirty-first December, 1897, to charge a higher rate than six per cent.; subject, however, to a proviso, that whatever profit was due to the surcharge would go to a special reserve. This reserve, which appears in the weekly return under the heading "Profits in addition to Capital," does not, up to this day, more than barely exceed eight millions of francs, £320,000: showing that the bank has seldom turned to account the latitude accorded it. As to the outside establishments and private bankers, they flank the difficulty by means of their uncontested practice of added commissions.

The Bank of France is the banker of the State. Its functions in this respect consist in little more than keeping the Treasury balances. French rentes, at one period payable through the bank, are now like other government payments, effected by the Treasury itself. Contrary to its practice with private deposits, the bank has to allow the State interest on its balances. This interest is not to exceed three per cent., but practically does not fall any lower. Special loans and advances to the Treasury have invariably been matter for correspondingly special arrangements. It was a matter of course, that the State should apply to the bank in such cases, nor is it generally questioned that no other institution could have carried them out with less general financial disturbance, or for a smaller profit. Between the eighteenth of July, 1870, and the tenth of June, 1871, the bank advanced to the State 1230 millions of francs; the law of July 3d, 1871, which made provision for the settlement of these advances, actually dealing with 1530 millions.

Concerning the obligations put upon the bank in contradistinction to its privileges, it is unnecessary to do more than recur to that previously alluded to, of establishing at least one branch in every department. It is not uninstructive to note with regard to this, that for the year 1882, and for the first time, all branches of the bank without exception showed a profit. This satisfactory symptom of the general soundness of the country's business, is made the

* The Bank of France, be it remembered, may reimburse its notes either in gold or silver. Without entering upon controversial ground, foreign to our subject, it is worthy of remark that the option thus at the command of the bank has recently greatly helped it to maintain a three-per-cent. rate against a four-per-cent. Bank of England rate, notwithstanding the rise in the exchange; the Bank of France being absolutely at liberty to give or withhold gold, so long as it has silver wherewith to cash its notes.

more striking if we go back to the year 1817, when on the application of the bank council itself, Louis XVIII. authorized the closing of the branches opened at Lyons and Rouen in 1808; the application being grounded on "the want of usage and utility of these institutions for the towns in which they exist, and on the expenses they cause to the bank, without yielding it any profit to cover the same."

I have not found it possible to devote a less space to the Bank of France. The considerable part it plays in French financial economy forbade my doing so. The bank has frequently been charged with red-tapism and want of regard for public requirements, with official sloth and hostility to improvement. Much of this criticism has now disappeared, the bank having, under a first impulse given it by one of its latter governors, and which his successors have concurred in keeping alive, done much to make itself largely accessible. It has copied some of the improvements of its free rivals, and in some instances has set them an example to which the spirit of competition has not been slow in response.

IV.

We now proceed to a review, perforce far more concise, of outside establishments. First in chronological order, and perhaps not unnaturally, first also in logical order, comes the Comptoir d'Escompte de Paris. The scanty harvests and commercial difficulties, which had preceded the Revolution of 1848, had given more point and prominence to the complaints urged against the Bank of France, of studied neglect and even direct snubbing of all but big traders. Early in that year, a decision was taken forthwith to proceed to the formation, in all large manufacturing and commercial towns, of a local National bank of discount—Comptoir National d'Escompte.—Their capital was to be constituted: one-third in cash from the body of shareholders; one-third in municipal obligations of the town where each *comptoir* had its seat; one-third in State Treasury bonds. The object principally in view, was that they should act as intermediaries between the public and the Bank of France. in the discounting of such paper as bore no other endorsement than that of the drawer; and generally to put within the reach of firms of small or moderate means the same banking facilities which big houses enjoyed at the Bank of France. It is, however, needless to tarry here in examination of the soundness of the financial ideas which it was sought to embody in the creation of these local discount banks, since they were never practically realized. The Comptoir d'Escompte de Paris itself, although, no doubt, indebted, in a considerable degree, for its early success to official support, certainly does not owe its present high standing to any philanthropic view of economics. It shook off State and municipal help in the earlier years of its existence, and is to all intents and purposes a free and independent credit establishment, of the same description as its competitors of the present day. Nor has it specially devoted itself to the branch of banking suggested by its title.* The part played in eastern banking by the Comptoir d'Es-

* The names chosen by most of the great French public banks are not to be taken as any limitation of their range. Accidental causes have often determined the choice. Moreover, the appellation "bank" was, by a *consensus*, more or less willingly acquiesced in, made a sort of monopoly of the Bank of France. The word *banquier* itself serves to designate many firms that, in London, would call themselves merchants. Again, the *coulisse* firms (stock jobbers) habitually describe themselves as bankers, there being, judicially, no recognition of their branch of dealing.

compte, the support it has given to the bringing out of various important undertakings, away from, as well as within, the mother country, certainly do not come within the category of operations its originators contemplated, although they are, no doubt, within the province of any free establishment that chooses to enter upon them.

The Crédit Foncier, next on our list, almost lies beyond the limits of our subject to-night. Its special functions of granting mortgages on real estate, and advancing funds to municipal bodies, are somewhat outside banking proper. Suffice it to say that, notwithstanding the vastness of its transactions, the Crédit Foncier is very far indeed from having monopolized the business of mortgage loans throughout the country. As a public company, the monopoly of such was, it is true, granted to it in 1856, but it expired in 1877, and was not renewed. The great bulk of private mortgages is still effected through the *notaires*—a French *notaire* doing much business in which, here in England, solicitors, and not notaries, would be called upon to act. The sum total of their transactions is roughly estimated as tenfold greater than that of the Crédit Foncier. Besides its actual capital, the Crédit Foncier has been empowered to raise funds by the issue of obligations, not exceeding in importance the total of loans previously effected; but likewise increasing with it in a manner practically continuous.

I do not intend, as you well may think, to take you one by one through the eleven societies which appear in my table. The figures therein given are sufficient to do any one of them justice, and I naturally choose, for detailed notice, those which are typical, and therefore particularly apt to point a study such as we are making to-night. For this purpose, I shall presently have something to say about the Crédit Lyonnais and the Societé Générale, since they, more than any other of the public banking establishments, have laid themselves out, without any dependence on State prestige, on the lines of the Bank of France, in providing banking facilities all over the country; besides developing features of their own.

Before coming to these two establishments, however, I must recur once more to the Crédit Mobilier, founded in 1852. No survey of modern French banking would have any pretensions to comprehensiveness, if it neglected to mete out its due to what was at the time a bold, and for some years a somewhat dazzlingly successful innovation in public banking. To take up any new enterprise in the domain of commerce and industry, to weigh its chances of success, to provide it with a first organization, to make it widely known, to give it the primary support, for want of which many an undertaking fails to gain a footing, until many a disastrous attempt has cleared the way for some ultimate fortunate promoter; to do this, assuredly required no mean ability, and a pluck and spirit not easily daunted. The list of companies, brought out by the Crédit Mobilier, which have stood their ground and have achieved considerable importance; to wit, railway, gas, water, carrying, not to speak of banking companies, certainly speaks with some eloquence on behalf of its founders. That the grasping spirit of monopoly, however, and the exceeding great temptation to turn to account the period of infatuation during which the public bestows blind confidence upon any thing successful, should have produced abnormal financial inflation and reckless ventures, and brought about a calamitous fall, is neither to be wondered at, nor is it to be looked upon as a definite proof of the unfitness of such business for prudently conducted banking companies. Indeed, the principle has survived, and is continually manifesting itself in mitigated and intermediate forms. The Banque de Paris et des Pays Bas may be quoted as an instance of such. It receives no deposits and turns over its capital exclusively in the *haute banque* operations, in which the Crédit Mobilier was, for a time, an over rash rival to the powerful private financial firms who have them under control.

Having thus given one of the most exciting and instructing episodes of the creation and development of share capital in France, that meed of attention which it would have been unfair entirely to deny it, we must now hark back to the region of what is more properly understood in this country as practical banking. The Crédit Lyonnais, just the bare senior of the Société Génerale, with which I have bracketed it, was, and is still, as far as its registered head office—"Siége Social"—is concerned, a provincial establishment. The commanding position, however, which it has attained in Paris, has now made it a metropolitan institution, More particularly has it done so in that field of banking which the London Joint Stock Banks and private bankers claim as particularly their own, viz., deposit and discount, the acting as cashiers to the public, and the providing of a constant fund for all short dated commercial advances. In transacting such business, and presumptuous comparison apart, thc Crédit Lyonnais, perhaps more than any outside establishment, follows in the lines of the Bank of France, inasmuch as it not only has a permanent connection, but in that it readily acts for the public generally. I wish to give rise to no misunderstanding, I am speaking here of the Crédit Lyonnais in France, and not of its branches abroad. The business of these is naturally conducted on other lines, notwithstanding that their position in foreign cities makes them, no doubt, valuable tributaries of the parent office, enabling it to work into its home transactions a growing share of the numerous foreign exchange operations, to which the continually increasing bulk of import and export trade gives rise. In France, then, and apart from the regular customers of the establishment, any respectable person may get any one of many operations performed, for which he has not the inclination, nor the sufficiently frequent occasion—given the monetary habits of the French—to open a banking account. For such of these as necessitate a proof of the applicant's *bona fides;* as, for instance, the selling of stock; the granting of loans thereon; the cashing of coupons; the exceptional discounting of a good bill on some distant town; the temporary opening of a deposit cheque account; he is called upon to produce some proof of identity: his *patente* if he is an established tradesman; if not, some authentic document, or an attestation to his signature by two respectable witnesses. Skilled tact on the part of the staff, and a little judicious cross-examination, generally suffice, in most of these cases; subject to ultimate reference to the management, if need be. Many operations, however, do not require any knowledge of the person who wishes them to be done. Cheques on provincial branches against cash; the transfer by telegraph or post of money handed in; orders to buy stock; depositing sums of money, subject to withdrawal on presentation of receipts by the depositor; obviously do not involve any examination of good faith, while their ready accessibility offers considerable convenience to the general public.

The Société Générale, originally founded, as its full title suggests (*see table*), in somewhat mitigated application of the theory of banking which had, some ten years before, given rise to the Crédit Mobilier, nevertheless very largely developed also the ordinary business of a deposit and discount bank. It was first in the field in the founding of numerous branches in the departments, and of district offices within Paris. It inaugurated the marking of customers' cheques, for encashment at any of the branches.

[TO BE CONCLUDED IN OUR NEXT NUMBER.]

SENATOR SHERMAN ON THE BANK CURRENCY.

The Senate has debated in a very interesting manner several measures for the relief of the banks with respect to their issue of circulation. In the speech delivered by Senator Sherman the respective measures offered are described and discussed. We present herewith a considerable portion of his remarks.

There are two disturbing influences affecting the National currency at this time, one of which is the rapid accumulation of silver coin in the Treasury, and the resulting fear that in process of time the currency of the United States will be reduced to the single standard of a silver dollar; the other is the increased difficulty in maintaining the circulation of the National banks caused by the rapid payment of United States bonds, and their conseqeunt increased market value. At present I see no hope for any solution of the silver question. The state of public opinion, fully represented in Congress, will not allow the suspension of the coinage of the silver dollar, nor the adoption by the United States of a new ratio for the coinage of gold and silver according to the market value of these two precious metals. All we can do is to drift along until the inevitable exportation of gold and disappearance from circulation, and its conversion into an article of merchandise shall reduce all value to the silver standard, when, no doubt, the practical good sense of our people will lead them to coin both metals according to their value *now*, and not according to their respective value fifty years ago. I would not allude to the silver question except that it is intimately connected with banks and banking. It already casts its shadow upon the future; it is rapidly converting our railroad securities into bonds expressly payable in gold coin; it is creating distrust in investments made upon a gold basis, which sagacious men know will, by the failure of a crop or of a banking house, or some unforeseen event, suddenly bring us to the silver standard. The doubt will then arise—it has already arisen—whether in the adjustment of a new ratio between gold and silver the quantity of silver in the dollar will be increased, or the quantity of gold will be reduced. One or the other must be done.

As this question is decided so will the nominal price and value of all lands, commodities, investments, securities, and currency rise or fall. A question so controlling as this does and will affect banks and banking in all their phases and forms, but, as I believe that it is utterly impossible at this session to change the existing law as to the coinage of silver, we must go on coining and piling up in the Treasury vaults silver that we now buy at a discount, which we cannot circulate, and must sometime sell at a discount, or reduce all other money to the same standard. Until this standard is finally settled, coin certificates are dangerous forms of currency. While all certificates are, as now, treated as gold certificates, they will be freely taken as equivalent to each other, but with the first appearance of a difference in market value between gold and silver coin the same difference will appear between gold and silver certificates, and the gold certificate will disappear from circulation, and be hoarded.

As to our paper currency, I believe I can say, with the concurrence of all parties that in convenience, security, in ready circulation in this country and in all commercial countries, the paper currency of the United States is the best it ever has had, and perhaps I may add the best ever devised by man. The amount of United States notes limited by law can easily be maintained at par in coin by the maintenance of a reserve in coin of forty per cent. They are a standard for redemption of the circulating notes of National banks. To the extent that interest is saved on the portion of National debt in United States notes it is an advantage to our people, while the coin reserve behind these notes is the steady fulcrum which gives assurance that they will not depreciate or vary with the sudden changes that affect the market value of stocks or bonds. The only doubt that affects these notes is the question whether the legal-tender quality given to them by law is within the constitutional power of Congress. Even if this power is denied by the Supreme Court—and a case is now pending involving that question—the notes would no doubt be generally taken as coin; but such a decision would give to an exacting creditor the means of harassing his debtor, and, what is far more, it would precipitate the demonetization of gold and promote its hoarding and exportation. It is the redemption of United States notes in coin, and not their legal-tender quality, that makes them current money in every commercial city of the world, and it is the redemption of the National bank-notes in United States notes or coin, and their absolute security by the deposit of United States bonds in the Treasury of the United States, that gives to these bank notes their currency in every part of the United States, even though not a legal tender.

. . . .

The problem we are dealing with grows out of the fact that our Government bonds bear so high a price or yield so low a rate of interest that banking institutions are in doubt whether it is best for them to purchase the bonds necessary to be deposited as security for their circulating notes, or to abandon the issue of such notes.

. . . .

The first proposition to which I wish to call the attention of the Senate is one that I think was originally submitted at the last session of Congress by the Senator from Nevada [Mr. Jones]. It provides for an exchange of bonds bearing three per cent. interest, running twenty-three years, to be exchanged for the four per cents., par for par, and proposing to pay in addition in money fifteen per cent. of the surrendered four-per-cent. bonds. The objection to this proposition, it seems to me, is that there is no certainty that if such an offer were made it would be accepted. Is it probable that owners of bonds, worth in the market 124, would sell them for a three per cent. bond running the same time, and a further sum of $15 for each $100 bond? I doubt very much whether, in view of the advancing market value of the bonds of the United States, such a proposition would, if it passed, meet the difficulty; and certainly it will not meet it so far as the banks are concerned. It amounts to an offer of $15 for an annuity of $1 for twenty-three years. If successful, the Government would pay one hundred and five millions to reduce the interest on seven hundred millions one per cent. per annum, without reducing the principal of the debt. I do not consider this as a practical measure to meet the difficulty that encounters us, though as a funding measure it may be worthy of consideration.

The next is a bill which I find lying upon our table, and which has been the subject of discussion in both Houses of Congress. It provides for the issue of a two-per-cent. bond, and authorizes the Secretary of the Treasury to receive any bonds bearing interest at the rate of four or four and a-half per cent. per annum, and to issue in exchange therefor an equal amount of registered bonds of the United States of various denominations, and offering to pay the difference between the two characters of bonds at certain rates fixed by this bill. I believe this is subject to the same objection, with one additional objection, as the bill already proposed.

In the first place, I believe that any attempt to sell a two-per-cent. bond or a two-and-a-half-per-cent. bond at par would, even in the present state of the money market, be unavailing, because, with all the advantages that accrue to the existing bonds, still their purchase can be made to yield an interest of 2.66 per cent., and they have never yielded a less rate.

That is not all. It is proposed to make these two or two-and-a-half-per-cent. bonds the basis or security for the notes of National banks. The fatal objection to this proposition is that these bonds would not be sufficient security for a noteholder. In time of calamity, in time of panic, when banks are likely to fail and when the necessity of enforcing the security is likely to occur, they would not sell in the market at par, and therefore the primary object of requiring the security would fail. It would not be sufficient to make good the notes of a failing bank.

The Government of the United States puts itself in the position of negotiating for a low rate of interest for itself at the expense of the noteholder. If these bonds were sold as proposed, the Government would get a low rate of interest by inducements held out to the banks to take the two per cents, in order to get circulating notes, yet all that saving of interest would be at the expense of the noteholder, who when the security was called for to make good his note would find it insufficient to pay the whole amount of the notes issued by that bank. This, it seems to me, is absolutely fatal.

I will not vote for any proposition which will not in every conceivable state of the money market be always sufficient in amount to pay the whole sum outstanding for which the bonds are held as security.

The next proposition is that now under consideration, offered by the Senator from New Jersey [Mr. McPherson], and as this is the central proposition which I am now seeking to contend against, I beg the attention of the Senators to it.

In the first place, I must admit this does give some relief. It enables the banks to issue currency to the amount of 100 per cent. of their bonds deposited. If this bill passes, it undoubtedly will enable the banks to issue some $30,000,000 more currency than they are authorized to do under existing law, and to that extent it is a wise and prudent measure; it will tend to relieve somewhat the danger of contraction. There is no occasion for requiring securities greater in amount than the notes to be issued. But the defect of this proposition is that it makes no distinction between the character of the bonds that are deposited as security. The four-per-cent. bonds, of which the amount outstanding is over $700,000,000, are counted as no more value than the three-per-cent. bonds, which are now redeemable. The Pacific railroad bonds, which are worth in the market now 130 to 137, are counted as of no higher value as a security than the bonds which are now redeemable, and are worth only par. So with the four-and-a-half-per-cent. bonds, quoted at 114. There is not a business man in this country, there is not a banker or a broker or a citizen in the United States who will deal in this way with securities of totally unequal value. This bill is leveled at them all, and says that a bond which may be paid to-morrow shall be held as a security for 100 cents, but the bond that is in the market, and has been in the market a long time, continuously, at a large premium, some of which to-day are worth 137, shall be taken as security for no more than a bank bearing three per cent. and redeemable at pleasure.

The effect of this bill, if it passes, while it will give temporary increase of currency, will induce the banks to continue to hold the bonds which are now due and redeemable, while, as I understand it, the principal object in view, that is, to secure stability and permanency in our banking institutions, will not be promoted. They will take those bonds that are cheapest in the market, and they will not give stability to the system by purchasing bonds which have twenty-three years to run.

It seems to me that this is an objection to the bill of the Senator from New Jersey. If that objection can be removed, so as to make a discrimination between the amount of circulating notes to be issued upon United States bonds according to their intrinsic value, then the difficulty is entirely removed. But this bill does not meet it.

The next proposition to which I wish to refer is a bill introduced at an early period of the session by me. It was prepared by the Comptroller of the Currency, and is in the exact language used by the Secretary of the Treasury and the Comptroller in their reports, and was intended to carry out their recommendation. It was not in any sense my measure, although it met my approbation. That bill made the issue of circulating notes depend upon the average current market value of United States bonds for a period of one year before, requiring each and every year the market value according to that rule to be ascertained and proclaimed by the Comptroller of the Currency.

That bill proposed an issue of only ninety per cent. of this market value. That, it is plain, would have been an inducement to National banks to purchase the highest-priced bond, the bond that had the longest time to run. On a bond that is now due under this proposition the amount of issue would have been only ninety per cent. of the principal of the bond, while of the four per cent. bonds, which are worth in the market 124, the issue would have been about 112. The result would have been that the market value being fixed year by year, the issue of notes would always have been ten per cent. less than the market value of the bond. When it is known that the market value of a Government bond does not vary like other securities, that made the condition of safety absolute. It is a good thing to say of the Government of the United States, that although panics come and troubles come, and stocks are obliterated, yet the Government bonds of the United States have never varied, even in the darkest hours of 1873, more than six or seven per cent. So this difference of 10 per cent. is an absolute security, and makes the proper distinction between the different classes of bonds.

Under that proposition the amount of circulating notes that would be issued upon what are called the Pacific Railroad bonds would have been about 118 or 120, in round numbers; on the four per cents., about 112; on the four and a-half per cents., about 107, and on the bonds that are now due and payable, ninety per cent. But it was objected in committee with such force that the majority of the committee yielded to it that the market value was to some degree an unstable value, and therefore it was not a proper basis for banking circulation. I thought it was a sufficient answer to say that the market value of Government bonds is not an unstable value. Commodities and stocks may go up and down, but these bonds have a certain relation to gold, so that they never fall below par. The history of Government bonds since the close of the war has been a steady and gradual rise. Six per cent. bonds at the close of the war were worth considerably less than par in gold. They rose up until they were finally redeemed, and now the three per cents. are at par. The market value of a United States bond is a stable value. It does not decline like the value of other securities. Still there is some fluctuation in Government bonds, and market value depends often upon speculation, and not solely upon intrinsic value.

In order to avoid that criticism, an absolute rule of value was proposed in the amendment that I now hold in my hand, which was sent to the Committee on Finance. Instead of taking the market value it was proposed that we should take the face value of those bonds, and add to that the amount of interest that accrues on each kind of bonds over and above three per cent., prior to the maturity of the bond. As the four-per-cent. bond runs for twenty-three years, the market value of the bond would be estimated at 123, and it turns out that when you come to test this rule of value by the market value of Government securities, that it will not vary two per cent. from the present value of all these securities. I read a while ago the market value of these bonds. The four-and-a-half-per-cent. bonds run until 1891, seven years, bearing an extra interest of ten and a-half per cent.—one and a-half per cent. above three, and their market value is 114. The four-per-cent. bonds have an income-producing quality above that of the three per cents. of one per cent., or an annuity of one dollar for twenty-three years. That, added to the principal, corresponds to the market value to-day of these bonds. So you may take the currency six-per-cent. bonds, varying in the time of their maturity, every year the three per cent. extra interest makes the market value of the bond correspond very nearly to the income-producing value of the bonds.

. . . .

Now I come to refer to the amendment proposed by my friend from Vermont [Mr. Morrill]. I should certainly yield to his opinion with great pleasure and always treat it with deference; but here is the criticism I make on that proposition: It provides that upon a deposit of four-per-cent. bonds, "prior to January 1, 1890, an amount equal to 110 per cent. of the par value of such bonds" shall be issued, and upon all other bonds an issue to the amount of par.

This singles out one class of our bonds, the four per cents., makes a special rate for them for several years, and then a graduated rate downward, and excludes entirely from the benefits of this gradation the four-and-a-half-per-cent. bonds and the six per cents. This, therefore, is an insufficient proposition; it does not meet the difficulty. It makes a discrimination in favor of one class of bonds against another class. It is not a rule that can be applied to all. For instance, the four-and-a-half-per-cent. bonds run for seven years, bearing an interest of four and a-half per cent., and yet they are treated by this proposition as no more valuable than the three-per-cent. bonds, which are now redeemable at the pleasure of the United States. There are $250,000,000 of these bonds which are excluded from the operation and benefit of this gradation. Then, also, there are over $60,000,000 of six-per-cent. bonds, the highest in value and in income-producing quality in the market. They are excluded; they are worth in the market some thirty-six per cent. more than par, because they bear a higher rate of interest; and yet those six-per-cent. bonds when deposited can only receive circulating notes to the amount of the face of the bonds. There are now deposited in the Treasury some three or four millions of these bonds, and they would be held at a rate only equivalent to a three-per-cent. bond now redeemable.

Mr. President, while this would give undoubtedly some relief, while the adoption of the amendment of the Senator from Vermont would be of some service, it is not a rule applicable to all bonds. It seems to me it is rather a discriminating rule in favor of one class of bonds as against the other classes of bonds, and whatever rule is adopted ought to extend to and apply to all.

There is one other, and only one other, proposition that is before us, and this is the amendment I offered to-day; and I beg the serious attention of Senators to the operation of that amendment. I may not be present here to speak on it hereafter if this debate should be continued beyond to-day.

I saw, or thought I could see, the difficulties that come from all these different propositions, and I believe the fatal objections made to the proposition of the Senator from New Jersey is, that this would continually induce the banks to take the bonds now due, subject to call by the Secretary of the Treasury, and thus continue to disturb our money market, create agitation, compel the bank officers to run around and buy more bonds in order to make good the foundation of their circulating notes. That difficulty would meet us in the very face, and this bill as it is now proposed, if it pass, while it would be some relief in allowing the banks to issue a larger sum than they are now authorized to issue, yet would be the very beginning of insecurity, of uncertainty, of change. They might well refuse to buy bonds bearing a much higher rate in the money market because they could not get any more circulating notes upon them than upon a bond costing only par. These bonds are only filed as security, and a bank president might have to account to his stockholders if he sink out of sight twenty-four per cent. of the capital of his bank without deriving any advantage therefrom. These officers in fiduciary trusts will be governed by the interests of the people they represent; this you must expect of them. If they are good officers they will be governed by the interests of their people, and a bank president might well doubt whether he was justified in sinking $125 of money for a high-priced security, unless he got some benefit from it; but if he can get some additional amount of circulation by the purchase of these bonds, and obtain not only more circulating notes, but a greater permanence, then he would be justified in making the investment in the higher-priced bonds. Therefore, to make the security absolute, to increase to some extent the issue of circulating notes, I have proposed an amendment, which I believe meets the difficulty; and that is that there shall be issued, in the language of the bill as it now stands, the face value of all Government bonds, because they are all above par, and in addition thereto an amount equal to one-half of the excess of interest accruing on the face of the bond over and above three per cent.

That is a very simple proposition, one that can be computed by any one. For instance, to give you the practical application of it on the four-per-cent. bonds. which run for twenty-three years from this time, this year the Treasury can issue to the amount of the par value and one-half the excess of interest, which would be $11,150 on $10,000 of bonds. That would be the amount. The interest in excess of three per cent. is one per cent. for twenty-three years, or $2300, one-half of which added to the principal sum makes $11,150.

This is a simple, plain rule. On the four-per-cent. bonds the issue at the commencement would be 111½, on the four-and-a-half per cent. bonds it would be 105½, and on the six-per-cent. bonds it would be 116½.

There is no man who is so doubting but what knows that this bond has constantly accruing an excess of interest above that which would maintain it at par, and there is no possible doubt but what the security is ample, and then there is the inducement to the banks to buy the longer bonds in order to gain stability, which is so much desired by the Senator from Delaware, while the proposition he supports will invite the banks, almost compel them, to buy the bonds that are now due, liable to be called for any day, and there is no inducement held out to them to buy these bonds which it is the public interest they should invest in.

London Bank Stocks as Investments.—One wonders that more joint stock banks are not started in London, for the profits of the old institutions are very large. At the half-yearly meeting of the London and Westminster Bank on Wednesday, Mr. Francis, apparently a statist, complained that while from 1864 to 1873 the shareholders received in bonuses and dividends an average of 24 per cent. per annum, they had in the following ten years obtained only 15 per cent. The Chairman, however, Mr. John N. Bullen, showed that, taking into account the profit on new shares assigned to old shares, the bank had continuously paid its proprietors 30 per cent. This is quite five times what most of the more prosperous railways have yielded. The absence of excessive competition is the more remarkable, as the shares in a successful bank tend invariably to an absurd price. We know of nothing stranger in the history of investment than the fact that fairly well off people buy bank shares, with the heavy possible liabilities attaching to them, at prices which only yield 5 per cent. The chance of a bank's failure is at least as great as that of the bankruptcy of governments like Russia or Brazil, and in the latter cases investors only lose the money they are risking. The truth is, we suspect, that the investing public doubt whether there is any certain limit to the gains of a bank, and hopes, even when buying at the highest price, for doubled dividends.—*London Spectator.*

ASSIGNMENT OF DEPOSIT AS LIEN ON REMITTANCE.

Gardner v. *Merchants National Bank.*

SUPREME COURT OF OHIO.—DECEMBER 18, 1883.

Equitable assignment of deposit—Lien on remittance. A drew his negotiable draft in favor of C, a banker, on B for the exact amount due to him, for the purpose of having C discount the same, which he did, in the usual course of business, and paid to A the proceeds. While the draft was in transit to B for acceptance and payment, he, without any knowledge of its existence, remitted the amount due by certified check on his banker to A, who received and converted it to his own use by depositing it to his credit with his banker as cash, together with his other deposits subject to his checks. On presentation of the draft, B refused to accept or pay, and it was returned to C. A then made a general assignment, having a bank balance to his credit greater than the amount of his draft. This check was forwarded by his banker for payment, and two days after the assignment was paid by the bank certifying the same. *Held*, 1. That as between A and C, and under these circumstances, C acquired by equitable assignment the right to the amount then in B's hands. 2. That B having remitted to A the amount by check, before notice of the draft, which was afterwards paid, was released from the obligation to accept or pay, but the check in the hands of A or his banker, or its proceeds when collected, belonged in equity to C, in the absence of any intervening right; and he may, in an action for equitable relief against the parties have the same applied to the payment of his draft. 3. The conversion by A of this check by obtaining a credit therefor on his account in bank did not defeat this right to the proceeds of the check when collected, there being a sufficient balance out of which to pay the same, and no intervening right of the bank or others having attached.

Error to the District Court of Cuyahoga County. The facts are stated in the head note.

Ramsey and Ramsey for plaintiff in error. Griswold and Starr, *contra*.

JOHNSON, C. J. The Merchants National Bank claims no interest in this fund. As between the assignees in insolvency, who claim under the deed of assignment from Harvey & Sons, dated November 15th, and the City National bank, who claim as owners and payees of their draft of November 8th, it is an indifferent party, seeking only to be protected against a double payment. The assignees of Harvey & Sons stand in their shoes, and have only their rights in the premises. This draft is negotiable in form, and was for the whole fund in the hands of Brookbank & Co. It would doubtless have been accepted and paid, but it appears that before it reached the drawees, and before they knew of its existence, they remitted the same debt by a certified check to Harvey & Sons. It is clear that this draft, though purchased in good faith, and in the usual course of business, did not as against the drawees operate as an assignment, either legal or equitable, of the amount owing by them to Harvey & Sons, until presented and accepted, or at least until they had notice of its existence, so as to defeat the payment they had made before notice of its existence. Therefore, their remittance to Harvey & Sons by certified check before notice of the draft, and the acceptance of that check as payment by Harvey & Sons, or its payment if not so accepted, was a satisfaction of the debt, and discharged the drawees from all obligation to accept or pay the same. For this reason the holders of the draft can make no claim against the drawees for non-acceptance or non-payment. At the time the draft reached them they did not owe the drawers, and were then under no obligation to accept or pay. If, however, as between Harvey & Sons and the City National Bank, the latter acquired the right to the fund, by way of equitable assignment, had it remained in the hands of drawees, then it is conceded that the payment of the amount by the drawees to Harvey & Sons, and its deposit by them in the Merchants National Bank to their credit did not divest that right. Had the Merchants National Bank, without notice of this draft, applied this deposit to a debt due them or to the payment of checks drawn against it, no claim against the bank could be made. This bank, however, makes no claim to the fund. Its duty is to keep it safely, and pay to whomsoever is entitled to receive it. The only rights to be adjudicated are those of the drawers and the payees of the draft. As this draft was for the whole amount due from the drawees to the drawers, and was drawn for the purpose of enabling the drawers to discount the same, and to enable them to realize thereon in advance of actual payment by the drawees, we hold that it was the manifest intention of the drawers to transfer to the payee and purchaser the absolute right to receive from the drawees that amount, and that as between the drawers and the payee and purchaser for value, it was an equitable assignment of the fund. We are further of the opinion, that where the drawees received the certified checks of the drawers for the amount, it in equity belonged to the holder of the draft, and that their deposit of it to their own credit with their banker was, as against the holder of the draft, a wrongful conversion, and did not defeat the right to follow the fund in the hands of the Merchants National Bank, it having acquired no right to the same, nor to the money collected thereon, after the deed of assignment. Strictly speaking, Brookbank & Co., the drawees, paid this money on the 17th, two days after the assignment; so that whether we regard the deposit of this check by Harvey & Sons to their credit on the 12th as a conversion, or the date of its actual payment on the 17th as the time of such conversion, the result is the same, as in either event the right of the holder of the draft by way of equitable assignment is the same, no intervening right having attached. We are not called on to consider the rights of the payee against the drawee of such an unaccepted draft, nor how far it would operate against such drawee where it was for part only of the amount owing by the drawee; neither do we think the fact that it was negotiable makes any difference. The payee had the right to suppose that the drawers had that amount in the drawees' hands, as in fact he had, and on the faith of this he purchased the draft in good faith in due course of business, and for a valuable consideration. As between drawer and payee it is clear that it was the intention that the draft should operate, and did operate, as an assignment of the fund in the drawees' hands. 1 *Daniel on Neg. Inst.*, §§ 16, 17; *Gibson* v. *Cooke*, 20 Pick. 15; *Story on Bills*, § 13; *Chitty on Bills* (12th Am. ed.) p. 2; *Wheatley* v. *Strobe*, 12 Cal. 92; *Robbins* v. *Bacon*, 3 Me. 315; *Mandeville* v. *Welch*, 5 Wheat, 277. The cases cited and relied on by plaintiff in error do not militate against our conclusion. They are either cases where other rights have intervened, as in case of attachment of the proceeds in the drawees' hands before acceptance, as in *Kimball* v.

Donald, 20 Mo. 577; or of bills drawn against shipments when the holders did not take an assignment of the bill of lading, and the contest was over the goods or their proceeds, subsequently coming to the possession of the drawee, as was the case with *Cowperthwaite* v. *Sheffield*, 3 N. Y. 243; or where the bill of exchange was for part of a general fund, or was drawn against an account current, when the drawee before presentment or acceptance had made other disposition of the fund. In these cases courts have properly held no transfer of a sum named in the bill took place that would render the drawee liable.

But it is claimed that as the balance in the Merchants National Bank at the close of business on the 12th of November, after this check was deposited, was reduced to $203.88, that is the true amount for which judgment should have been rendered. For the purposes of this case the Merchants Bank was only bailee, or agent of Harvey & Sons and their assignees. When Harvey & Sons received this check, common honesty would have dictated that they turn it over to the payee of their draft; their conversion of it to their own use gave them no right to the money it called for. When it was actually paid on the 17th, the money belonged to the City National Bank, but was credited to Harvey & Sons, who had assigned two days before. The fact that they had a credit for it on the 12th, and had drawn out part of the amount on that day, which was made good by them the next, cannot, as between drawer and payee, change or defeat the right of the latter to the proceeds of the check collected on the 17th.

Judgment affirmed.

PRESUMPTIONS ARISING FROM THE USUAL COURSE OF BUSINESS.

The following extracts are from an article in the *Albany Law Journal*, by John D. Parsons, of St. Louis.

RULE I. *In commercial transactions the presumption is that the usual course of business was followed by the parties thereto.*

"Where" it was once said by an English judge, "the maxim of *omnia rite acta præsumuntur* applies there indeed, if the event ought probably to have taken place on Tuesday, evidence that it did take place on Tuesday or Wednesday is strong evidence that it took place on Tuesday."*

ILLUSTRATIONS.

1. In an action against the acceptor of several bills of exchange which were made in November, 1850, and became due on February 5th, and March 12th, 1851, the defense was that they were accepted by the defendant while an infant. It was proved that the defendant came of age March 11th, 1851. *Held*, that the presumption was that all the bills were accepted before he attained his majority.†

2. It was alleged in a bill for relief that a certain agreement was in writing. The presumption is that it was signed.‡

3. A and B are proved to be carrying on business in partnership. The presumption is that they are interested in equal shares.‖

* *Avery* v. *Bowden*, 6 E. & B. 973 (1856).

† *Roberts* v. *Bethel*, 12 C. B. 779 (1852).

‡ *Rest* v. *Hobson*, 1 Sim. & Stu. 543 (1824).

‖ *Farrar* v. *Beswick*, 1 Moo. & R. 527 (1836).

In case 1, Jervis, C. J. said: "There is nothing on the face of the bill to show when it was accepted. Why, then, is it that this evidence is sufficient? It is because it must be presumed that the bill has been accepted during its currency, and consequently before the commencement of the action; because it is the usual course of business to present bills for acceptance before the time for the payment of them has run out, and within a usual time after the drawing of them. . . . I decide this case upon this broad ground—that we are to presume, unless the contrary is shown, that a bill of exchange has been accepted, not on the day of its date, but within a reasonable time afterward. It is not to be presumed that the acceptance took place after the maturity of the bill. That view disposes of the case as to all these bills—as to five of them because they became due before the defendant attained the age of twenty-one; and as to the sixth, because a reasonable time for its acceptance had elapsed before the defendant's majority." And Maule, J., added: "Although it is not usual to accept a bill on the day on which it is drawn, it is usual to do so at some early opportunity after that day. Therefore, where the drawer and acceptor are both living in the same town, the presumption is that the bill is accepted shortly—within a few days—after it is drawn; it being manifestly the interest of the drawer to have a negotiable instrument made perfect as early as conveniently may be. The date of the bill, therefore, though not evidence of the very date of the acceptance, is reasonable evidence of the acceptance having taken place within a short time after that day, regard being had to the distance the bill would have to travel from the one party to the other. Upon the same principle upon which that presumption rests, it may be presumed in this case that the bills were accepted before they arrived at maturity."

SUB-RULE II. *Negotiable paper is presumed to have been regularly negotiated, and to be or to have been regularly held* (a.), *except where it was procured or put in circulation through fraud or duress, or is illegal* (b).

ILLUSTRATIONS.

(A.)

1. A is the holder of a promissory note. The presumption is that he is a *bona-fide* holder for value received.*

2. In an action on a promissory note by the holder against the indorser, it was not alleged that the plaintiff was a holder for value; this is presumed.†

3. An action is brought on a negotiable promissory note indorsed to the payee in blank. The defense is failure of consideration. The presumption is that it was transferred to the plaintiff on the day of its date.‡

4. A note is indorsed without date. The presumption is that the indorsement was made before the note became due.§

* *Goodman* v. *Simonds*, 20 How, 343 (1857).

† *Clark* v. *Schneider*, 17 Mo., 295 (1852).

‡ *Noxon* v. *De Wolf*, 10 Gray 343 (1858). In *Ranger* v. *Cary*, 1 Metc. 369, it was said: "A negotiable note being offered in evidence duly indorsed, the legal presumption is that such indorsement was made at the date of the note, or at least antecedently to its becoming due; and if the defendant would avail himself of any defense that would be open to him only in case the note was negotiated after it was dishonored, it is incumbent on him to show that the indorsement was in fact made after the note was overdue." *Stevens* v. *Bruce*, 21 Pick. 193; *Webster* v. *Lee*, 5 Mass. 534; *Hendricks* v. *Judah*, 1 Johns. 319.

§ *Mobley* v. *Ryan*, 14 Ill. 51 (1852).; *Pettis* v. *Westlake*, 3 Scam. 535; *Walker* v. *Davis*, 33 Me. 516 (1851); *McDowell* v. *Goldsmith*, 6 Md. 319 (1854); *Hopkins* v. *Kent*, 17 id. 117 (1860).

"The law was thus framed, and has been so administered," it was said in case 1, "in order to encourage the free circulation of negotiable paper by giving confidence and security to those who receive it for value; and this principle is so comprehensive in respect to bills of exchange and promissory notes which pass by delivery, that the title and possession are considered as one and inseparable, and in absence of any explanation, the law presumes that a party in possession holds the instrument for value until the contrary is made to appear, and the burden of proof is on the party attempting to impeach the title. These principles are certainly in accordance with the general current of authorities, and are believed to correspond with the general understanding of those engaged in mercantile pursuits." In case 2 it was said: "It does not expressly appear in the declaration that the indorsees are holders for value. Value is implied in every acceptance and indorsement of a bill or note. The burden of proof rests upon the other party to rebut presumption of validity and value which the law raises for the protection and support of negotiable paper." In case 3 it was said: "In *Parkin* v. *Moore*, 7 C. & P. 408, it was held by Baron Alderson that the burden of proving that the note was indorsed after it was overdue was upon the defendant, where he sought to defend by showing such facts as would constitute a good defense to a dishonored note, and this ruling, being submitted to the other judges, was confirmed by them. It may be that under the more precisely accurate use of the term 'burden of proof,' as now held by the court, it would have been more correct to say that upon the production by the holder of a negotiable promissory note, indorsed in blank, the legal presumption is that it was indorsed at its date, and it is incumbent on the defendants to overcome that presumption by evidence. This must have been so understood in the present case, as the plaintiff had already produced a note thus indorsed, and the question was upon the effect of the testimony offered to show that it was indorsed after overdue. Upon such a state of the case it was the duty of the defendants to offer sufficient evidence to control the legal presumption arising from the indorsement of the note. In this sense the burden was upon the defendants."

(B.)

1. In an action on a bill of exchange by an indorsee against the acceptor, there was evidence that the bill had been procured by a fraud on the defendant. This cast the burden of proving that he paid value for it on the plaintiff.*

2. In answer to an action on a promissory note the defendant pleads that it was illegal in its inception and that the plaintiff took it without value. The illegality is proved. The burden is cast on the plaintiff to show value.†

3. A check on a bank was given by S to C for a gaming debt. It was transferred to F, who brought suit on it against S. The burden was upon F to prove that he took it *bona-fide* and for value.‡

"When," it was said in case 1, "the drawer or acceptor of a bill of exchange has proved that it was procured by fraud . . . the presumption that the indorsee paid value is overcome, and it is incumbent upon him to prove that fact before he can claim the

* *Ross* v. *Drinkhard*, 35 Ala. 434 (1860); *Boyd* v. *McIver*, 11 id. 822 (1847).

† *Bailey* v. *Bidwell*, 13 M. & W. 74 (1844).

‡ *Fuller* v. *Hutchins*, 10 Cal. 523 (1858).

protection which is vouchsafed by the law to a purchaser for value without notice." In case 2 Baron Parke said: "It certainly has been the universal understanding that if the note were proved to have been obtained by fraud or affected by illegality, that afforded the presumption that the person who had been guilty of the illegality would dispose of it, and would place it in the hands of another person to sue upon it; and that such proof casts upon the plaintiff the burden of showing that he was a *bona-fide* indorsee for value." "With checks," it was said in case 3, "as with promissory notes, the presumption is that they are given upon a valid consideration, but this presumption being rebutted the necessity is thrown upon the holder of proving that he received it in good faith, without notice of the illegality of the consideration."

A note payable one day after date, it is held in Georgia, is not entitled to this presumption. "The presumption," it was said, "assumes that the *onus* lies on the defendant to show that the plaintiff took the note after its maturity. Ordinarily, that is when the note has some time to run from execution to maturity, this is true; but we do not think that principle applies to notes like this due one day after date; for the time run is so short that it is not probable that it should be put in circulation before maturity, at least not sufficiently so to raise such a presumption of the holder. Notes given due and payable at the time of their execution, or at one day after date, do not belong to that class of paper intended for registration and circulation for commercial purposes, in which all the presumptions are in favor of the holder in order to protect innocent purchasers and to encourage and foster their circulation; but they are given more as an evidence of indebtedness by the maker to the payee." *Beall* v. *Leaveret*, 32 Ga. 105 (1861).

LEGAL MISCELLANY.

MORTGAGE—SECURING NOTE, TRANSFERRED WITH NOTE BY MERE DELIVERY.—A note payable to order was indorsed by the payee, and with a mortgage securing it delivered to the indorsee. *Held*, that this transferred title to the mortgage. A mortgage of real estate may be assigned orally, by mere delivery, for a valuable consideration; and the same rule applies to any chose in action. *Ford* v. *Stuart*, 19 Johns 342; *Briggs* v. *Dorr*, id. 95; *Dawson* v. *Cole*, 16 Johns 51; *Runyan* v. *Mersereau*, 11 id. 534. The rule in such cases is stated by a late writer as follows: "If no writing passed, the assignment of a debt may be proved by parol, even though there was an agreement, unperformed, to give a written transfer. It is sufficient proof of a parol assignment, that some evidence of a debt, such as a bond or mortgage, or a transcript of a judgment, or a note, for the debt, or a part of it, was delivered by the assignor to the assignee, with intent to transfer the title to the demand." *Abb. Tr. Ev.* 2; *Hooker* v. *Eagle Bank*, 30 N. Y. 83; *Doremus* v. *Williams*, 4 Hun. 458; 12 *Am. Law Reg.* 61. The assignment of a negotiable promissory note secured by mortgage carries with it the security. *Webb* v. *Haselton*, 4 Neb. 308, and cases cited. And in *Daniel Neg. Inst.* 557, it is said: "The assignment of a debt, by whatever form of transfer, carries with it any bill or note by which it is secured; and the converse of the proposition is equally true, that the transfer by indorsement or assignment of a bill or note carries with it all securities for its payment, whether a mortgage or otherwise. *Kuhns* v. *Bankes*, Nebraska Sup. Ct.

NEGOTIABLE INSTRUMENT—PAYMENT OF LOST NOTE MUST BE ENFORCED IN EQUITY.—The payee of a lost note, which is negotiable and payable to him or bearer, cannot sustain an action at law to recover the amount. A court of equity alone can give relief. A note payable to bearer imparts a legal liability of the maker to pay any holder who may present it, and if lost it may come to the hands of a *bona-fide* holder for value before maturity, and thus be enforceable, even though it had been paid to the true owner. This rule of law doubtless springs from the custom of merchants, which requires the surrender of the note on payment. Without such voucher the maker is exposed to the hazard of litigation with an unknown holder. A different rule prevails in some of the States, but this court has uniformly followed the English rule, which is thoroughly discussed in *Hansard* v. *Robinson*, 7 B. & C. 90; *Wright* v. *Jacobs*, 1 Aik. 304; *Lazell* v. *Lazell*, 12 Vt. 443; *Hough* v. *Borton*, 20 id. 455. The case of *Hopkins* v. *Adams*, id. 407, is not in conflict with this rule. *Adams* v. *Edmonds*. Vermont Sup. Ct.

CORPORATION—MAY RECOVER FROM ONE PROCURING TRANSFER OF SHARES ON FORGED CERTIFICATE—BROKER.—A owned five shares of stock in the plaintiff railroad company. Defendants purchased the shares from a broker who was in possession of the certificate. with a forged signature to a power of attorney purporting to authorize their transfer. On the faith of this power of attorney, plaintiff transferred the shares to defendants and issued to them a certificate, Subsequently plaintiff transferred the shares to a purchaser from defendants at their request, and issued to the purchaser a new certificate. Plaintiff was afterward compelled to procure A five shares of stock, and to pay her accrued dividends. *Held*, that plaintiff was entitled to recover of defendant the value of the stock and dividends. A never parted with her property in the shares, and therefore the plaintiff was obliged to procure shares for her and also pay her the dividends *Pratt* v. *Taunton Copper Co.*, 123 Mass. 110. It is settled that the corporation has no remedy against the person who purchased of the defendants, because as to him the corporation is estopped to deny its certificate issued to the defendants and transferred to the purchaser. *Machinists' National Bank* v. *Field*, 126 Mass. 345. It is familiar law that in a sale of chattels a warranty of title is implied, unless the circumstances are such as to give rise to a contrary presumption. *Shattuck* v. *Green*, 104 Mass. 42. The possession and offer to sell a chattel is held equivalent to an affirmation that the seller has title to it. This is founded upon the reason that men naturally understand that a seller who offers a chattel for sale owns it. The same rule has been extended to the case of a sale of a promissory note. The seller impliedly warrants that the previous signatures are genuine. *Cabot Bank* v. *Merten*, 4 Gray 156: *Merriam* v. *Walcott*, 3 Allen 258. So it has been held that if one, honestly believing himself to be authorized, acts as agent for another and procures money or goods upon the credit of his supposed principal, and it turns out that he is not authorized, he is liable for the value of the money or goods. *Jefts* v. *York*, 10 Cush. 392. In numerous other cases the remedy is said to be an action on the case for falsely assuming to be an agent. *Bartlett* v. *Tucker*, 104 Mass. 336; *May* v. *Western Union Tel. Co.*, 112 id. 90. See also *Simm* v. *Anglo-American Tube Co.*, L. R., 5 Q. B. D. 188; *Hambleton* v. *Central Ohio R. Co.*, 44 Md. 551; *Brown* v. *Howard Ins. Co.*, 42 id. 384. *Boston & Albany Railroad Co.* v. *Richardson*. Mass. Supreme Court. Opinion by Morton, C. J.

SURETYSHIP—DISCHARGE OF SURETY BY DEALINGS WITH PRINCIPAL.—The rule that a surety is discharged by the creditor dealing with the principal, or with a co-surety, in a manner at variance with the contract, does not apply to the case of co-sureties who have contracted severally. The appellant agreed to guarantee advances made by the respondent bank to one K to the amount of £1000; M had previously guaranteed advances to K to the amount of £600. The bank afterwards released M from his liability in consideration of a new guaranty given by him. *Held*, that such release constituted no defense in an action by the bank against the appellant on his guaranty, it not being averred that his right of contribution against M, if any, was injuriously affected. *Ward* v. *National Bank of New Zealand.* L. T. Rep. N. S.

SURETYSHIP—BANK OFFICER'S BOND—DISCHARGE—COVENANT—JOINT OBLIGOR.—(1) A surety upon the bond of a cashier of a bank is not discharged by the mere fact that the cashier was, at the time the bond was given, a defaulter. Nor will the neglect of the bank to ascertain that fact discharge him. The books of the bank and the statements of the bank sent to the Comptroller of the Currency under the National Banking Law are not admissible in evidence to prove the negligence of the bank officers, nor as tending to establish the fact of knowledge on the part of the bank of the existence of the defalcation. *Tapley* v. *Martin*, 116 Mass. 275; *Wayne* v. *Commonwealth National Bank*, 52 Penn. St. 343; *Brandt on Suretyship*, § 367. (2) A covenant given to one of several obligors, which provides that if suit should be brought against him the instrument should become a good bar thereto, and operate as an absolute release and acquittance of the bond as to him, and which declared that it was not intended thereby to release or discharge the other sureties, is a covenant not to sue, and not a release. *Dean* v. *Newhall*, 8 T. R. 168; *Thompson* v. *Lack*, 3 M., G. & S. 540; *Crane* v. *Alling*, 3 Green 423. *Bowen* v. *Mount Holly National Bank.* New Jersey Supreme Court. Opinion by Runyon, C. (Errors.)

NEGOTIABLE PAPER—THERE IS NO WARRANTY OF SOLVENCY IMPLIED UPON SALE OF.—Where one sells negotiable business paper in good faith without endorsing it, making no misrepresentations respecting it, and at a rate of discount indicating that the purchaser has a compensation for his risk, there is no implied warranty on the part of the seller as to the past, present or future solvency of the makers or indorsers. In cases of sale or barter of commercial paper, as of other personal property, the rule of *caveat emptor* applies. In an action to recover the purchase money for which a negotiable promissory note of the Dennison Paper Manufacturing Company was sold, the defendant requested the following instructions: "That if, at the time of the sale, plaintiff had knowledge of a fact obtained in conversation with A. C. Dennison, materially impairing the financial credit of the Dennison Paper Manufacturing Company, and which he knew, or had reason to know, was unknown to defendant, it was his duty to communicate such knowledge to defendant when he sold said notes to him, and if he did not do so, such concealment would be a fraud upon defendant and authorize him to rescind the trade." *Held*, that the instruction was properly refused. *Baxter* v. *Duren*, 29 Me. 434, partially affirmed, and *Hussey* v. *Sibley*, 66 id. 192, considered. See also *Whitbeck* v. *Van Ness*, 11 Johns 409; *Evans* v. *Whyle*, 5 Bing. 485. *Milliken* v. *Chapman*, Sup. Ct. of Maine.

CURRENT EVENTS AND COMMENTS.

AMERICAN ORCHARDS AND VINEYARDS.

The scheme of the French Government to encourage the planting of French vineyards with cuttings from the American vine directs general attention to the condition of our orchards and vineyards. The increase of both is very rapid. The aggregate value of all orchard products in the United States during the last census year was $50,876,154, although production was below the average in most of the best fruit States. The extension of the orchard acreage in the South and far West is especially notable, and California is making the most rapid progress in fruit culture. At present New York stands first and Pennsylvania second in the list of the great fruit States, but it is said that California is planting orchards at a rate which promises a tenfold increase in her fruit crop during the next ten years, and the extension of her vineyards is still more rapid.

The region stretching from the tier of coast counties eastward to the vast timber belt of the Sierra Nevada is the natural home of the grape, and is well adapted for all semi-tropical fruits. The wine crop was less than 8,000,000 gallons last year, but that is more than double the crop of 1880, and it would have been twice as large had not a June drought injured the grapes. The most conspicuous feature of Pacific slope agriculture during the last five years is the growth of California orchards and vineyards. As compared with the great wine countries our republic has a small vineyard acreage, but it is not improbable that ultimately the United States will hold the first rank, not only as to its orchard products, but also as to its product of grapes.

PROFITS OF THE TEXAS CATTLE TRADE.

"Cattle raising is here the most profitable business," writes a Galveston correspondent of the Chicago *Tribune*. "Calves reach mature growth at three years, and losses from death occasioned by storms or disease are comparatively unknown. The average expense of raising a beef is $5, whilst they average in market $35, thus making $30 clear profit. It is further estimated, from records carefully kept, that each cow will in ten years, through her progeny, produce forty head—which aggregate $1200. There is no business in the country that yields such enormously large profits, and none that has so uniformly enriched those who have followed it. It is currently reported of a certain stockman that he started in business ten years ago with a brindle steer and bulldog, and that last year he branded 10,000 calves. There was a time when cattle raising was carried on by methods of doubtful character, by employing dishonest Mexicans at fifty cents a head for all calves they would brand; but that day is past, and the system now carefully observed is that each cattle raiser brands the calves with the brand of the cows to which they belong, and thus the owners of large herds look only to the markets, through their agents, for the income arising from the sale of their stock. This has reduced the business to a system which involves simply the expense of an agent at the various markets, whose duty is to keep a record of the brands of the cattle sold and the price realized. The owner is relieved of counting his herd, only watching his bank account as it rapidly improves by the deposits made by his agent."

THE COMMERCIAL FUTURE OF FLORIDA.

It is now believed that the Florida Everglades and Lake Okeechobee can be easily drained. Accordingly, a company has been organized to carry into effect a plan of reclaiming the district by cutting through the rocky rim of the natural basin a number of channels, through which the pent up waters can flow. "When this is done," says the New Orleans *Times-Democrat*, "and the accumulated water carried off, millions of acres of magnificent lands will be made suitable for agricultural purposes, and the railways can push on down to the very extremity of Florida. Towns will spring up, a thrifty population be brought in, and the country will become the greatest sugar and cotton producing district in the South. The prospect of enormous gains to the company reclaiming the lands is flattering. The scheme for cutting a ship canal across the peninsula is not being suffered to sleep, but is being perfected as rapidly as possible. When the artificial channel is opened, so that steamers and sailing vessels can avoid the dangerous and circuitous route around the rocky islands near the southern extremity of Florida, an immense impetus will be given to the commerce of the cities on the coast of the Gulf of Mexico, notably Galveston and New Orleans. The effect will also be felt by the entire Mississippi Valley."

WORKMEN AS CAPITALISTS.

The great machinery establishment of "Tangyes, Limited," of Glasgow, Scotland, has put in operation a plan by which their oldest foremen and workmen have been secured an interest in the business, which appears so simple and so just that it might prove advantageous and satisfactory for some of our own establishments to adopt it. By this plan a certificate of indebtedness, or bond of £50, is issued, setting forth that the holder is entitled to interest upon it at the same time rate as the ordinary dividend declared by the company. The bonds have to be renewed at the end of each year, and in case the holder dies before the end of the year for which it is good, his family is entitled to the value of the bond. Thus the bondholders enjoy all the pecuniary advantages of shareholders, except that they cannot sell their shares; and they will be free from liability in the event of bad times overtaking the concern. The families of bondholders coming under the foreman's trust fund will receive £150 at the death of the holder, without having to contribute one penny towards it.

GOLD MINING IN NOVA SCOTIA.

The Toronto *Monetary Times* says: "A more active, certainly a more intelligent interest is being taken in gold mining in Nova Scotia now than a dozen years ago. A good many thousands of dollars have been "planted" in the rocks around Montague, Waverley, Sherbrooke, and other points contiguous to Halifax, for which no adequate return has been got, and for much of which none ever will be. This because, mainly, it was not invested in the right spot or in the right way, for lack of scientific knowledge. But the gold prospectors and gold miners are doing better now. At Chezzetcook, we are told, the Oxford Gold Mining Company took $7,200 out of one hundred and thirty tons of ore, worked during twelve days of last May. If this be true it is at the rate of $55 per ton, and is better than the published results of the Country Harbor working, last year, which were 903 ounces of gold obtained from 511 tons of quartz, or at the rate of about $35.30 per ton. A dozen years ago $30 the ton was regarded 'a big thing,' but better methods are to-day yielding better results."

PEOPLE'S BANKS IN GERMANY.

The formation in Germany of registered credit associations, or people's banks, has proved to be a great success, and from a very unpretending commencement a most prosperous system has been developed. The especial objects of these associations are to give advances and credit; to acquire raw materials and to open stores; to manufacture and to sell commodities; to produce the necessities of life and of production wholesale, and to sell them in retail; to build dwellings for their members, and to cultivate land. An original capital is first formed by those who desire to institute an association by means of subscribing for shares. These, although remaining the property of those who subscribed for them, cannot be withdrawn during membership. A reserve fund is also formed to preserve the share capital intact in case of losses. Members of each association being liable for the debts and obligations contracted by it, people who would not think of trusting any individual member are willing to trust an association the members of which are responsible for each other. Thus the man who alone could get no credit, if of respectable character and antecedents, is admitted a member of an association and at once obtains an advance in proportion to his means. Those who thus obtain credit bind themselves to repay the sum credited to the association with all their property, jointly and separately. The formalities of admission to the association are clear and distinct, and are stringently observed; otherwise members would try to disprove their membership where such procedure would be to their advantage. No case of bankruptcy occurred among these associations in 1882—a fact which speaks for itself. Their credit is, consequently, very high, and they can always obtain more money than they can use, so much so that they are continually reducing the rate of interest on deposits. The average rate of interest demanded of borrowers by associations in the years 1878 to 1882 was 6.57, 6.33, 6.13, 6.99 and 6.29 per cent., respectively. Many of the registered associations combine in districts for the better safeguarding of their interests. These assist one another in collecting bills and mutually giving credit. Besides these combinations of associations, there is the "general association," which, as its name implies, is a combination of all the registered associations. The general association publishes its own newspaper.—*London Times.*

TENEMENT-HOUSES IN BERLIN.

The following items concerning the Berlin population, and more particularly the tenement-houses, or tenement-barracks, so-called, are not without interest. They are, aside from 32 military barracks, prisons, and hospitals, 14 houses inhabited each by more than 300 persons; 162 houses by between 200 and 300; 2,588 houses by between 100 and 200; 6,558 houses by between 51 and 100; and 9,119 houses inhabited by from 2 to 50 persons each. Of houses inhabited by a single person there are only 31. The house containing the largest number of inmates—namely, 1,080—is situated in the Ackerstrasse (No. 132-3); there are others with 583, 431, 413, 402, 352, 347, 345, 326, 324, 321, 317, 311, and 309 tenants. The superficial area of Berlin is 6,200 hectares, or a little over a German square mile. The average space to every inhabitant is 53.66 square metres, but, deducting the vast territory in the north and east, still used as field land, it is only 35 square metres. In some districts it dwindles down to eight square metres, or barely thrice as much as is absolutely needed for a resting-place.—*American Register, Paris.*

NOTE CIRCULATION OF THE BANK OF FRANCE.

The French Government is endeavoring to abolish the limit of the note circulation of the Bank of France. In the "rectified" budget of M. Tirad, a distinct proposal to make this change is put forward. An article recently published in the *Debats* suggested that the motive for the abolition was the desire of the Government to prepare the way for unlimited borrowings on the part of the Treasury. The amount beyond which the note issue must not go is at present fixed by law at $640,000,000. This limit has not yet been reached, but the issue has within the past few years been steadily approaching it. On October 30, 1879, the amount of notes oustanding was $437,500,000. On the 25th of last month it had increased to $599,000,000. At any moment this large amount of circulation may be further augmented to an important extent. The Minister of Finance recently informed the "Budget" Committee that the bank had consented a few weeks previously to discount long-dated Treasury bills to the extent of $12,500,000. This sum the Treasury holds as a reserve, and it has not been drawn upon. In the absence of other resources, however, it is clear that the bank can only meet such demands as the Treasury may make under this arrangement by increasing its circulation, and thus pushing it further towards the legal limit. Writing in the *Economiste Francaise*, M. Paul Leroy-Beaulieu warmly opposes the alteration at which the Government is aiming. He holds that the very great expansion in the Bank of France note currency during the past five years has been occasioned solely by the ever-increasing wants of the Treasury, and he also expresses the belief that it is not for the purpose of serving the wants of the business community, but rather those of the Government, that the proposal to abolish the limit has been put forward.

THE CITY OF GLASGOW BANK LOSSES.

No greater financial calamity ever befell any country the size of Scotland than the failure of the City of Glasgow Bank. The relief of the sufferers by such a misfortune obviously called for unexampled effort on the part of the community, and that effort was made. . . . . The losses of the bank, which had to be made good, amounted to millions. They have been met in full; but in the process of meeting them unfortunate shareholders, who believed that their future was fairly secured, had been brought to want, and it was to meet their requirements that the City of Glasgow Bank relief fund was instituted. The meeting of the subscribers to the fund, held in Glasgow on Thursday, affords an opportunity at once of recalling what has been done and of pointing to possible rocks ahead. No less a sum than £389,733 11s. 9d. was subscribed for the fund. Of this sum £1,978 6s. 3d. has not been recoverable; but the committee have actually received £387,180 12s. 9d., and believe that they will yet get the remaining small balance of £574 12s. 9d. In other words, this country has subscribed close upon £400,000 for the relief of the sufferers by the bank failure. We say this "country" of purpose, because it is a curious fact that by far the greatest part of the money has been raised in Scotland. Over £98,000 of it was raised in Edinburgh; over £162,000 was raised in Glasgow; every small town and village sent its contribution; while London only contributed £8,966, Liverpool £2,307, Manchester nothing, Birmingham £1,118—given in each case mainly, we believe, by Scotsmen resident in England. . . . . In proportion as the poorness of England's giving is seen will the greatness of Scotland's sacrifices be appreciated.

CULTIVATION OF TEA IN THE UNITED STATES.

The attempt to grow tea in this country is not a new one. A number of experiments of late origin have been tried and with usually good results. In California the tea plant has been cultivated with some success. There are difficulties to be overcome by a tea planter, but they are not insurmountable, and it is an industry that might be profitably carried on in the South. It does not require much outlay of capital nor need much land set apart for the purpose. In the tea districts of Japan there are very few agriculturalists who devote themselves exclusively to tea culture. It is generally confined to nooks and corners of land that cannot be very easily used in any other branch of agriculture. The indications both in the older system of culture in Oriental Asia and in the experiments in this country, go to show that this business may be profitably pursued as a supplement to other agricultural enterprises; each farmer may raise enough for his domestic consumption, for ten or twelve trees will furnish enough tea to meet the wants of an ordinary family.

The question of competing with China and Japan in the markets of the world by the production of tea is, of course, problematic. We have not yet seen enough of our tea production to judge of its ultimate capacity. But if it were to be made a matter of domestic industry on every farm, the aggregate results could not fail to be very considerable. The price of labor, the high tariff duties, and the decreasing cost of transportation are all to be taken into consideration in estimating the efficiency of a tea industry as a separate branch of agriculture, but the labor to cultivate a few tea plants would only absorb the odds and ends of a farmer's time, which might otherwise go to waste. The feasibility of growing tea seems to be sufficiently settled in the United States. In different portions of the country the healthy and promising growth of plants has been secured. We may expect that by degrees this important industry will be established, adding to the wealth and natural resources of the American people.

NEGOTIABLE INSTRUMENT—NOTE FOR PATENT RIGHT.—The presumption is that a note given for a patent right has a legal consideration, where there is no evidence either that the patent was valuable or that it was worthless. The purchaser of such a note before due is not put upon inquiry. *Gerrish* v. *Bragg*. Vermont Supreme Court.

CONSIDERATION—PARTIAL FAILURE OF TITLE TO LAND, NO DEFENSE TO NOTE, THEREFORE.—A partial failure of title constitutes no defense to a suit on a note given for real estate. *Wentworth* v. *Goodwin*, 21 Me. 150; *Morrison* v. *Jewell*, 34 id. 146; *Thompson* v. *Mansfield*, 43 id. 490; *Wentworth* v. *Dows*, 117 Mass. 14. The remedy when anything valuable passes by the title, but not the entire estate conveyed, is, by an action of covenant broken. To constitute a valid defense to a note given for the conveyance of real estate there must be a total and entire failure of title. *Jenness* v. *Parker*, 24 Me. 289. June 13, 1883. *Hodgdon* v. *Golder*, Maine Sup. Court.

SPECULATION AND INFLATION.

In a letter discussing some of the views recently announced in this Magazine, one of the oldest bank presidents of New England adduces the following interesting experiences of inflation and its consequences in the earlier part of this century.

In 1812 there began a period of speculation that lasted until 1815. Corn, rye and wheat were at enormous prices, which led farmers to buy land at from $100 to $200 per acre—most of which was afterwards sold for $25 to $50 per acre. Corn bought just before the war closed in 1814 at $1.75, was sold in 1817–18 at forty-five to fifty cents. Oats bought at the same time for seventy-five cents, sold in 1817 to 1820 at twenty to twenty-five cents. At that time we had about one dollar of specie *per capita* in the country, and after the war closed in 1815, all the banks paid specie. From 1812 to 1815 we had what was called shin-plasters, and we boys had our pockets full of that kind of money. In the time of this currency a friend bought corn at $1.75, and was offered for it $1.90, but held it for $2. News of peace came in January, 1815, and his corn declined in price until the most he could get for it was forty-five cents. The corn house was filled to the very peak, and finally began to break down and the corn to spill out, until it became nearly a total loss. Another friend bought land at $125 per acre, when about forty years of age, and after peace could not sell it, but had to make shoes until he was seventy years old to pay for it. The next time of speculation commenced in 1835, under General Jackson's experiment, when he removed the Government deposits and placed them in what were termed the pet banks, ordering them to loan liberally on the strength of these deposits. These pet banks obeyed the order to the letter. The United States Bank Bill being vetoed, every bank in the United States felt relieved on account of its charter expiring in 1836, and loaned liberally. At the same time the old United States was chartered as a State bank, and Nicholas Biddle said they were in better condition than under United States laws, and he bought up all the cotton and shipped it to Europe, paying for it in currency. Then came the red dog, which all together made and filled the country with the most inflated currency that ever existed on this continent. In 1837 the greatest distress ever known in America (including all Black Fridays) occurred; in fact, it was perfectly indescribable. Ask any man who was in business in 1837 if he can remember anything to be compared to the distress experienced in that year, and all brought on in the short space of two years.

Allow me to say our present National banking system is decidedly the best ever yet devised. The apathy or lack of financial understanding of our Congress has forced the system over a dangerous torpedo, liable at any moment to explode. Look back to 1881 when the three-per-cent Bill was passed, and only some eighteen millions of circulation called in before the bill was vetoed, and see the effect. Then consider that in case Congress does not pass something equivalent to the Potter or McPherson bill, we shall be likely to see all four-per-cent. bonds that are pledged for circulation turned in and the circulation retired. Even if forty or fifty millions were to be put in market, you will see money at one to one and a-half per cent. per day in New York City, the same as in 1881, when only eighteen millions were sold.

Banks can afford to lie still five or six years and retire circulation if they can get twenty-four per cent. premium on these fours. It will take the circulation about six years to pay for the premium. I am no croaker, and am no prophet. Our Government has been dishonest in keeping the legal-tender in circulation, and that being nothing but inflation, as it costs nothing but paper and printing, has produced the most wonderful strides in speculation ever known in any country. Honesty is always the best policy.

HORACE STAPLES.

BOOK NOTICES.

The Manual of Statistics. Railroads, Grain and Produce, Cotton, Petroleum, Mining Dividends and Production to January 1, 1884. Issued by the Financial News Association. New York. 1884.

This work aims to give in a small space the latest attainable information on the several subjects covered by its title. Railroads occupy by far the larger space, and the facts and figures relating to them will serve a good purpose. The value of *Poor's Manual* none will question, but it is too large for many uses. This little work is very portable, and if the statements are accurate—and it is fair to presume they are quite as accurate as such statements usually are—the work will be found very convenient. In the prefatory remarks it is stated that "the reports given have been specially and carefully prepared for this book, making it a collection of reliable statements from original sources, and not merely a reprint from other works."

Of Work and Wealth. By R. R. BOWKER. Published by the Society for Political Education, New York.

This pamphlet is a summary of the leading principles of political economy. Like all the publications of the society, it is intended to convey useful information on matters of great practical importance. The author shows among other things that the great fortunes of the day have come largely from two sources, the rise in value of unused and undertaxed land, and the corporation franchises granted by the people, and, in discussing taxation, he looks to such a land-tax as was advocated by John Stuart Mill, a tax on the "unearned increment" of value not made by the owner but by the progress of a country, as probably a chief means of revenue in the future. Labor, he shows, has not profited by civilization as it has had a right to expect, but the remedy is not in strikes or in keeping people from working, but in having everybody hard at work, so that there will be more and not less product to be divided, under such free conditions and intelligent direction of labor as will provide against spasmodic over-production in special lines.

How to Get On in the World, as Demonstrated by the Life and Language of William Cobbett; to which is added Cobbett's English Grammar with Notes. By ROBERT WATERS. New York: James W. Pratt.

The first half of this work is devoted to an account of Cobbett's life, and the remainder to his grammar. As the editor says, in his unusually well-written and interesting preface: "The aim of this work is to show what Cobbett was as a man and a writer. It is a study in language as well as in life. It is intended especially for every young man who is striving to educate himself and to get on in the world; for every young teacher aiming at advancement in his profession, and for every one who is preparing himself to be a teacher or writer; for all those who wish to see how a good writer has acquired his power of expression, and how he teaches others to acquire this power. There is the story of the poor plough-boy working his way up in the world by his own unaided exertions from the lowest round of the ladder almost to the highest; from a poor lawyer's drudge and copyist to be one of the first writers of the age." Cobbett's life is replete with interest, and is stimulating to all who are seeking to get on in the world. It is truly a splendid encouragement. As a master of correct and strong Saxon English, Cobbett has never been surpassed. The editor has performed a valuable labor in producing the above work.

The Ratio of Value between Gold and Silver as Money. By J. N. SODERHOLM, London: J. N. Soderholm & Co., 1884.

The reader can get the best idea of the scope of the pamphlet by stating the conclusions in the author's own words: "An extended use of paper money is out of the question when every country is striving to place its monetary system on a metallic basis with a considerable metallic reserve; that no European country is likely to adopt a silver standard as long as the chief commercial countries of the world have the single gold standard; that the proposal to extend largely the subsidiary use of silver, and thus make room for the white metal, is absurd; that in order to accomplish the useful measure of a general resumption of specie payments we require all the gold and silver we possess, and all that is likely to be produced; that bimetallism is in perfect accordance with the principles of economic science; that the ratio once adopted is maintained to perfection, without any variation whatever in the country where it is adopted, therefore the author urges the adoption of bimetallism, and the greater the number of countries which adopt it the better."

Bullion Certificates: The Safest and Best Money Possible. By J. W. SYLVESTER. New York, 1884.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. COLLECTION OF COUNTRY CHECKS.

A country merchant sends his check on his home bank to a city merchant, who indorses the check, deposits it with his city bank, and his account is credited therefor. The city bank forwards the check to the country bank on which it is drawn, and requests remittance in eastern exchange. The country bank sends its own draft on its eastern correspondent, made payable to the city bank, and the latter forwards the draft promptly to its eastern correspondent for collection.

The draft is duly presented, and protested for non-payment, the country bank having in the meantime failed. As between the depositor and the city bank, who must suffer the loss, in the absence of any agreement?

REPLY.—The city bank. Assuming, as is most probable, that, upon receiving the check on deposit, the bank became the agent of the depositor for its collection, it was then the legal right of the depositor to demand that the check should be presented to the drawee for payment *in money;* and the bank had the corresponding right to incur, on the depositor's account, any expense necessary to insure such a presentment. The bank, however, for its own convenience, sent the check directly to the drawee and requested a remittance in something else than money, namely, eastern exchange. This it did at its own risk, for the rule of law is that, in the absence of usage or a special agreement, an agent for collection is authorized to receive payment in money only. If he takes anything else (as, for example, if he gives up a note in exchange for the check of the maker) he makes himself responsible. It should be said that the course adopted by the bank in this case is one very frequently, if not usually, taken in similar cases, as furnishing the most convenient and cheapest method of realizing the proceeds of collections. We do not think, however, that a usage has been sufficiently established to be binding upon depositors, and, in the absence of a binding usage, they are entitled to the benefit of the general rules of law.

COMPARISON OF EUROPEAN POPULATIONS.—In the latest issue of the *Almanach de Gotha* the population of Europe is estimated to be composed as follows: Norway has the smallest number of inhabitants to the square kilometer; with an area of about three-fifths of that of Germany, she has only a twenty-fifth of the population of the Fatherland. The fair sex is relatively most largely represented in Portugal, which has 1084 females to every 1000 male inhabitants. Germany comes next with 1029 women to every 1000 men. In one of the smaller German states, Waldeck, the proportion in this respect even exceeds that of Portugal, namely, 1098 women to every 1000 men, while in the neighboring principality of Schaumberg-Lippe the men have the upper hand, there being about 995 women to every 1000 men. The greatest surplusage of men is found in Greece, where to every 1000 men there are only 906 women.

THE PACIFIC NATIONAL BANK.

Comptroller Knox has furnished the following statement in regard to the failure of the Pacific National Bank of Boston, the attempt to reorganize the bank, and the adverse criticisms upon his official action in connection with the bank.

On September 13, 1881, while the bank was yet in active operation, the Board of Directors of the Pacific National Bank of Boston voted to increase its capital stock from $500,000 to $1,000,000.

The stockholders were notified that subscriptions to the new stock would be payable October 1, and $461,300 of the $500,000 was subscribed and paid in. On November 18, Daniel Needham, National Bank Examiner, made an examination of the bank and reported serious irregularities, upon which he was ordered to take charge of its assets. On December 14th the Directors resolved to reorganize the bank, having made a full examination of its assets and liabilities, deciding that an assessment of one hundred per centum upon the capital stock would place the affairs of the bank upon a sound basis and enable it to continue business.

Although, as before stated, the stockholders had paid up $461,300 of the new stock, this increase of capital was not yet valid, inasmuch as section 5142 of the Revised Statutes requires that no increase of capital shall be valid until it is paid in and notice thereof is transmitted to the Comptroller of the Currency and his certificate approving the same issued. It was, therefore, necessary for the directors, in order to carry out their plan for the reorganization of the bank to certify to the Comptroller the payment of the increase.

On December 13 they resolved to reduce the amount of increase from the $500,000 originally voted to $461,300 actually paid in, and they notified they Comptroller of their action. He then, on December 16, issued his certificate of approval of the increase. This action was necessary, even if it had been believed at this time that the condition of the bank required the appointment of a Receiver, in order to render the stockholders who had paid the increase liable for the indebtedness of the bank. It was, however, claimed, from the reports made by the directors and the bank examiner, that the plan of the directors to make an assessment of one hundred per centum upon the total capital of $961,300, would, if carried out, place the bank upon a sound footing and obviate the necessity of appointing a Receiver.

Section 5205 of the Revised Statutes provides that, where the capital stock of a National Banking Association shall have become impaired by losses or otherwise, upon notice from the Comptroller of such impairment, the deficiency shall be paid up by assessment upon the stockholders pro rata. The Comptroller accordingly under this section notified the directors on December 16, that its capital must be made good by an assessment of one hundred per centum.

In the meantime the bank was in the hands of the National Bank Examiner, and orders were issued by the Comptroller to pay out no money from the bank on any pretence whatever.

A meeting of the stockholders was held on the tenth of January, which was fully attended, and the payment of the assessment was agreed to. The stockholders paid on this assessment about $742,800.

Upon the basis of a letter dated January 16, signed by all the new Board of Directors, who were elected at the stockholders' meeting on January 10, and a bond of $200,000 given by the newly-elected President, and the favorable statements of the Bank Examiner, the latter was permitted to turn over the assets of the bank to the directors on January 18, 1882.

From this date to March 18, the directors were engaged, under the supervision of the Bank Examiner, in arranging the affairs of the bank preparatory to opening its doors. On March 14th, a statement was made to the Comptroller which was signed by the new directors, showing that over all the liabilities to be paid on demand, the bank had an excess in cash equal to $219,901. On March 18th the bank opened its doors for business.

On May 4th, the Bank Examiner made a favorable report of its condition, but on May 18th, a large amount of its extended indebtedness fell due, and the bank being unable to meet the same was again compelled to close its doors, and a Receiver was appointed on May 22, 1882.

On the appointment of the Receiver it was found the assets of the bank would not pay its liabilities to its depositors, and an assessment was made of one hundred per centum under the provisions of section 5152, of the Revised Statutes of the United States, the individual liability of the stockholders. Under this assessment only about five hundred dollars has been paid by the stockholders; but suits have been brought to enforce this liability. A suit has also been brought in the name of the corporation, its creditors and stockholders against the directors, to compel them to pay for any losses which have occurred through their maladministration of the affairs of the bank, or through their neglect of their duty, and it is for the court to decide if they will be compelled to pay, where responsible, the losses so incurred.

While the Comptroller exceedingly regrets that the actual condition of the bank was not furnished him, either by the Board of Directors, who were represented by many parties in the city of Boston well known to him to be men of the highest standing, or by the Bank Examiner, he is certain that his action in requiring the impaired capital to be restored and an additional assessment upon the stockholders is strictly in conformity with law.

The stockholders having, as has been seen, already paid one assessment made by their directors, now refuse to pay another made by the Comptroller. There was, however, no other course for the Comptroller to pursue, as he was compelled by the terms of the law in justice to the depositors to force this additional liability. Whether they were released from liability under the last assessment by the payment of the first is a question now before the courts for decision.

The questions, both as to the responsibility of the stockholders and directors, will be decided by the courts, and the stockholders have no just ground of complaint against the Comptroller, nor ground for any Congressional action, as the payment of these assessments, rendered necessary by the mismanagement of the bank, though grievous to them, is purely a question of law.

A COUNTERFEIT SILVER CERTIFICATE of the denomination of twenty dollars has appeared. "The issue is of the series 1880, James Gilfillan, Treasurer of the United States. The paper is thick, greasy and stiff. The note is one-eighth of an inch shorter than the genuine. There is no distributed fibre or parallel silk threads in the paper as in the genuine. The words 'silver certificate' appear in panels twice in the upper border on the face of the note. In the panel to the left in the counterfeit the letters R, T and F in the word certificate are engraved the wrong side up. In the counterfeit there are no periods dividing the initials in B. K. Bruce. On the lower left corner the check letter C is without an accompanying number, and in the name Gilfillan only the first i is dotted. On the back of the note the word 'taxes' is plainly spelled 'Tares,' and the word 'engraved' is spelled 'engravod.' The color of the seal is a brick red. It should be inclining to brown."

BANKING AND FINANCIAL ITEMS.

PERSONAL.—Our pages this month are graced with the name of a new contributor, Prof. James, of the Wharton School of Finance and Economy, University of Pennsylvania, whose article on "Comparative Methods of Finance" is commended to our readers. Prof. James has made a special study of finance, both in this country and abroad, and his writings bear plain evidence of a familiar and thorough knowledge in his chosen field.

THE NUMBER OF BONDHOLDERS.—A statement has been prepared at the Treasury Department showing that the number of holders of registered bonds at the time of the last several interest payments were as follows:

	National banks.	*Other holders.*	*Total.*
Three per cent. bond of 1882	1,570	4,622	6,192
Four per cent. bond of 1907	1,163	46,132	47,295
Four and a half per cent. bond of 1891	515	11,294	11,809
Currency 6s	44	1,390	1,434
Total	3,292	63,438	66,730

COLORADO.—The National State Bank of Boulder suspended on March 22d, after a short run. The failure, which was not unexpected, is attributed to the loaning of large sums on real estate. As is always the case, security of this character, however ample apparently, is useless when any crisis renders necessary the speedy realization of funds. The bank owes its depositors about $100,000. No dishonesty is charged, and the bank will eventually be able to pay in full, if its affairs are judiciously handled.

THE BUTLER BANKING PLAN.—Mr. Butler's plan for a new currency, which was published in the BANKER'S MAGAZINE not long since, has been the subject for considerable comment, and generally of a very favorable nature. It contains several strong features which must commend it to all who believe in sound conservative finance. Among those who have unfavorably criticized it is Mr. George Wilson, President of the Lafayette County Bank, Lexington, Missouri. In a communication to a Missouri paper he says: "From his familiarity with the documents relating to the constitution, Mr. Butler shows unanswerably that the intention was that the Federal Government should not emit bills of credit. But under the present Act, and as he proposes to amend it, the Government does emit bills of credit. Would it be any more unconstitutional for it to issue its bills to all who can secure it than to issue them to the bankers? If it can afford to issue them to the banks gratis, or for the privilege of taxing them one-fourth of one per cent., it could do much better by issuing them to every one who can give security and charging three or four per cent. for their use. As for the National bankers, if they have the $875,000,000 required by the terms of Mr. Butler's plan, they do not need this free use of Government credit to assist them in their business. As an evolutionist Mr. Butler should see that increase in heterogeneity requires the separation of the trade of creating money and that of lending it, and that by combining them he is taking the back track in progress."

CONNECTICUT.—The registration of a $10,000,000 mortgage in the offices of forty different town clerks, in direct line across the State, has awakened considerable interest in Connecticut from the unusual magnitude of the sum named, and the fact that an instrument representing so large an amount takes the form of a chattel mortgage. This mortgage is made by the Bankers and Merchants' Telegraph Company, who, though possessing no lines of their own in this State, thus cover the lines of the American Rapid Telegraph Company, recently acquired by them, by the exchange of $3,000,000 in their bonds, based on this mortgage. Hitherto the general supposition has been that bonds on telegraph lines resembled railway bonds, in that they were based on reality, and registered only in county seats; but as real estate is not an essential element to telegraph construction, except so far as a hole in the ground may be so regarded, the only thing to be included is personal property, such as wires, poles, insulators and instruments, all of which can only be covered by a chattel mortgage, which, in this State, must be registered in every town. In other States mortgages of this character expire in twelve months, and if not renewed, expose the property on which the bond is based to execution for debts incurred. In Connecticut, chattel mortgages are permanent, but the law makes this important provision regarding this class of property, that chattel mortgages are of no force against creditors or subsequent purchasers, unless the mortgaged property is put into actual and continued possession of the mortgagee.

DIVIDEND.—The Comptroller of the Currency has declared a final dividend of twenty-six and a-half per cent. in favor of the creditors of the German National Bank of Chicago, making in all 100 per cent. of principal and forty-two per cent. of interest accrued since the date of the appointment of the Receiver.

MASSACHUSETTS.—The Directors of the Union Market National Bank of Watertown, closed by the defalcation of Treasurer Abbott, have received authority from Washington to resume business. Ample provision was made to pay any and all depositors who may desire to withdraw their deposits, but few showed any disposition to do so.

A CASHIER'S LONG SERVICE.—William H. Foster, believed to be the oldest bank cashier in point of service in America, resigned his position on March 28 in the Asiatic National Bank, Boston, after a continuous service since 1829.

SENTENCED AFTER FIVE YEARS' IMPRISONMENT.—Nathan P. Pratt, formerly Treasurer of the Reading (Mass.) Savings Bank, convicted of embezzling funds in 1879, was sentenced on March 10 to four years' imprisonment at hard labor. Pratt is seventy-three years old, and pending proceedings was confined in jail five years. The original defalcation was $100,000, but a portion of the money was recovered, and the loss to the depositors was about $40,000. It was shown that defendant did not profit by the defalcation. Though nominally treasurer, his son, Sydney P. Pratt, conducted the business, and the loss, it was alleged, was through the son's misconduct. He disappeared when the defalcation became known, and has never since been heard of.

MASSACHUSETTS.—A final account has been rendered by the receivers of the North Bridgewater Savings Bank, which went into liquidation in 1877. Ninety-four per cent. has been realized for the depositors.

TEXAS.—The old-established banking firm of Tidball, Van Zandt & Co., at Fort Worth, have reorganized their business under the National system, and the new "Fort Worth National Bank" begins business at once, with a capital paid in of $125,000. The officers are K. M. Van Zandt, President; T. A. Tidball, Vice-President; and N. Harding, Cashier. The partners of the former firm (which was the oldest banking institution in the place) are all members of the new corporation, and their extensive acquaintance throughout the State gives them unexcelled facilities for the business.

GOVERNMENT INSPECTION OF BANKS.—A correspondent of the Montreal *Journal of Commerce* writes with reference to the failure of the Exchange Bank. "Banking is become a science, and requires skill and experience. You cannot pick up any man you meet and expect him to successfully conduct or understand a banking business without first having a long and careful training, combined with good ability, and no government could afford to trifle with this important office. This system of appointing unfit men to the position of official assignees when the Insolvent Act was in force was the means, I believe, of bringing that, on the whole, excellent act into much disrepute, and it is to be hoped the mistake would be avoided in the still much more important appointments of Government Bank Inspectors. Some bank managers high up might be disposed to oppose the system, as not needed in their cases, but those who do need the inspection could only be reached by making it a general system, and it would be to the interest of those on the correct road that those who are not should be kept right. The system would tend to promote stronger public confidence in the banks, afford protection to shareholders and depositors who would get good value for their share of the expense of supporting this branch of the service, for I propose that the banks should contribute the necessary amount required. It will be said the United States have a system of Government inspection, and it does not prevent bank failures; true, but if they had not Government bank inspection how many more bank failures would they have? If all bank managers were thoroughly capable and honest there would be no necessity for Government inspection, but, unfortunately, there happen to be some exceptions, and then the losses fall heavily on the public, which is all that is wished to be ameliorated, if not avoided, by it."

MONTREAL.—The liquidators of the Exchange Bank have given public notice that they will apply to the Superior Court for power to wind up the affairs of the bank by selling its property, suing its debtors and compromising with those who offer to settle.

PARIS.—The banking house of John Arthur & Co. has been well known for many years. Early in February Mr. Arthur started for London, as he alleged, to secure funds to cover a large deficit. On February 13 a warrant was issued for his arrest on the charge of embezzlement. It was apparent that he had long been preparing for this step, having transferred his mansion to a creditor, and made over his business to his three sons. The *Morning News* of Paris says that Mr. Arthur's flight created little surprise in Parisian financial circles and among English residents. For nearly three years rumors have been circulating of his unwillingness to render any account of funds of which he was the administrator. Many persons have lost all their savings. The total defalcations amount to nearly $650,000. It is said that the defaulter carried off nearly $175,000. The sale of the business which was announced to take place at public sale on March 3, was stopped by a petition in bankruptcy.

RAILWAY ENTERPRISE IN THE ARGENTINE REPUBLIC.—Public attention is directed to the wonderful development of railway systems in the Argentine Republic and the recent heavy shipment of steel rails and railway plant for the Republic by Liverpool steamers. On the ten lines of railway—national, provincial and private—there are now 14,500 Italian natives alone at work, irrespective of natives belonging to other nationalities. A few of the salient and most important facts will show the rapid progress made. For instance, the Central North Railway yielded, in 1881, $583,018; in 1882, $819,610—an increase of $226,000. The increase in freight traffic was 19,000 tons. The line is being relaid with steel, and the rolling stock improved and increased. The Andine Railway produced, in 1882, 4.83 per cent. more than in 1881, in spite of the lack of cars and locomotives, which are only beginning to arrive from England. The most difficult part of the line has been carried through the province of San Luis, and at the beginning of next year the locomotive will be at the foot of the Andes. The railways guaranteed by the nation—the Central Argentine, the Campana and the Eastern—have all increased their traffic considerably, the first named especially, and its rolling stock is quite insufficient to meet the demand on it. The Transandine starts from Mercedes, in the province of Buenos Ayres, and will join the Andine at San Luis. The province of Buenos Ayres has given a great impulse to the extension of its railways, which are spreading like rays to the furthest boundaries of its territories, and the province of Santa Fe, with its own credit and resources, has commenced two lines from Rossario and its capital to its numerous wheat colonies.

OBITUARY.

JOHN JAY CISCO, banker, for eleven years Assistant United States Treasurer at New York, died on March 23d, at his residence, in this city. Mr. Cisco was born in New York in 1806. The son of a merchant, he entered the counting room early, and for nine years was employed in wholesale dry-goods houses. At the end of this period he started in business for himself as a wholesale importer and jobber of dry-goods.

From the start he was a successful man, and although severely tried during the financial distress in 1837 he came through it without serious loss, and afterward was so successful that in 1842 he was able to retire from business. From that time until 1853 he was occupied with the care of his fortune. In 1853 President Pierce appointed him Assistant Treasurer of the United States in this city. The office was unsolicited, Mr. Cisco being at the time engaged in making arrangements for a trip to Europe, and he was reluctant to accept it. Pressure to persuade him to take the office came from so many sources that he finally did so. He resigned on the accession of President Buchanan, but again was persuaded to sacrifice his own desires.

Upon the inauguration of Mr. Lincoln Mr. Cisco made another attempt to retire to private life, but his administration of the office had been so successful that Mr. Lincoln and Secretary Chase insisted that it was his duty to give his services to his country during the struggle about to occur. Mr. Cisco's relations with bankers and merchants were such that he was able to be of the greatest service to the Government in carrying on its financial operations, and particularly in placing the earlier loans.

Mr. Cisco quitted the office finally in 1864, his health absolutely requiring his retirement. In 1865 he established the banking house of John J. Cisco & Son. He was one of the founders of the United States Trust Company, was its vice-president for twenty years, and a director up to the time of his death. For forty years he had been a director in the City Bank, and was active in other institutions. To the interest of every one of these his devotion was unremitting.

Mr. Cisco was closely devoted to his business. On all financial matters his judgment was excellent, while his temper was conservative. The soul of honor in business transactions, his strict integrity commanded respect, while his social character won esteem. His estate is estimated at over $2,000,000.

L. L. WARREN, for nearly half a century one of the leading business men of Louisville, Ky., died in that city on March 19th. He was born in Massachusetts in 1808. Marrying in 1835 he soon afterwards removed westward, and began the shoe business with a small capital in Louisville. This business he continued prosperously for forty-eight years. His energy and prudence soon established for him an enviable reputation as a safe financier and successful merchant. He became prominent in financial circles, and was for years, during the existence of State banks, a director in the Northern Bank of Kentucky. In 1864 he organized the Falls City Tobacco Bank, and became President of the institution and managed its affairs with his usual ability till a few months ago, when he resigned on account of feeble health.

Mr. Warren was a man of firm character and sterling integrity, whose strong and unyielding sense of right controlled his every action. In the midst of absorbing business engagements he took a deep interest in religious and educational affairs, and an earnest consecration of time, labor and means to their advancement characterized his entire life. With various movements of both a business and charitable nature he was prominently identified, and gave them all his zealous support; but it was in his church interests that his most earnest efforts were enlisted. In public and business affairs he enjoyed the unwavering confidence of his associates, and his private charities were as freely distributed as those of any man in the land.

For his epitaph might well be chosen the memorable expression that fell from his lips: "What I have done, I have done for Christ's sake."

CHANGES OF PRESIDENT AN[illegible]ASHIER.

(Monthly List, continued from March No., pag[illegible]23.)

	Bank and Place.	*Elected.*	*In place of*
N. Y. City.—	Columbia Bank	Henry J. Hubbard, *Cas.*	....
"	Union National Bank	Wm. H. Male, *Pr.*	DeWitt C. Hayes.
Ala.	First Nat'l Bank, Anniston	Oscar E. Smith, *Cas.*	O. A. Elston.
Col.	Bank of Southern Colorado, Trinidad.	T. B. Collier, *Cas*	S. T. Collins.
Dak.	First National Bank, Casselton.	E. H. Paine, *Cas.*	A. H. Burke.
"	First National Bank of Mandan	Tilden R. Selmes, *Pr.*	J. Bellows.
"	First National Bank of Pierre.	Fred. T. Evans, *Pr.*	G. L. Ordway.
		C. W. Richardson, *V. P.*	....
Ga.	National Bank, Augusta	A. C. Bean, *Cas.*	Geo. M. Thew.
Ill.	DeWitt Co. National Bank, Clinton.	A. R. Phares, *Cas.*	W. Metzger.
		W. Metzger, *V. Pr.*	J. DeLand.
"	Decatur Nat'l B'k, Decatur	B. O. McReynolds, *Cas.*	K. H. Roby.
"	First National Bank of Jerseyville.	A. W. Cross, *Pr.*	H. N. Cross.
		Edw. Cross, *Cas.*	A. W. Cross.
"	Exchange National Bank, Polo.	R. G. Shumway, *Pr.*	R. Wagner.
		R. Wagner, *V. P.*	R. G. Shumway.
Ind.	First Nat'l Bank, La Porte	L. G. Erb, *Cas.*	R. G. Morrison.
Iowa	First National Bank, Decorah	Geo. Q. Gardner, *Cas.*	T. W. Burdick.
		T. W. Burdick, *V.Pr.*	A. Bradish.
		E. R. Baker, *Ass't. Cas.*	G. Q. Gardner.
"	Knoxville National Bank	John B. Elliott, *Cas.*	H. L. Bosquet.
"	Osage National Bank, Osage.	J. H. Brush, *Pr.*	J. P. Brush.
		J. P. Brush, *V. Pr.*	....
"	West Branch Bank, West Branch.	Robert Brown, *Pr.*	J. C. Chambers.
Kan.	Chanute Bank, Chanute	J. O. Johnston, *Cas.*	D. M. Kennedy.
"	Lyndon Savings B'k, Lyndon	N. D. Fairbanks, *Pr.*	O. C. Williams.
		Lew. Sargent, *Cas.*	W. A. Madaris.
"	First Nat'l B'k, Washington	C. Leland, Jr., *V. P.*	....
Maine.	Freeman's Nat'l B'k, Augusta	Sam'l Titcomb, *Pr.*	W. F. Hallet.
Mass.	First National Bank, Grafton	A. A. Howe, *Cas.*	A. A. Ballou.
"	South Framingham National Bank.	Adolphus Merriam, *Pr.*	J. W. Clark.
		Franklin Manson, *V. P.*	A. Merriam.
"	Townsend National Bank	A. L. Fessenden, *Pr.*	W. Fessenden.
"	Union Market Nat'l Bank, Watertown.	Noah Swett, *Cas.*	T. J. Abbot.
"	Whitinsville National Bank	Chas. P. Whitin, *Pr.*	P. Whitin.
"	Williamstown Nat'l Bank, Williamstown.	Chas. S. Cole, *Cas.*	C. H. Mather.
Mich.	First Nat'l B'k, Kalamazoo	E. O. Humphrey, *Pr.*	R. S. Babcock.
"	Ishpeming National Bank	A. B. Miner, *Cas.*	C. H. Call.
"	First National Bank, Niles	W. K. Lacey, *V. P.*	S. G. Krick.
"	Plymouth National Bank	L. D. Shearer, *Act'g Cas.*	....
"	First National Bank, Quincy	C. H. Winchester, *Pr.*	B. F. Wheat.
"	First Nat'l B'k, South Haven	C. J. Monroe, *Pr.*	S. R. Boardman.
Mo.	First National Bank, St. Charles.	W. W. Kirkpatrick, *Pr.*	V. Becker.
		H. Augert, *V. P.*	W.W. Kirkpatrick.
Neb.	Citizens' National Bank, Grand Island.	Wm. A. Hagge, *V. P.*	....
		Geo. A. Mohrenstecher, *Ass't. Cas.*	
"	Madison Co. Savings Bank, Madison.	T. Robertson, *Pr.*	J. Barnes.
		A. C. Tyrrel, *Cas.*	....
"	Jones National Bank, Seward	H. T. Jones, *Cas.*	Edw. O'Keefe.
N. H.	Conn. River Nat'l Bank, Charlestown.	J. G. Dinsmore, *Pr.*	R. Elwell.
"	First National Bank, Manchester.	Fred'k Smyth, *Pr.*	W. Smith.
		Chas. T. Morrill, *Cas.*	F. Smyth.

	Bank and Place.	*Elected.*	*In place of*
N. Y....	Farmers' National Bank, Amsterdam.	M. Van Buren, *Act. C.*..	A. A. DeForest.
" ..	Genesee Co. Nat'l B'k, Batavia.	John W. Smith, *Cas*.....	J. L. Bigelow.
" ..	First Nat'l Bank, Boonville....	E. C. Dodge, *Cas*........	C. Dodge.*
" ..	National Union Bank, Monticello.	Geo. E. Bennett, *Pr*.....	I. P. Tremain.
		E. H. Strong, *Cas*.......	G. E. Bennett.
OHIO...	Peoples' Nat'l B'k, Barnesville.	Geo. E. Hilles, *V. Pr*....	....
" ..	First Nat'l Bank, Bellevue.....	D. M. Harkness, *Pr*......	J. T. Worthington.
" ..	First Nat'l Bank, Hamilton....	P. Hughes, *Pr*..........	M. Hughes.
" ..	Second National Bank, Ironton.	Wm. M. Kerr, *V. P*.....	T. Cronacher.
" ..	First Nat'l Bank, New London..	John M. Sherman, *Cas*..	J. Barnes.
" ..	Morrow Co. Nat'l Bank, Mt. Gilead.	D. C. Mozier, *Cas*.......	W. W. McCracken.
OREG..	First National Bank, Union....	D. W. Lichtenchaler, *V. P.*	....
PENN...	Gettysburg National Bank, Gettysburg.	Wm. D. Heines, *V. P*....	....
" ..	Second Nat. B'k, Mechanicsburg	John M. Hart, *Pr*.......	I. L. Boyer.
" ..	National Bank of Oxford......	S. R. Dickey, *Pr*.........	S. Dickey.
" ..	Corn Exch. N. B., Philadelphia.	John B. Steward, *Ass't. C.*	....
R. I....	Mechanics' N. B., Providence..	Jas. H. Chace, *Pr*.......	L. Dexter.
TEX....	Dallas National Bank, Dallas.	R. V. Tompkins, *V. P*...	....
		C. E. Cotton, *Ass't. C*...	....
VA.	Roanoke National Bank.......	John C. Wood, *Cas*.....	P. J. Wright.
VT.....	Merchants' National Bank, Burlington.	L. E. Woodhouse, *A. C.*	E. T. Smith.
" ..	Clement Nat'l Bank, Rutland..	Edw. T. Smith, *Cas*.....	P. W. Clement.
" .	State Trust Co., Rutland......	Edw. T. Smith. *Tr*......	John N. Woodfin.
WAS. T.	Bank of New Tacoma, Tacoma.	W. J. Thompson, *Pr*....	A. J. Baker.
		N. B. Coffman, *Cas*.....	W. J. Thompson.
WIS....	First Nat'l B'k, Stevens Point..	A. E. Morse, *Cas*........	A. Cecil.
" ..	First National Bank, Superior.	Jas. Bardon, *Pr*.........	D. M. Sabin.
		I. W. Gates *V. P*.......	J. Bardon.

* Deceased.

DISSOLUTIONS, CHANGES, ETC.

(Monthly List, continued from March No., page 724.)

N. Y. CITY	....	Hallgarten & Co.; dissolved. New firm; same title.
" "	....	Geo. C. Hance & Co.; dissolved. Geo. C. Hance dead.
" "	....	Stone & Cumming; dissolved. Business continued by Clement M. Cumming.
ALA....	La Fayette.....	Andrews & Co. dissolved. W. A. Andrews continues the business.
ARIZ...	Prescott......	Blake & Co.; now First National Bank.
ARK....	Judsonia.......	Browning & Son; now Browning & Drake.
COL....	Boulder........	National State Bank; suspended March 22.
DAK....	Buxton........	Bank of Buxton (Lewis G. Phelps); now Plummer & Hanson, proprietors.
" ..	Denver........	Bank of Nordland; now Bank of Denver. The name of town being changed from Nordland to Denver.
" ..	"	Central Dakota Bank of Nordland. Now C. D. B. of Denver.
" ..	Plankinton.....	Bank of Plankinton; succeeded by First National Bank.
GA.....	Casselton......	D. C. Adams, banker; succeeded by W. O. Butler.
IDAHO..	Naples.........	Ross Cartee, banker; assigned March 4.
ILL.....	Brimfield......	Heryer & Herrington; now Exchange Bank (D. Heryer).
IND.....	Noblesville.....	Wm. M. Locke, Commercial Bank, assigned.
KANSAS.	Chanute.......	Chanute Bank; C. T. Ewing, proprietor. Now G. W. & M. J. E. Johnston.
" ..	Cherokee......	Cherokee Bank (Geo. Pye & Co.); Cogshall & Nichols now proprietors.

KANSAS.	Irving	J. S. Walker, Jr.; now Bank of Irving.
"	.. Peabody	Bank of F. H. Kollock; now First National Bank.
"	.. St. John	St. John's Savings Bank; now State Bank of St. John.
MICH...	Three Rivers	Manufacturers' Bank; now Three Rivers National Bank.
MINN...	Ortonville	Bank of Ortonville (B. Dassell); attached.
MISS....	Grenada	R. P. Lake, banker; failed. Receiver appointed.
MO.....	Lathrop	Clinton Co. Bank; consolidated with Lathrop Bank.
"	.. Platte City	Guthrie & Norton, bankers; now W. F. Norton & Co., Mr. Guthrie deceased.
NEB....	Madison	Barnes & Tyrrell, bankers; succeeded by Robertson, Tyrrell & Campbell.
"	.. Oakland	Renard & Son, bankers; now Renard & Wells.
"	.. St. Paul	Farmers' State Bank; now First National Bank.
"	.. "	Howard Co. Bank; now St. Paul National Bank.
"	.. Tekamah	Burt Co. Bank (J. P. Latta); now J. P. Latta & Co., prop.
"	.. Valentine	Sparks Bros. & Co., bankers; succeeded by Sparks Bros.
"	.. Wahoo	Bank of W. H. Dickinson; now State Bank of Wahoo.
"	.. Wisner	W. W. Cones, banker; assigned.
N. Y....	Morris	J. E. Cooke & Co.; assigned March 15.
TEXAS..	Atlanta	Cass Co. B'k (Foscue & Smith); discontinued and dissolved.
"	.. Galveston	Geo. Ball, of Ball, Hutchins & Co., deceased. Same firm title continued.
UTAH ..	Ogden	Harkness & Co. Bank; now Commercial National Bank.
WIS....	Columbus	Union Bank; succeeded by Farmers & Merch. Union Bank.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from March No., page 723.)

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital*
3129	St. Paul National Bank, St. Paul, NEB.	Geo. W. Post,	Lee Love,	$50,000
3130	First National Bank, Plankinton, DAK.	Robert W. Welch,	Geo. G. Welch,	50,000
3131	Fort Worth National Bank, Fort Worth, TEX.	K. M. Van Zandt,	N. Harding,	125,000
3132	American National Bank, Dallas, TEX.	W. H. Thomas,	E. J. Gannon,	100,000
3133	Three Rivers National Bank, Three Rivers, MICH.	Jos. B. Millard,	Oscar F. Millard,	64,000
3134	First National Bank, Peabody, KANSAS.	Frank H. Kollock,	Willis Westbrook,	50,000
3135	Citizens' National Bank, Waco, TEX.	Wm. Cameron,	L. B. Black,	100,000
3136	First National Bank, Modesto, CAL.	Henry H. Hewlett,	S. P. Rogers,	50,000
3137	National Bank, Unionville, Mo.	David W. Pollock,	F. H. Wentworth,	50,000
3138	Galesburg National Bank, Galesburg, ILL.	W. W. Washburn,	J. H. Losey, *Acting Cas.*	100,000
3139	Commercial National Bank, Ogden, UTAH.	H. O. Harkness,	O. E. Hill,	150,000
3140	Dubuque National Bank, Dubuque, IOWA.	B. B. Richards,	Jas. Harragan,	100,000
3141	Citizens' National Bank, Sandusky, OHIO.	Albert E. Merrill,	Henry Graefe,	100,000
3142	First National Bank, Ketchum, IDAHO.	Isaac I. Lewis,	Geo. W. Griffin,	50,000
3143	First National Bank, Shenandoah, PENN.	A. H. Leisenring,	John R. Leisenring,	100,000
3144	City National Bank, Susquehanna, PENN.	Henry W. Brandt,	W. Scott Brandt,	50,000

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from March No., page 720.)

State	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
CAL....	Modesto	First National Bank......	....
	$50,000	Henry H. Hewlett, *Pr.*	S. P. Rogers, *Cas.*
D.C....	Washington....	Crane, Parris & Co......	Nat'l Bank of the Republic.
IDAHO..	Ketchum	First National Bank......	....
	$50,000	Isaac I. Lewis, *Pr.*	Geo. W. Griffin, *Cas.*
ILL.....	Galesburg......	Galesburg National Bank.	....
	$100,000	W. W. Washburn, *Pr.*	J. H. Losey, *Act. Cas.*
"	.. South Chicago.	Home B'k of So. Chicago.	(Ingraham & Willing), Third N.B.
IOWA...	Des Moines....	American Savings Bank..	Ninth National Bank.
"	.. Dubuque	Dubuque National Bank..	....
	$100,000	B. B. Richards, *Pr.*	Jas. Harragan, *Cas.*
"	.. Nora Springs...	Nora Springs B'k.. (L. H. Piehn.)	Kountze Bros.
KAN....	Douglas........	L. E. Wright..	Bank of Kansas City.
"	.. Girard.........	Bank of Girard..........	Donnell, Lawson & Simpson.
		Howard Adams, *Pr.*	Oscar W. Schaeffer, *Cas.*
"	.. Harper........	Harper Exchange Bank...	Fourth National Bank.
	$50,000	Jos. Munger, *Pr.*	H. C. Munger, *Cas.*
"	.. Independence..	Commercial Bank........	Donnell, Lawson & Simpson.
	$50,000	L. U. Humphrey, *Pr.*	Geo. T. Guernsey, *Cas.*
"	.. Irving.........	Bank of Irving.... Ira M. Hodges, *Cas.*	Ex. N.B., *Atchison.*
"	.. Iuka...........	Bank of Iuka. (Williams, Cottingham & Carlander.)	United States National Bank.
"	.. Kingman......	Farm. & Drovers' Bank..	Kountze Bros.
	$50,000	S. M. Jarvis, *Pr.*	H. P. Morgan, *Cas.*
"	.. Newton........	Chas. R. Munger & Co..	Chase National Bank.
"	.. Oxford.........	Oxford B'k (Allen, Cooley & Co.)	Fourth National Bank.
"	.. Peabody.......	First National Bank......	....
	$50,000	Frank H. Kollock, *Pr.*	Willis Westbrook, *Cas.*
"	.. St. John.......	State Bank of St. John...	Corbin Banking Co.
		Clark Gray, *Pr.*	W. R. Hoole, *Cas.*
LA......	New Orleans...	F. A. Lee & Co..........	National Park Bank.
MD.....	Baltimore......	Monumental Bkg. & Ins. Co.	....
"	.. Taneytown.....	Geo. H. Birnie & Co.....	Com. & Farm. N. B., *Balt.*
			Geo. H. Birnie, *Cas.*
"	.. Westminster...	Wm. B. Thomas.........	First National Bank, *Balt.*
MASS...	Boston.........	Blake Bros. & Co........	Blake Bros. & Co.
		Nath. B. Goodnow & Co.	Goodnow & Co.
MICH...	Charlevoix.....	Merch. & Farmers' B'k...	National Park Bank.
		A. Buttars, *Pr.*	G. S. Thomas, *Cas.*
"	.. Three Rivers...	Three Rivers Nat'l Bank..	Chase National Bank.
	$64,000	Jos. B. Millard, *Pr.*	Oscar F. Millard, *Cas.*
MINN...	Battle Lake....	B'k of Battle Lake (W. L. Winslow).	Chemical Nat'l B'k.
"	.. Benson........	Bank of Benson.........	Fourth National Bank.
	$25,000	John Clague, *Pr.*	Frank M. Thornton, *Cas.*
"	.. Lac-qui-parle...	Lac-qui-parle Co. B. (H.L. Hayden & Co.).	Traders' B'k, *Chic.*
"	.. Minneapolis....	Scandia B. of Minneapolis	Chatham National Bank.
		R. Sunde, *Pr.*	A. C. Haugan, *Cas.*
"	.. Perham........	Otter Tail Co. Bank......	Chase National Bank.
		E. S. Case, *Pr.*	L. Lamberson, *Cas.*
MISS....	Woodville.....	Elder Bank (Elder & Co.)	Continental Bank, *St. Louis.*
MO.....	Macon.........	Exchange Bank..........	United States National Bank.
		P. M. Wright, *Pr.*	Frank Baird, *Cas.*
"	.. Sheldon........	Bank of Sheldon.........	Donnell, Lawson & Simpson.
		G. W. Temple, *Pr.*	J. C. Donaldson, *Cas.*
"	.. Unionville.....	Nat'l Bank of Unionville.	....
	$50,000	David W. Pollock, *Pr.*	F. H. Wentworth, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier*
NEB....	Ainsworth.....	B'k of Ainsworth...(J. F. Burns).	Chemical Nat'l Bank.
"	.. Beaver City....	Beaver City Bank..(C. H. Pierce).	Commercial Nat'l Bank.
"	.. Cedar Rapids..	Cedar Rapids Bank......	Chemical National Bank.
		J. B. Packard, *Pr.*	J. D. Stires, *Cas.*
"	.. Franklin.......	Farmers' B'k..(Fletcher & Way).	Kountze Bros.
"	.. Minden........	Rogers & Chapin........	First National Bank.
"	.. Scribner........	Merch. & Farmers' Bank.	Kountze Bros.
	$60,000	J. O. Milligan, *Pr.*	C. G. Bowlus, *Cas.*
"	.. Utica..........	Merchants' Bank.........	Lincoln National Bank, *Neb.*
		G. F. Hurlburt, *Pr.*	C. G. Hurlburt, *Cas.*
"	.. Wahoo........	State B'k of Wahoo (W.H. Dickinson).	Imp. & Traders' N.B.
N. H.	. Lancaster......	Henry O. Kent & Co.....	Tower, Giddings & Co., *Boston.*
N. Y....	Albany........	Robinson & Co..........	Vermilye & Co.
"	.. Cortland.......	J. S. Bull & Co..........	Imp. & Traders' Nat'l Bank.
"	.. Rochester......	A. M. Kidder & Co.......	A. M. Kidder & Co.
OHIO...	Sandusky......	Citizens' National Bank..	....
	$100,000	Albert E. Merrill, *Pr.*	Henry Graefe, *Cas.*
PENN...	Shenandoah ...	First National Bank......	....
	$100,000	A. H. Leisenring, *Pr.*	Jno R. Leisenring, *Cas.*
"	.. Susquehanna ..	City National Bank......	....
	$50,000	Henry W. Brandt, *Pr.*	W. Scott Brandt, *Cas.*
TEX....	Waco..........	Citizens' National Bank..	....
	$100,000	Wm. Cameron, *Pr.*	L. B. Black, *Cas.*
UTAH...	Ogden.........	Commercial National B'k.	....
	$150,000	H. O. Harkness, *Pr.*	O. E. Hill, *Cas.*
WIS....	Clintonville....	G. W. Jones.............	Mar. & Fire Ins. Co. Bank, *Mil.*

SAVINGS BANKS OF NEW YORK.—According to the semi-annual reports of the savings banks of New York made to the Superintendent of the Banking Department the number of banks in operation in New York City is the same as during the preceding year—twenty-five—although one of the number (the Equitable) is practically closed, having received no deposits for years. The number of banks in operation in the State January 1 was 127, the aggregate resources of which were but three-fourths of a million short of being one billion of dollars. They held $431,080,010 of deposits, and the resources showed a surplus of $68,009,559. The number of open accounts was 1,147,588, an increase of 51,617 within the year. The total of interest credited and paid to depositors during the year was $14,724,663. The corporate existence of the Morrisania Savings Bank of the city of New York was terminated during the year, the trustees of the institution having paid its depositors in full and surrendered the charter of the bank. The American Savings Bank, authorized in 1882, entered upon active business within the year.

The aggregate resources of the New York City banks on Jan. 1 amounted to $277,786,359, invested as follows: Bonds and mortgages, $75,991,154: the following stocks at par—United States, $82,627,200; District of Columbia 3-65s. $930,000; New York State stock, $3,513,000; stocks of States other than New York, $11,058,570; cities in this State, $39,651,173; counties in this State, $2,248,300; towns in this State, $429,200; total of stocks at par, $140,457,443—the cost of which was $149,614,010, and the market value $168,701,383. The amount loaned on stocks January 1 was $6,686,760. The investments in real estate amounted to $3,851,687, $2,721,517 of which was the aggregate market value of banking houses. The savings banks had $20,158,116 of cash on hand and deposited with banks or trust companies. The remaining assets, consisting principally of interest due and accrued, amounted to $2,397,250. The liabilities of the banks were: Due depositors, $237,778,355; other liabilities, $1,157, leaving a net surplus on market values of $40,006,824. The total number of open accounts was 607,894; accounts opened during the year, 127,196, and closed, 98,466. The deposits received during the year were $70,849,742, deposits withdrawn, $67,491,209; the interest credited and paid, $8,070,129. The expenses for the year were $700,959, of which $520,935 was paid for salaries.

DAILY PRICES OF STOCKS AND BONDS, MARCH, 1884.

Government Bonds.—Closing Prices at the New York Board during March.

	Interest Periods.	1	3	4	5	6	7	8	10	11	12	13	14	15	17	18	19	20	21	22	24	25	26	27	28	29	31
4½s, 1891......reg.	Quarterly Mar.	113½	113½	113¼	113¼	113¼	113¼	113¼	113¼	113¼	113¼	113¼	113¼	113¼	113⅜	113⅜	113½	113⅝	113¾	113¾	113¾	113¾	113¾	113¾	113⅞	113⅞	113¾
4½s, 1891....coup.		113½	113½	113¼	113¼	113¼	113¼	113¼	113¼	113¼	113¼	113¼	113¼	113⅜	113⅜	113⅜	113½	113⅝	113¾	113¾	113¾	113¾	113¾	113¾	113⅞	113⅞	113¾
4s, 1907........reg.	Jan.	122⅞	122¼	122¼	122¾	122¾	122¾	122¾	122¾	122¾	122¼	122¾	122¾	122¼	122¼	122¼	122⅞	123⅛	123⅜	123⅝	123⅝	123¾	123¾	123¾	123¾	123¾	123¾
4s, 1907......coup.		123⅞	122¾	122¾	123¾	123¾	123¾	123¾	123¾	123¾	123¾	123¾	123⅝	123¾	123¾	123⅜	123⅞	124⅛	124⅜	124⅝	124⅝	124¾	124¾	124¾	124¾	124¾	124¾
3s, option U. S.reg.	Feb.	101	101	101	101	101	101	101	101	101	101	101	101	101⅛	101⅛	101⅛	100¾	101	101	101	100¾	101	100¾	101	101	100¾	100¾
6s, cur'cy, 1895.reg.	Jan. & July.	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129
6s, cur'cy, 1896.reg.		131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131
6s, cur'cy, 1897.reg.		133	133	133	133	133	133	133	133	133	133	133	133	133¼	133½	133½	133½	133½	134	134	134	134	134	134	134	134	134
6s, cur'cy, 1898.reg.		135	135	135	135	135	135	135	135	135	135	135½	135	136	136	136	136	136	136½	136	136½	136	136	136½	136½	136½	136½
6s, cur'cy, 1899.reg.		137	137	137	137	137	137	137	137	137	137	137	137	138	138	138	138	138	138½	138	138½	138½	137½	138½	138½	138½	138½

New York Stock Exchange.—Daily Highest Prices for March.

RAILROAD STOCKS.	1	3	4	5	6	7	8	10	11	12	13	14	15	17	18	19	20	21	22	24	25	26	27	28	29	31
American Tel. & Cable Co.	57¼	—	57	58½	58⅛	—	—	—	—	—	58	57¾	57	—	—	—	58⅛	—	—	—	—	—	54¼	60	—	—
Bankers & Mer. Telegraph.	126⅜	124¾	124¼	124⅝	124⅝	124⅜	124½	124⅜	124½	124¾	124¾	124⅞	124⅞	124⅞	125	125	126	126¼	126⅛	126	126⅛	126⅛	126¼	126½	126¼	126⅜
Canadian Pacific............	54⅝	55	55	—	55	54¼	—	54¼	55	54⅝	54¾	54¾	54⅝	54⅞	—	55	—	55	—	54½	54¼	54	54	54	53¾	53⅛
Canada Southern............	54	55	55⅞	55	55	54¾	53¾	54	53¾	54⅜	55	54⅛	54⅜	54¼	54¼	54⅜	54⅝	54⅜	54	53½	53¼	53⅛	53¼	53¼	52¾	52½
Clev., Col., Cin & Ind......	—	—	64	—	65	68	65½	—	65	68	67¼	69½	69½	69	68	—	68	67½	—	—	—	—	—	—	—	65½
Chicago & Northwest........	118½	119⅜	120⅞	120⅜	119⅞	119⅜	118⅜	118⅛	117¼	118⅛	118½	118½	118⅝	119¼	119⅝	119½	120	119⅝	118⅞	118⅛	117⅝	118	118⅜	117⅝	117⅝	117¼
Do. pref...	143½	143¼	145¼	144¼	—	143⅜	143¼	141	140½	140⅝	—	141¾	141½	142⅜	—	—	143	—	—	—	—	—	—	141	141½	141⅛
Chicago, Mil. & St. Paul....	91½	91⅞	93⅛	92⅝	92⅜	92⅜	91½	91⅝	90⅝	91⅜	91⅞	92⅜	92⅞	92⅜	92⅛	92¾	93¼	93	92¾	92⅛	87⅝	88	88⅛	87⅝	87⅝	87⅛
Do. pref.	—	—	117	116½	117¼	—	117	—	116½	116⅞	117	117½	—	117½	117¾	117½	117¾	117⅞	117¾	117½	—	113¾	—	—	—	113½
Chicago, St. Louis & Pitts..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9½
Do. pre.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	26	—	—	—	—	—	—	—	—	—	—
Chicago, St. P., M. & O. M.	30½	30½	31½	30¾	31¼	30½	30	30¼	30	30¾	31	31¼	30¾	31	31¼	31⅜	31½	31¼	31	30¼	29¼	30¾	31⅛	31	—	30
Do. pref.	92¼	92¼	94⅛	93¼	93¼	—	92⅜	92¼	92	93	93¼	93¼	93⅛	93⅜	93⅝	93⅝	93¼	93½	93¼	92½	92¼	93	93¾	93½	—	93
Chicago, R. I. & Pac.......	121⅛	121¼	122¾	121¾	—	—	121½	121	120⅝	—	121¾	—	122¼	122½	124½	124¼	124¼	123⅜	—	—	122⅜	121⅞	121⅞	121⅞	121¾	119½
Chicago, Bur. & Quincy.....	123⅜	123	125⅜	124¾	—	124½	124	124½	124	124	124	124	124	124	124¾	124½	125½	125½	125	124¾	124½	—	125	125	125	124⅜
Chicago & Alton............	135	—	—	—	136	136	135½	—	—	—	135¾	—	136	136½	—	—	—	—	—	136	136	—	—	—	—	—
Chesapeake & Ohio.........	—	13½	13⅝	—	—	—	—	—	—	—	—	13	—	13⅜	—	13½	13⅝	—	—	13¾	14¼	14¼	14⅜	—	—	—
Do. 1st pref..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	26¾	—	26¾	26	—	26½	26⅜	—	—
Do. 2d pref..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	16⅛	—	—	16½	—	17	16⅞	16½	—	—

New York Stock Exchange.—Daily Highest Prices for March.—Continued.

RAILROAD STOCKS.	1	3	4	5	6	7	8	10	11	12	13	14	15	17	18	19	20	21	22	24	25	26	27	28	29	31
Central Pacific	62⅛	62½	61⅝	61¼	60⅝	60¼	60⅛	59¾	59	58¾	59¼	58⅞	59⅜	59⅝	59⅝	59⅞	59½	59¼	59	58⅝	58½	58⅝	58¾	58⅜	58⅜	57⅞
Colorado Coal & Iron	16	—	15	—	—	14¼	—	—	—	—	—	15	15⅛	17⅛	17	17½	17¼	17⅛	—	16½	—	15	—	16	15½	—
Delaware, Lack. & West	130½	130½	130⅞	130¼	129⅞	129⅝	28⅜	128⅜	127½	128⅜	128⅝	128½	129	129⅜	129¼	128⅞	128¼	127¾	127⅜	126¼	126⅛	125½	125⅞	124¾	124¾	124⅜
Delaware & Hudson Canal	110	109	110	—	—	109½	—	108⅝	—	108⅛	109	109	108¾	—	108½	109	—	108⅞	—	108⅛	107⅝	107¾	108	107⅜	107⅛	107¼
Denver and Rio Grande	18¾	19⅛	19¼	19	—	18¾	18⅜	18	17⅝	18	18⅜	—	19	18⅛	21	19⅞	19¼	19⅜	18¼	18⅛	19⅛	19⅜	19⅛	19	—	18½
East Tenn., Va. & Ga	7	7⅜	—	—	7½	—	—	—	7¼	7¼	—	—	—	7¼	7⅝	7¼	7¾	8	7¼	7¼	7¾	7½	—	—	—	7½
Do. pref	12½	—	12½	12⅝	12⅞	—	—	12½	—	—	12¼	12¼	12⅝	—	12¾	13	—	—	13	13	12½	—	—	—	—	—
Erie	26	25⅜	25¼	24⅞	25	25½	25¼	24⅞	24½	24½	24¾	24⅛	24⅛	24⅛	24¼	24⅜	24¼	23⅞	23⅝	22¾	21¾	22⅜	22⅝	21½	21⅜	21⅛
Do. pref	—	—	—	68¾	68¾	—	68¾	—	—	—	—	—	—	—	—	—	68	—	67	63	—	62	62¼	59	—	57½
Homestake Mining	—	—	—	—	—	—	8½	—	—	—	—	—	—	—	—	—	—	—	—	—	8	—	—	—	—	—
Houston & Texas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	45	—	—	—	—	—	—	—	—	—
Illinois Central	130¾	131	—	130	130	130½	—	—	131	131	—	—	131¼	131	131	131½	131⅛	131½	—	131	130	—	130	—	—	129½
Indiana, Bloom'n & Western	16½	—	17	—	—	—	—	—	—	—	—	—	16½	16½	17	19	19½	19	—	17⅜	17⅛	—	—	17	—	—
Louisville & Nashville	48⅞	50	51⅜	50⅜	50⅛	49⅝	48¾	48½	47⅞	48⅞	49	48⅜	48¾	48⅞	48¾	48⅞	49⅛	49	48¾	48⅛	48	48½	48¾	48¼	48⅛	47⅝
Louisville, N. Alb. & Chic	—	—	20⅛	—	—	—	—	—	—	—	—	—	—	—	22	—	—	23½	25	25	24⅞	25	25	—	—	—
Lake Shore	103¾	104⅝	104¾	104	103⅞	103⅝	102⅞	102¾	102⅛	103	103½	103⅜	103¼	103⅜	103	103⅜	103½	103	102⅝	101⅝	101⅛	101⅝	102	101⅝	101⅝	101⅛
Lake Erie & Western	16⅝	16½	—	17	17	—	17	17½	17¼	—	—	17½	—	—	—	18	19⅛	19⅜	19¾	—	—	18	—	—	—	17½
Long Island	71	—	72	—	74	74	73¾	—	—	74¾	76	77¾	78¼	—	77½	77⅛	77½	78	—	76¼	75¾	—	—	—	—	75½
Michigan Central	93	93½	94½	93	—	92	—	91½	91⅜	—	91⅞	91½	—	93	92½	94	92⅝	92	91¾	91	—	—	—	91	—	—
Mil. L. Sh. & West	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Do. pref	—	—	—	—	—	—	—	—	37⅛	—	37½	38	—	—	—	—	—	—	—	—	39	—	—	—	—	—
Morris & Essex	—	—	124½	—	125	124½	—	125½	—	125⅜	—	—	—	—	—	—	125⅞	—	—	125	—	—	—	—	—	125⅜
Missouri Pacific	92¼	92⅛	92⅛	91⅝	91⅝	91⅜	91⅛	90½	90	90¾	91¾	91⅝	92⅛	92⅛	91¾	92	92½	92	91⅝	89	88⅝	88¼	88⅜	88	87⅞	87⅜
Missouri, Kansas & Texas	21⅛	20⅞	21	20⅞	20¾	20½	20¼	20	19¾	20⅝	20⅝	20½	21⅝	21¾	21⅞	22⅛	22⅛	22⅛	21⅝	20⅞	20½	20⅝	21⅛	21	21	20½
Manhattan Beach Co	—	20½	20⅞	22	—	22	22	—	23	—	—	23	23	—	24	23½	—	24	23	22½	22	—	—	—	22	—
Manhattan Elevated	57⅛	57	—	57¼	57⅝	57⅜	—	57¼	57¼	57	57	—	—	57	56⅞	56¾	56	55⅞	54⅜	52⅛	50⅜	49¾	49	48	45⅛	45
Do. 1st pref	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Metropolitan Elevated	—	—	—	—	96	—	—	—	93	—	—	—	93	—	—	—	—	96	99	99	103⅜	103⅜	—	102	100¾	—
Memphis & Charleston	—	—	—	—	—	32	33	—	34	—	34	—	—	—	—	—	—	34	—	35	—	—	—	—	—	—
Mobile & Ohio	—	—	10	—	11	—	—	—	—	—	—	—	—	—	—	—	12	12¾	13⅜	—	—	—	12½	—	—	—
Minneapolis & St. L	—	16⅛	—	—	16¾	—	—	—	—	—	17	—	—	—	—	17⅝	17¾	—	—	—	—	16⅝	16	15¾	—	—
Do. pref	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	34	—	34	—	—	—	—	—	—	—
Mutual Union Tel	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
N. Y. Chic. & St. Louis	—	—	8⅜	8⅝	—	—	—	—	—	—	—	—	9⅛	—	9⅛	—	—	8⅜	8⅜	8⅜	—	8⅛	—	—	—	8½
Do. pref	—	18	—	18	18¼	18¼	—	18⅜	—	—	18⅜	18⅜	—	—	—	19	19	18⅜	19	—	—	—	—	—	—	18
N. Y. Central & Hudson	117	117¾	118⅛	117½	117⅜	117¼	117	117¾	118⅛	121¼	122	119¾	119⅜	116⅜	115⅞	116¼	116⅛	115⅜	115¼	114¾	114⅛	114¾	115	114½	114⅛	114⅜
New Jersey Central	88	87⅞	—	89	88¼	88⅞	88⅛	—	—	88⅞	88¾	88⅝	89	89⅜	89	89	88⅜	—	—	—	88	88	88	87⅞	87	87
N. Y. Lack. & Western	91	—	—	91¼	91⅜	—	91⅝	—	91	91¼	92	—	—	x90½	—	—	91⅞	—	—	90½	—	90⅜	90⅞	—	—	—
Norfolk & Western....pref	41	—	—	40⅛	—	40	—	—	—	—	—	—	—	—	—	—	40⅛	40⅛	—	—	—	—	—	—	—	—

Northern Pacific............	21⅜	22	22⅛	21⅛	21⅜	21	21⅛	21⅜	21	—	21⅛	—	—	21⅛	—	22	22⅜	22½	22⅛	22	21¾	22⅛	22⅛	22⅛	22⅛	22¼
Do. pref.	47	47⅞	47⅞	47⅛	47	46⅞	46½	47	46⅜	46⅝	46⅞	46⅞	46⅞	47⅞	47⅜	47¾	48⅝	49⅛	48⅝	47⅞	47⅜	48½	48½	48¾	48¾	48⅞
Nashville, Chat. & St. L....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	54	—	—	—
N. Y., Ontario & Western...	—	—	—	—	—	10⅜	—	10⅜	10⅛	10⅛	10¼	—	—	11⅛	—	—	—	—	—	10	10	—	10⅛	—	—	10
Ohio & Mississippi..........	22¾	—	22⅞	22¼	—	22¾	—	22¼	23⅛	—	22¾	23⅛	—	25⅞	24¼	23¾	24⅛	24⅛	23½	23	22⅞	22¾	22	21¾	21¾	21¾
Oregon Navigation.........	91	91	91	88	—	87⅛	85	85¾	84	—	87½	87	87	86½	85½	87⅜	89	89	89	87	88	87	—	87	86	86
Oregon & Trans-Continental.	20⅛	20½	20¼	19⅝	19½	19⅛	19⅛	19⅞	18⅞	19¼	20	20¼	20⅞	20½	20⅜	20⅜	21	21¾	21½	20¾	20¾	21⅜	21⅞	21⅞	22⅛	21½
Ohio Central...............	—	3	2⅞	2⅞	2⅞	2⅞	—	2⅞	2⅞	—	2⅞	—	2¾	2⅞	—	2⅞	2¾	—	—	2⅞	2⅝	2⅞	—	2⅝	2½	2½
Pacific Mail	50⅞	51⅛	51⅝	51⅜	51¼	51	50⅝	50⅝	50⅝	51⅞	52⅛	53⅛	53¾	56⅜	56⅝	55¾	55½	55¼	55	54¼	53½	53⅜	53	52⅜	52¾	52
Philadelphia & Reading......	58⅞	59¼	60¼	59⅝	59⅝	59¼	58¼	58½	58	58½	58⅝	58½	58½	58⅝	58¼	58⅛	58	57⅜	56¾	56⅛	55⅝	54⅞	55	53⅜	53½	53½
Pullman Palace Car Co......	108½	108½	109½	110	109⅞	109	109	109	108¾	109	109	109	109	109¾	112¼	—	112⅞	112⅞	115¾	114⅛	114½	114⅜	114½	114½	114½	113½
Peoria, Decatur & Evansville	15	14½	15	—	15	15	15	15½	14⅞	—	15½	15½	16¼	16½	16	16⅜	16⅝	17	17	16¼	16	—	16½	16⅛	—	16
Richmond & Danville......	—	58½	—	—	—	—	—	58½	—	—	—	—	—	—	—	—	—	57	—	—	—	—	—	—	—	—
Richmond & Alleghany......	—	—	—	—	3¼	—	—	3¾	—	—	—	—	—	—	—	—	—	3¼	—	—	—	—	—	—	—	—
Richmond & West Point....	28⅛	—	—	—	28⅞	29¾	28½	29¼	—	28½	28⅛	—	28½	28½	—	28¾	28½	—	28¾	28⅛	28½	29	29	—	29⅛	28½
Rochester & Pittsburg.......	14¾	14¾	14⅝	14¼	14⅛	13¾	14	14	13⅝	13⅞	13¾	14	14	14	14	14⅛	14⅛	14⅛	14¼	—	14⅛	14⅛	—	14⅛	—	14⅛
St. Louis, Alton and T. H...	—	—	—	—	—	—	—	—	—	—	—	—	—	50	—	—	—	—	—	—	—	—	—	—	—	—
Do. pref	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis & San Fran.........	20	22	—	—	—	—	—	—	—	22¼	22½	22¾	—	—	27	25½	—	25¾	—	25¾	—	—	—	—	—	—
Do. pref....	—	—	—	42¾	—	43¼	43	43	42¾	—	46	—	—	—	50	48¾	47⅝	47¾	—	47	46	—	48	—	—	46
Do. 1st pref.	—	—	—	88	88	—	—	—	—	—	—	—	—	—	94	—	95	—	93⅜	—	—	—	92¾	—	—	—
St. Paul, Minneap. & Man...	93¼	—	97½	95	—	94¾	94	94	93¾	94	94½	—	95	95½	—	95¾	96⅜	96½	96¾	95⅞	95¾	95⅜	96¼	—	96	95¼
Texas & Pacific...........	20¾	20½	20¾	20⅛	20	19⅞	19⅜	19¼	18¾	19½	19¾	19½	20¾	20½	21¼	21¾	21¼	21¾	21⅛	20⅝	20¼	20½	20¾	20¼	20⅜	19¾
Union Pacific..............	80¼	82	82⅜	81½	82¼	81⅜	80⅝	82	78	77⅞	78¼	78⅛	78½	78	77⅜	77⅝	77⅝	76¾	76⅜	75⅝	75⅜	76⅛	76½	75½	75⅜	74⅝
Western Union Telegraph....	76	75¾	75¼	74¾	75¼	75	75	74⅞	74⅝	75⅛	75½	75¼	75½	75⅝	75½	75½	75⅝	73¼	73	72⅝	72¾	73⅜	73	72¾	71⅞	71⅝
Wabash Pacific...	16	16¼	16¼	—	16	15½	15½	15½	15½	15⅛	15½	—	15⅞	16	—	16	—	16⅜	16	15⅝	15⅜	15½	15¾	—	15½	15⅛
Do. pref........	28	27½	28	27	—	26¾	26¼	26⅞	26¼	25¾	26½	26¼	26¾	26¾	26⅞	26⅞	27½	27¼	26⅝	25⅝	25	25	25⅝	25⅜	25	25⅝
MISCELLANEOUS—																										
Express—Adams...........	—	—	—	—	—	—	—	—	—	—	—	—	—	129⅞	—	—	—	—	—	—	—	—	130¼	—	—	—
American	—	—	—	—	—	—	—	98	98⅛	—	—	98	100	100⅛	100	100	100	—	99⅝	99⅞	99	102	98⅜	—	99	—
United States	—	—	—	—	—	—	—	—	—	—	—	—	—	59⅛	—	—	—	—	—	—	—	—	—	60⅛	—	—
Wells-Fargo.....	110	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ches. & Ohio, series B......	102	—	101½	102⅞	102	102½	102⅜	102¼	102	102¼	103	—	—	102½	103½	103⅝	105	104½	105	104	104¼	104½	105	—	—	105
Denver & Rio Grande 1st..	—	—	—	112	—	—	—	112	—	112	—	112	—	—	—	—	—	—	—	110⅛	—	110⅛	—	—	—	—
Lehigh & W. B. con. ass....	—	—	—	—	106¾	—	—	—	—	—	—	—	—	106½	—	—	—	—	107	107⅛	—	106¾	106¾	106½	106½	106⅛
Metropolitan Elevated 1st...	106¼	106½	—	—	106½	106¼	106½	106½	106¼	106½	106½	—	106¼	107	—	106½	105	—	—	106½	107	107½	107½	107⅛	107½	—
Mo., K. & T. con. ass.......	—	109	109	—	109	108⅞	—	—	108¾	108⅞	—	109	109	109	109	109	—	—	109⅜	109½	—	—	109¾	109¾	—	—
Mo., K. & Texas 2d.........	—	70	70½	—	70⅛	70½	—	70⅛	69½	70	—	—	70¾	—	—	—	—	—	—	—	—	—	—	—	—	—
N. Y., Chi. & St. L. 1st.	104	104	104	104¼	104½	104¾	105	105⅜	105¼	105⅞	106	106	105⅞	106	105½	105¼	—	106	106	—	106	105⅞	—	106	106⅜	106½
N. Y. Elevated 1st..........	—	118¾	—	119⅜	—	119½	119½	—	—	—	—	119	—	—	—	—	—	—	119½	—	—	—	—	—	—	—
N. Y., L. E. & W. 2d con...	94	94	—	93	92½	93½	92½	92¾	92¼	92¼	92	91	91¾	91⅝	91¾	92¼	92¼	92	91½	90⅛	89	90⅝	90½	89½	89½	88¾
N. Y., W.S. & B. 1st.	57	57⅛	57¼	56⅜	56¼	56⅛	55¾	55⅞	55½	55⅜	56	56½	58¾	59⅛	58⅜	58½	58¼	58⅜	58⅜	57⅝	57⅞	57⅝	57¾	56⅝	56¾	55⅝
Union Pacific 7s. L'd G.....	110½	—	—	—	110½	—	—	—	—	—	—	—	—	—	—	—	112	—	—	—	—	—	111	—	—	—
Union Pacific 1st....	—	116	116	115⅛	115	116	—	115⅝	115⅛	—	15¾	116	—	116½	116½	—	116¼	—	116	116	115¾	—	115¾	—	116	116
Union Pacific S. F'd........	—	—	—	—	114¾	—	115	115	114	—	—	114⅞	—	115½	115¼	115½	—	—	—	115	—	—	—	115¼	—	—

WHEN NO FIGURES ARE GIVEN THE PRICE REMAINS THE SAME AS LAST QUOTATION.

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

March came in like a tamed Bull, and has gone out like an untamed Bear. Slow, dragging markets, at the beginning of the month, have gradually slipped from the control of the Bulls, until most of them ran into a state of semi-panic during the two last weeks. This applies to commercial and not to financial affairs, as the stock market has been the steadiest point in a very weak speculative situation. This has been a complete reversal of the conditions of last month, when Wall Street was the weak spot, and the commercial exchanges were dragged down by it. The stock market has simply been held by those who had so much at stake that they were obliged to protect the traps of others to save themselves. Except for the attempt to squeeze the shorts in New York Central stock, as those in Lackawanna were squeezed a month ago, there has been nothing but a dead calm to note in Wall Street. Hence, there is little to say of it. Money has continued as abundant and cheap as for months. Foreign exchange has ruled higher, and at the specie exporting point, with weekly shipments of gold to pay for our imports, notwithstanding they show a decrease, because our exports have decreased still more, and left the market comparatively bare of commercial bills.

Prospects are that this state of affairs will continue in face of the sharp decline in breadstuffs; for it now looks as though Europe was never so independent of us as now for both her food and feed supplies. Yet there appears no cause for apprehension at the prospect of continued exports of gold, for reasons explained in our last. Government bonds have been dull, as they are now too high to be active, and investors hold them at the nominal interest they pay, because they dare put their money into nothing else. Railway and State bonds of the first class are in about the same position, while juniors and still lower class bonds are looked upon with increasing suspicion as are railroad stocks, which nobody buys unless they know personally about the inside condition and management of the properties. The commercial situation has been the all-absorbing interest in both trade and financial circles, for it has been one of great uncertainty and danger, and the dangers have not been escaped. Developments have revealed a state of unsoundness in commercial markets equal almost to that shown to exist in financial affairs in our last issue.

Every Bull movement thus far in the past twelve months has ended in collapse. There seems to be no more recuperative power left in speculation than there was of conservatism during the four years' speculative spree that preceded 1881–82. The first weak spot that came to the surface was in coffee, which a New York and Rio clique had been bulling for months, upon belief in a short crop that is not yet borne out by the stocks and receipts which overwhelmed the Bulls, and forced them to drop their load early in the month. Upon a break of 1½c. per lb. there was good buying for a reaction by parties who looked upon prices at this decline as good value. But the momentum of the downward movement and the natural gravitation of supply to a point where it will meet demand, bore down the Bulls for a turn, and swept all before it until the total decline for the month was over 3c. per lb. Prices are now regarded as cheap, but a grade of coffee that has recently sold at 12c., and is now selling at 9½c., has sold within two years at 7½c. The latter figure was below value, no doubt, but the market went there all the same, and showed what it may do again. There might be a rally, were not the trade so crippled as to kill speculation for a time; for the market can not rally in the face of continued and increasing failures such as those at the close of the month. Besides, tea, which is a first cousin, has not yet liquidated, although it has lost most of the 10@12c. advance since the Bull movement carried it from 21@22c. to 32@33c. per lb. Failures are the result of this break in teas, and it would be strange if this was the end of financial embarrassments in either trade.

Next to the collapse in coffee came the third one in the present crop in wheat, which carried it down over 10c. per lb. in two weeks, until we were 23c. per bu. below the same time a year ago, before the market could rally at all. During this tumble nearly every Bull was so badly "rattled" that the long wheat was thrown overboard and taken by the shorts on the 27th and 28th, until a temporary reaction was caused, and the market generally "evened up."

This is a bad shape for any advance while stocks are so large and demand so small. Europe has scarcely noticed our 10c. deline, except to follow, or rather precede it, for it keeps enough below us not to get any of our surplus stocks which are pressing for export outlet. Besides, Europe keeps up her large stocks without replenishing them from America. This demonstrates what was stated in our last, that a monumental mistake had been made in last Fall's estimate of the European wheat and rye, and root and feed crops. Both Great Britain and the Continent are more independent of this country than in the past twenty years. The past four or five years high prices here, caused by "corners" in the produce markets, have enabled other countries to enter the field as exporters of our staples, and to undersell the United States until they have stolen our export trade away, and we have not realized it until now when it has gone. From present appearances Europe can now look complacently on her large stocks, both of food and feed, and over the short interval to the next crops, and tell us to hold our surplus from last crop until next summer. Then she can see if her own growing crops promise well, in which case we can keep what we have left over. At present there appear no signs of improved export demand at any price, for Europe does not want our stuff. On this situation the balance of the produce list has followed wheat downward, and reacts as feebly as does that staple. Stocks of nothing are being reduced here to any extent, and very slowly in Europe, and the whole outlook is gloomy. Yet it is often darkest before day, and generally the case. But this is about the only Bull sign that has not failed in this Bear year.

Corn is not cheap, while wheat is, yet there are those who believe in it, as they did in wheat on a short crop, and it looks as if the same mistake is being made in corn as was in wheat. Oats are going down, though cheaper than No. 2 corn, on a large movement West. Receipts of corn at the moment are light, but the weather is wet and delays a free movement, as corn is too damp to grade in such weather, while oats are not. Provisions are high compared with wheat, especially pork, which is nearly as high as a year ago when the McGeogh deal was being run in Chicago; but lard is more than two cents per lb. lower than then and relatively lower than pork.

The future of hog products rests upon the supply of summer hogs which the Bulls say will be light, small and poor, while the Bears say April and May will show an increase. The small hogs coming to market now do not indicate the latter.

Cotton has been able not only to hold up its head during all this demoralization in other speculative markets, but to raise it over one-half cent per lb. Port receipts have been light during the past month, causing a reduction in crop estimates of 250,000 bales, while consumption has not fallen off as was predicted earlier in the crop year. The Germans have been believers in this theory, though Bears on provisions, and Great Britain has not been so bearish as usual. Yet stocks are large enough at these prices, and it looks as if all the shortness there may be in the crop has already been discounted. At the close of the month this market is manipulated on the April delivery by the longs and the bankers to scare out shorts and get high carrying charges. When this is over it would not be strange to see a dull, dragging and lower market, unless weather is unfavorable to planting of new crop.

Petroleum has been another "weak sister" whose value has sunk below par during the fatal ides of March. From $1.10, as an admitted good value last winter, it gradually settled to about $1, near which it hung for two weeks, undecided whether to go up or down from that stopping point. Finally it dropped below during the last week of the month, on new wells in new districts with which the Bears "hammered" the market till they drove it below ninety-five, and then started it on the way to ninety cents, followed by Bull failures and a general throwing of long oil. The great monopoly in this trade has apparently aided this liquidation until many think it has the bulk of the stock, and will give it a sharp "twist" upward so soon as they get a large short interest which Wall Street stock houses are fast creating.

Iron has been no exception to the weakness, though it has been to the activity that characterized other markets after they broke. The fact that iron has not broken is the explanation of the inactivity.

Dairy products have reached the season when they naturally go down as we approach grass and the new crop. Butter leads, as stocks of old are full, while cheese is steady on light stocks.

The general outlook in other branches of trade is not much brighter than in these speculative ones, and April will need to atone for the sins of the Weather Bureau for March, or "spring trade" will be a reminiscence of former seasons and not a realization of this. We have had March showers, and April may compensate us with flowers, in which case there is plenty of time to make good in April and May what should have been done in March and April. Such a change in the weather would do much to remove the gloom from trade as well as from the skies.

The reports of the New York Clearing-house returns compare as follows:

1884.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
March 1..	$344,438,600	$76,848,200	$31,789,700	$359,751,700	$14,506,800	$18,699,975
" 8...	348,279,900	71,898,100	29,693,900	355,085,300	14,612,800	12,820,675
" 15...	351,087,200	65,746,900	28,726,800	351,275,500	14,669,500	6,654,825
" 22...	347,605,700	67,423,300	28,591,000	349,700,700	14,270,600	8,589,125
" 29...	346,293,700	66,996,900	27,405,000	346,709,800	14,333,800	7,724,450

The Boston bank statement is as follows:

1884.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
March 1.......	$145,919,400	$6,161,200	$5,701,500	$97,801,300	$24,519,800
" 8.......	145,317,700	6,327,000	5,279,700	96,760,400	24,432,600
" 15.......	145,485,400	6,231,600	4,904,700	95,716,200	24,015,600
" 22.......	145,007,500	6,277,400	4 900,700	95,470,900	23,890,600

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1884.	Loans.	Reserves.	Deposits.	Circulation.
March 1........	$79,730,202	$21,477,536	$73,728,268	$8,979,656
" 8........	80,590,302	21,453 280	73,758,309	8,995,070
" 15........	80,713,406	20,938,673	73,975,155	9,003,824
" 22........	80,911,121	19,845,016	72,728,145	9,002,169
" 29........	80,612,608	19,300,208	71,720,668	8,755,493

Our usual quotations for stocks and bonds are enlarged elsewhere to embrace a greater number and each day of the month. The rates for money have been as follows:

Quotations:	Mar. 3.	Mar. 10.	Mar. 17.	Mar. 24.	Mar. 31.
Discounts................	4 @ 5¼	4 @ 5¼	4 @ 5¼	4 @ 5¼	4 @5¼
Call Loans................	1½@ 2	1½@ 2	1½@ 2	1½@ 2	1½@2
Treasury balances, coin..	$120,382,902	$122,009,038	$120,142,217	$117,833,724	$121,386,791
Do. do. cur...	$10,480,524	$10,783,209	$10,626,964	$10,290,710	$9,838,293

Foreign exchange has continued at about our last quotations, the rates being as follows: London, 60 days, 486½@487; 3 days, 489½. Paris, 60 days, 517½; 3 days, 515. Berlin, Reichmarks, 60 days, 95⅛; 3 days, 95⅞; Amsterdam, Guilders, 60 days, 40⅛; 3 days, 40¼.

The report of R. G. Dun & Co. for the first quarter of 1884 furnishes the following comparative statement of business failures:

	Quarter ending Mar. 31, 1884. No. of failures.	Quarter ending Mar. 31, 1884. Amount of liabilities	Quarter ending Mar. 31, 1883. No. of failures.	Quarter ending Mar. 31, 1883. Amount of liabilities.
Eastern States................	424	$3,483,635	297	$2,048,567
Middle States................	736	13,553,838	643	12,774,563
Southern States................	775	8,047,258	693	6,551,841
Western States................	993	10,144,318	899	13,805,724
Pacific States and Territories.	368	4,957,899	274	2,388,512
Total................	3296	$40,186,978	2806	$37,569,207
Dominion of Canada..........	461	5,006,011	398	5,356,482

In the first quarter of 1882 the failures were 2127, and in the same period of 1881 they numbered 1761. The liabilities for the first quarter of 1882 were thirty-three millions, and for the first quarter of 1881 twenty-four millions. It will be seen that, as compared with 1881, the failures for the first quarter of the year have nearly doubled, and the liabilities have increased sixty-six per cent.

The Statement of the Comptroller of the Currency on April 1, 1884, showing the amounts outstanding at the dates named, and the increase or decrease of National-Bank Notes and of Legal-Tender Notes, is as follows:

NATIONAL-BANK NOTES.	
Amount outstanding June 20, 1874	$349,894,182
" " January 14, 1875	351,861,450
" " May 31, 1878	322,555,965
" " at date*	344,039,477
Decrease during the last month	1,903,946
Decrease since April 1, 1883	15,026,304
LEGAL-TENDER NOTES.	
Amount outstanding June 20, 1874	$382,000,000
" " January 14, 1875	382,000,000
" retired under Act of January 14, 1875, to May 31, 1878.	35,318,984
" outstanding on and since May 31, 1878	346,681,016
" on deposit with the Treasurer U. S. to redeem notes of insolvent and liquidating banks, and banks retiring circulation under Act of June 20, 1874	40,774,772
Increase in deposit during the last month	459,403
Increase in deposit since April 1, 1883	1,120,782

* Circulation of National gold banks not included in the above, $675,159.

DEATHS.

BALL.—On February 3, aged sixty-seven years, GEO. N. BALL, of the firm of Ball, Hutchings & Co., bankers, Galveston, Texas.

CISCO.—On March 23, aged seventy-eight years, JOHN JAY CISCO, banker, and formerly Assistant United States Treasurer of New York City.

CONWAY.—On March 1, aged seventy-eight years, W. PEYTON CONWAY, of Conway, Gordon & Gurnett, bankers, Fredericksburg, Va.

DICKEY.—On January 14, aged sixty-six years, SAMUEL DICKEY, President of the National Bank of Oxford, Pa.

DODGE.—On January 30, aged sixty-seven years, CLARK DODGE, formerly Cashier of the First National Bank of Boonville, N. Y.

FESSENDEN.—On January 28, aged seventy years, WALTER FESSENDEN, President of the Townsend National Bank, Townsend, Mass.

HURLBUT.—On March 22, aged sixty-six years, H. B. HURLBUT, formerly Cashier of the Bank of Commerce, Cleveland, O.

STEVENS.—On March 15, aged seventy-one years, JAMES H. STEVENS, Cashier of the First National Bank, Camden, N. J.

VANDERPOOL.—On March 12, aged seventy-six years, BEACH VANDERPOOL, President of Howard Savings Institution, Newark, N. J.

WARREN.—On March 19, aged seventy-six years, L. L. WARREN, formerly President of the Falls City Bank of Louisville, Ky.

WHITIN.—On February 7, aged eighty-four years, PAUL WHITIN, President of Whitinsville National Bank, Whitinsville, Mass.

WORTHINGTON.—On March 12, aged 66 years, JOHN T. WORTHINGTON, President of First National Bank, Bellevue, Ohio.

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THE FALL IN BREADSTUFFS.

The great decline which has occurred in the markets of the world in the prices of breadstuffs is attracting profound attention in all parts of the United States. It may well do so, inasmuch as the decline is not the result of a simultaneous superabundance of harvests in all countries, which might happen without drawing after it any lasting consequences. It is the result of the fact that several countries, like India and the Argentine Confederation, have recently begun for the first time to raise wheat for export, while other countries, like Russia and the Australian Colonies, are greatly expanding their wheat cultivation for export purposes, and that at the same time there is looming up in the near future the possibility, perhaps probability, that the new Canadian northwest will pour into the general markets tens, and it may be, hundreds of millions of bushels. Taking all these things together, this country has been very suddenly and very rudely awakened from the dream of basing its foreign trade upon the supposed power of retaining the markets of the world for breadstuffs against all competition, and of selling at good prices all it has the capacity of producing. The disagreeable fact now stares us in the face, that it is only a very limited quantity, and even such a quantity for only a very limited time, which we can sell abroad, except at prices which will be impossible, because they will leave no rent for the land employed in raising breadstuffs, and will reduce the wages of the laborers who raise it to the level of the barest and most meager subsistence. It is substantially only Western Europe which imports breadstuffs, and its markets are inadequate for the great supply pressing upon them; and although it is possible that they may be somewhat enlarged by an increase of population, the extent to which that can possibly go is not great, and the rate of such an increase, if it occurs at all, must be far short of the rate at which supplies are multiplying.

The fall in breadstuffs is spoken of as "a commercial revolution," and that phrase does not seem to be an exaggerated one, in view of the magnitude of the fall, and of the probability that it will not merely be permanent but will reach yet lower levels. As a London journal has well observed, although there is doubtless a bottom price for wheat nobody can now see where the bottom is.

For the wheat raisers of this country there are two consolatory circumstances. The first is, that the home market is steadily enlarging, and will continue to do so if we adhere to the well-tried American policy of sustaining our own industries. The margin for enlargement is enormous. Of the $800,000,000 of commodities which we import, three-fourths can well be produced in this country, and we shall then supply the entire bread consumption of the multitudes who will be employed in producing them. There is not the slightest reason for our purchasing from foreigners a single pound of either wool or iron, or anything which is manufactured out of wool or iron. We want of the outside world neither lumber nor salt, nor coal, nor lead, nor copper, nor cotton cloth, nor silks, nor wines. We can, if we choose, add to our population all the workmen, and their families, needed to create the quantities of all the foregoing articles, and of many other articles, which we now buy abroad, with all which that implies of increase of the food to be consumed at home and to be supplied, not by Indian ryots, or by the half-liberated serfs of Russia, but by American farmers.

The second consolatory circumstance is that American enterprise and ingenuity will find out other profitable employments of a good deal of the land, capital and labor now devoted to the production of breadstuffs, and thereby bring about a more favorable proportion between their supply and the demand for them. If we could fully rely upon the seemingly well-founded expectations of the persons who have long and carefully tested the new methods of manipulating sorghum, of breaking and bleaching flax, and of preparing the jute fiber for manufacture, we should believe that we are upon the eve of dispensing with the importation of sugar and molasses, and of any of the wide range of articles of which jute and flax are the raw materials. Some of these expectations may be disappointed. Perhaps all of them will be, although that hardly need be feared. But however that may be, ways will be found, if our National policy remains a sound one, for bringing about such a well-balanced domestic trade between the various parts of this vast country, which is a world in itself, as will secure the remunerative employment of all its land, and of all its capital and labor, present and prospective. All that we need to do is to heed the advice of Washington, and not leave our own to stand on foreign ground. All the free trade, and all the reciprocal trade which we want is that between the different States, which was established and secured forever by the framers of the National Constitution.

CITY INDEBTEDNESS.

We all know how rapidly city indebtedness has increased during the last thirty years. Of late the cities have been pursuing a more conservative course, and retrenchment may be said to be the order of the day. No doubt many of the improvements for which the indebtedness was incurred, were very necessary. This is especially true with respect to providing an ample supply of wholesome water for man and beast, as well as to enhance the security against loss by fire. Likewise the improvements in sewerage were needful for the healthfulness of the inhabitants. No subject is of greater importance; nevertheless in almost every city still further and heavier expenditures are necessary in order to improve their sanitary condition. Several important facts should be considered in making these expenditures. The first is their necessity with regard to health; secondly, to convenience; thirdly, the promotion of business prosperity; and, fourthly, the power of the community to bear the increased weight of taxation. Some cities, like Elizabeth, N. J., for example, have made wholly unnecessary improvements, and have incurred an enormous debt, and burdened the inhabitants with such a weight of taxation as permanently to impair their prosperity. Other places have also undertaken improvements in the same rash and inconsiderate manner. There are other cities, however, which have felt immediately the benefit of their improvements, not only in increased healthfulness, but in enhanced prosperity and in other ways. It may be also added that in many cases these expenditures have been incurred not so much with a view to an immediate return as to a larger future one. This is the case with cities as well as counties and other municipalities that have voted money in aid of railroads and other transportation enterprises. An immediate return was not expected, but rather a pecuniary loss. The real gain was to come at a later period.

When these debts were contracted inadequate provision was often made for paying them. Of course, the bonds issued were for a specified time, and the holder knew what he was to receive; but no specific provision was made for paying them in the way of accumulating a surplus fund or otherwise. It was expected that these obligations would be paid either by the issue of new bonds, or else, perhaps, no thought whatever was bestowed on the matter. The only thought was to sell the bonds and to get the money, and to pay it to the persons to whom it belonged. The more recent obligations of cities, however, have been contracted in a different way. In some cases special taxes have been laid for the purpose of collecting enough money to pay the obligations incurred within a specified time. In New York City a sinking fund system has been in operation for many years. As our readers probably know, the chief feature in this system consists in purchasing bonds from time to time with whatever funds may be applicable for that purpose; but, instead of cancelling them, to put them into the Treasury and reckon interest on them, and pay it over to the proper authorities as though they were still outstanding.

It will be seen that under this system the City of New York, for example, has paid interest over and over again to itself. It will buy a one-thousand-dollar bond, for example, bearing five per cent. interest and running for twenty years. Every year, when five per cent. would have been paid to some one else, provided he were the owner of it, the proper city official will take that fifty dollars and apply it toward purchasing another bond. This is the essence of the sinking fund system. Now it will be clearly seen that the city can gain nothing pecuniarily by such an operation. Why then has such a system ever found support? It was thought in the beginning that it contained some magical virtue, whereby the debtor could pay much with little, but the secret was discovered long ago. The merit of the sinking fund consists simply in this: That where it exists it is certain that money will be accumulated for the discharge of the indebtedness there existing; whereas if such a system did not exist, nothing perhaps would be accumulated. In other words, the sinking fund system when once adopted, if properly executed, requires the city or Government adopting it to raise money for the discharge of its obligations. Of course whatever money is paid out must be paid by the taxpayer. But if such a system did not exist, no money perhaps would be raised and no debt paid; while, in the other case, the execution of a system involves the raising of the money and the payment of the debt.

There is one serious evil connected with the system, namely, the accumulation of bonds or other obligations, which may either be stolen or perhaps diverted to some other purpose. On more than one occasion the sinking fund raised in Great Britain for the discharge of the National debt has been diverted from its original purpose and rapidly exhausted. It is possible that the same thing may happen in New York. The danger, too, of the abstraction of a portion of it by dishonest officials is very great. The question has recently been agitated, therefore, whether these bonds should not be cancelled, and thus forever pass beyond the manipulation or use of any one. It would be possible to frame a law providing for the payment of the interest on them, in the event that they were cancelled in the same manner that interest is paid at present. A bill providing for their cancellation is now pending before the New York Legislature. This bill is a hopeful sign of greater prudence in the management of municipal finance. The safeguards can not be too greatly multiplied against peculation and wrongdoing. The heavy losses already incurred should warn all who are interested in city affairs to take greater interest in them, and to guard in every possible way against the repetition of fraud or extravagance.

THE MOVEMENT OF GOLD.

The financial *doctrinaires* of London have persuaded themselves that the great and almost the sole cause of the movement of gold to and from countries is the relative rate of interest in their money centres, whereas the cause, which is the main one at all times, and which, in the end, always overrules all other tendencies, is the balance of trade. The amount of money which is ever sent from one country to be loaned in another country, as a consequence of a higher rate of interest in the latter, is too insignificant to be taken into account in reference to the international movements of the precious metals. It is true that permanent differences in the rates of interest between different countries must finally cause in the countries where interest is the lowest a higher price for stocks which are internationally dealt in, and thereby draw stocks from and send money to the countries where interest is the highest. But this is a very different thing from the alleged tendency of money to move between Paris, London and New York to be directly loaned, on account of the temporary relative oscillations in what is called the money market in those cities, which indicates nothing except the rates paid and received among a few bankers and brokers, and which very rarely indicates the general rates of interest in the countries in which those cities are situated.

English merchants, manufacturers and bankers are distinguished by sound sense in the practical management of their affairs. They pay little attention, however, to theories, and find it to be the easiest course to give in their nominal adhesion to the doctrines of the accepted financial teachers and writers of the day, although they are often at their wits' end to reconcile those doctrines with the facts which are directly under their eyes and which they cannot help seeing.

A letter from London, under date of March 22, published in a city paper, gives the views of an "eminent broker" upon the situation, and amusingly illustrates the condition of bewilderment to which the brokers of London, including not only those who are "eminent" but those who are not so, are now reduced.

This particular broker, who ranks as "eminent," is sure that there was, and must have been, a "stringency" in the London market when the gold shipments from the United States commenced in the early part of February, it being the orthodox doctrine in that locality that it is only by a monetary stringency that any country can attract gold. All the accounts we get here, however, agree that the London market was, during the whole of last fall and winter, in a condition of glut, varying only in degrees of intensity from time to time. This "eminent broker" nevertheless believes that it must have been a "stringency" which caused the beginning of the gold shipments from New York to London, but what confounds him is the fact, that when the Bank of England subsequently reduced its rate of discount, the gold shipments from New York did "not cease with the fall in the bank rate." He concludes, therefore, that the "stringency" in London cannot have been the sole cause of the starting of the gold shipments, but that a balance of trade against this country must have had something to do with it. As he must be supposed to know that as between this country and Great Britain the balance is always largely in favor of the United States, he must mean that the balance of our foreign trade, as a whole, was unfavorable, and that as a consequence we were sending gold to London as the Clearing-house of the world. But down to the beginning of February the balance of our total foreign trade had been for some time favorable instead of unfavorable. We give his final conclusion in his own words:

While money remains at its present price the stream will rather dribble than run, because money being at about the same rate in both cities there is no great object in shipping it to London. But if we had any tightness on this side, and had to call in our funds, I fancy that you would see shipments to an extent that would make the New York market very sick.

We do not believe that London has now, or has had for many years, an amount of money subject to its call in this country, equal to the amount lying in London subject to the call of American owners. As the general Clearing-house and banking center of the world, London always holds great balances due to foreigners. This is the result of the deservedly high credit of its banks and bankers, and of the fact that funds in London afford an acceptable means of making purchases and paying debts everywhere. Of all the financial dangers which threaten us, that of a call by London for funds here which it can call is the most purely imaginary.

It is difficult to determine by direct evidence which way the balance of the flow of securities, as between the United States and Europe, is at any given time. Some securities may be moving one way, while some are moving the other way. One class of dealers, basing their judgment on the transactions within their knowledge, may think the balance of the flow is outward, while another class of dealers, on their knowledge of a different set of transactions, may think that it is inward. But in this case, it was apparently the universal opinion in Europe that more American stocks were being returned to this country than were being purchased here, during the year preceding the commencement of the gold shipments from this city. The dealers in stocks in New York were not so well agreed as to what the fact was in that particular, but certainly a majority of them also believed that the balance of the international flow of securities was towards the United States. It is difficult, upon any other hypothesis, to understand why gold began to be shipped from New York in the early part of February, inasmuch as down to that date the balance of trade had been strongly in our favor. Since that date, and especially within the last two months, the condition of our foreign trade has become much less propitious, and it may turn out that an export of gold, commencing in the winter from the return home of American securities, may be continued during the summer from an excess of merchandise imports over merchandise exports, or from the excess of merchandise exports being too small to meet our foreign interest payments.

The break down in the prices of breadstuffs and provisions somewhat reduces the quantities exported, and very much reduces their money valuation. On the other hand, the import of European goods has continued heavy, but it would seem that it must be checked before long, by a fall in prices of such goods in our own markets, if it is not sooner checked by a rise in their prices abroad.

Predictions of the future yield of both gold and silver should be made with caution. The general tendency is to the mistakes of expecting too much, and of overlooking the great length of time which is consumed in working mines. Eight years ago it was stated, upon what was supposed to be good evidence, and which has not been contradicted by any subsequent information, that the tunneling of Meig's railroad over the Andes in Peru had shown $500,000,000 of silver "in sight," to use a miner's phrase, and probably a good deal more not "in sight." No single dollar from it has been since mined, and nobody knows when any will be.

In 1867 the late Samuel B. Ruggles, representing this country at the Paris Conference of that year, assured that body that "long before 1900" the United States' yield of gold and silver would be $300,000,000 or $400,000,000. Mr. Ruggles was somewhat addicted to exaggeration, but in making that statement he did not much overstate the expectations current in this country at the time.

TRUNK LINE COMPETITION.

When business is good, and everybody is making money, it is easy enough to maintain peaceful relations without and within; but when profits are small, or business is conducted at a loss, then the situation is reversed. When wages, for example, are high or are advancing, peaceful relations generally exist between workingmen and their employers, but when a reduction is announced, then, as we all know, submission is not always easy or graceful. This remark applies just as truly to railroads as to individuals or other corporations. When there is business enough for all, rates are maintained and good relations exist between them; but when freights are light and passenger traffic falls off, competition becomes fierce among them, rates are reduced, and sharper methods are practised to get business. This state of things now exists especially between the trunk lines from New York to Chicago.

Two or three years ago Mr. Fink, the Pool Commissioner, had but little difficulty in making rates and exacting compliance with them, but now that the business has shrunk competition is exceedingly sharp and the power of the Pool Commissioner is weak. But while there is an outward semblance of fixing and maintaining rates, shippers well know that various prices are made by the several competing companies. This competition and cutting of rates has been going on for several months, and the time has come, it would seem, when some of the railroad companies belonging to the pool have determined on a different method of transacting business. In recent numbers of the Magazine we have endeavored to show the benefits and disadvantages of the pooling system, and one thing seems to be certain, either that it must be abandoned, or else be carried to a greater degree of perfection.

The Pennsylvania Central Railroad Company is taking the lead in a new movement. That company is suffering no more than the other larger companies by the existing arrangements. Nevertheless it is clearly seen that by reason of its splendid equipment and facilities for obtaining business and the economical handling of it, it ought to obtain a considerably larger share of the traffic than it is getting at the present time. It is believed that if no pool existed, in a contest with other companies it would probably fare better than it is faring to-day. On the other hand the benefits of the pooling system, both to the company as well as to the public, are well understood. In view of these things a radical change is under consideration for the management of railroad traffic. In the first place, every large railroad east and west has freight agents in the larger cities of the country, who occupy expensive offices, and conduct their business at a heavy cost. Moreover, to get business every art is practised which experience can devise. The agents of the different lines under-bid one another, and their rivalry is so keen that very often the large shippers can remain serene in their offices and make their own terms, or at least very advantageous ones to themselves. There are also a large number of dispatch, or fast freight lines, which compete with the very roads to which they are attached. This is a singular state of things, and the wonder is that it has continued so long.

The actual money cost of this system of competition has been fourteen per cent. of the total gross receipts of the freight and passenger traffic, a separate set of agents and canvassers being employed to "work up" the passenger business. The consideration of these facts has led men like Mr. Roberts, Mr. Vanderbilt, Mr. Hickson, of the Grand Trunk, Mr. Gould, and other representatives of leading roads, who are interested in permanently settling the great question of a division of business, to formulate a plan which, if adopted, will accomplish the result, and place the railways of America in their relations to competitive lines on the same footing as those of England, who have in working order a like system.

The proposition is to abolish all fast freight lines, put an end to agencies and canvassing, establish fixed and unchangeable rates for passengers and all classes of freight, pool the actual cash receipts and divide it among the roads according to a percentage to be agreed upon. To thoroughly carry out this plan would be the work of years. The abolition of the fast freight lines alone could not be accomplished in a day. These properties are valuable, and their cars and business would probably have to be bought by the railroads over which they do business.

It is also proposed that the rates on all trunk lines should be turned over to the Pool Commissioner, and be divided by him between the respective roads in proportions established by them —in other words, to adopt the English system of dividing the receipts. It will be seen that under this system no road will have control of its own receipts; the entire sum would pass to the central office, which would have representatives of all the roads belonging to the pool. Under such a system the authority of the Pool Commissioner would be strengthened, and rates would undoubtedly be better observed.

These changes are of a very momentous character to the railroad companies as well as to the public. Doubtless the plans will be fully matured before they are put into execution. The evil of cutting rates, or of having no rates, is well understood by shippers. They suffer far less from high rates than from unequal rates, because it is easier for them to charge the rate, if well understood, to the price of the thing shipped, and thus to throw it upon others, than it is to do so when the rates are unequal and uncertain. The economy of the proposed change no one will question. It would seem absurd for the railroad companies to maintain the agencies mentioned at such an enormous cost and expense to conduct a necessary and useful business. The entire expense of this machinery is for the simple purpose of getting all the freight carried over one line instead of another. The case would be different if these agents gathered new business or increased the amount of traffic. All that they do is, as we have seen, to direct the channel through which it shall pass. Long ago the fast freight lines ought to have been abandoned, and the sooner they are the greater will be the net earnings of the railroad companies.

RISKS OF MODERN TRADE AND MANUFACTURE.

Modern trade and manufactures are subject to many risks which no wisdom however great can foresee, nor against the destructive consequences of which always provide. Every one is familiar with the history of the downfall of the cities of the East in consequence of the discovery of the cape of Good Hope. Rogers, in his beautiful poem on Italy, tells the story of the rise of Venice, of its world-wide trade, how long the city flourished,

> "Till the unwelcome tidings came,
> That in the Tagus had arrived a fleet
> From India, from the region of the sun,
> Fragrant with spices—that a way was found,
> A channel opened, and the golden stream
> Turned to enrich another."

In every age of the world trade and manufactures have never been entirely free from hazard. Whether they were greater formerly than now is a question. The invention of the telegraph has done much to put trades on the same plane of advantage. Before its invention and use in India, when a merchant obtained important news affecting trade, runners would be sent to various parts of the country to convey the tidings for the purpose of getting some advantage over others. These runners were very swift, and through their exertions enormous fortunes were sometimes made.

But the telegraph has put an end to this. All are on the same plane, and it may be fairly claimed that the telegraph has done much to even up the advantages and opportunities of men.

One of the risks which every manufacturer especially must encounter is that of invention. He may have a mill equipped with the finest machinery, but an invention is brought out whereby the cost of manufacturing is greatly cheapened, and hence it becomes necessary to displace some of his machinery and purchase new, or else some other manufacturer going into the business anew, in consequence of having a better equipment, will be able to produce at greater advantage and undersell him. Several years ago it was found out that worsted goods became glossy after short wear, and that this defect was due to the spinning of the wool in a certain manner. But in order to spin it in a way to obviate this defect, it was necessary to change the machinery at a very large expense. The manufacturers at Bradford, England, which was the centre of the worsted industry, although recognizing the unpopularity of their products, were unwilling to incur the expense of changing their machinery. The French manufacturers, on the other hand, quickly recognized the situation, and adapted their machinery to the wants of the times. They began to turn out worsted goods of the improved kind, and supplied the world with them. The Bradford manufacturers saw their trade leaving them, nevertheless they were unwilling to change. and not until they lost a very large portion of their trade did they awake to the necessity of acting. Only within a comparatively short time has the change been made, but their trade has gone, and it is very doubtful if it can ever be wholly recovered. A large manufactory in this country, having learned of the unpopular nature of these goods, unlike the Bradford manufacturers, threw out the old machinery and put in new, though at an expense of three-quarters of a million of dollars.

Another illustration of the same kind may be given with respect to the manufacture of pig iron. By the new process a thousand tons per week can be made without any difficulty. By the older method perhaps three to four hundred tons was a large output. Of course, a manufacturer by the new process has an enormous advantage over a manufacturer by the old. It is said that pig iron will not long hence be turned out by the newer furnaces at the price of \$15 or \$16 per ton, perhaps lower. In West Virginia pig iron has been sold as low as \$11.50 per ton, and in Alabama between \$8 and \$9. Thus we see that those possessing the newer furnaces, and also those living in places which are more highly favored by nature, as in Alabama and West Virginia, have an enormous advantage over manufacturers living further North, and still using the older process for making pig iron.

Changes of this nature are constantly happening, and no wisdom can provide against them. Indeed, they are truly improvements, and are not to be regretted. What evidently must be done is to face the situation squarely, and to adopt the newer processes as speedily as possible, and those who stick to their old ways and refuse to recognize the new conditions are sure to go to the wall.

A similar prospect is beheld by the cotton manufacturer. Within a few years cotton mills in the South have flourished wonderfully. Water-power is ample; the raw material is at their doors, and labor, too, can be had at prices quite as low, or lower, than in the North. In the beginning it was necessary to get overseers and superintendents from the North; but the South is rapidly developing every kind of labor required. In all the coarser kinds of cloth, which we believe are the only ones that the South is attempting to make, great success has already been obtained. It is evident enough that the South in the coming years is to do a great deal in the way of furnishing the cotton goods needed, not only for that section of the country, but to supply the demand beyond the Mississippi. The New England manufacturers very clearly see the situation. They cannot help observing the cotton mills which are springing up in the very midst of the growing cotton, and that labor there is cheap and abundant, and that all the skill needed to conduct such factories successfully can be easily obtained. It was thought in the beginning that the South would have great difficulty in repairing easily the machinery which inevitably breaks down from time to time. A cotton manufacturer once said to us, that in consequence of the dearth of foundries and machine shops in the South it would be impossible for Southern cotton manufacturers to run their mills successfully. They would be obliged, he said, to send their broken machinery to Baltimore or Philadelphia to be repaired, or to send elsewhere for new, and the loss would be so great during the interval of stoppage as to destroy all opportunity for profit; he had no reason, therefore, to fear competition from the South. But this dream has been dispelled. Machine shops and foundries have sprung up as in a night, and repairs are quickly and easily made. There is no reason, then, to suppose, that the South will fail in this new departure. The New England manufacturers are seriously considering what they shall do. One thing seems evident, the price of labor must be reduced. Many of the New England mills are equipped with the most modern machinery, and in that respect are fully abreast of the time. They are attempting to get relief by the reduction of the rates of transportation. On this head we have said something in another place.

Another illustration may be given touching the export of our surplus wheat. A few years ago we were delighted to find that we had a large surplus of grain to send to foreign markets. We were jubilant over its export, as well as over the return of gold in payment. After a little the speculator took a hand in the business. He thought it would be a fine thing to buy the wheat and dictate terms to the markets of Europe. For a time he succeeded; but Great Britain did not propose to remain at the feet of the American wheat speculator. It is true that the British farmer ought to have seen long before he did that he could not compete successfullv with the wheat grower of the great West; but not seeing it, he kept on growing wheat at a great loss. But when it was clearly demonstrated that Great Britain could not raise her own wheat, it was determined to get her supply from India.

For several years preparations have been making in that distant land for its cultivation and transportation. Enormous sums of money have been invested in railroads. It is seen that India is peculiarly well fitted to grow wheat and at very low prices. The railroads are now completed. The seed has been sown, abundant crops have been raised, and the American farmer and speculator have suddenly awakened to the fact that John Bull does not care for much more of our wheat. Prices are falling, and the question is confronting us, what is the outlook for the American wheat grower? Shall we be able to export our surplus in future years? It must be confessed that the prospect is not so bright as it was a short time since.

Another illustration may be given. A few years ago Mobile was a flourishing city. After a time the city aided in building two railroads which had the unwelcome and unexpected effect of diverting her trade from her. The steamers which formerly plied between her ports and others have gone away forever, and her wharves are rotting away. Blocks of warehouses have lost their tenants, and the enterprising merchants have moved to New Orleans. The truth was learned too late, that the railroads which the city had assisted to build were the means of destroying her prosperity. What is true of this city is equally true of hundreds of others. New modes of communication cut off their trade. The stores were deserted and the streets became covered with grass. The people are constantly complaining of the growth of great fortunes; of the large dividends made in manufacturing, and in other enterprises; but they do not stop to consider the perils involved. Great profits usually involve great risks, and in the long run the losses eat away the profits until there is not a very large surplus left. This is the history of numberless enterprises. Whether these risks are greater now than formerly is, perhaps, an open question. Certainly the risks are very different. But one thing is certain, they are very many, and in view of them there should be more consideration shown in our complaints against the accumulation of capital than is generally the case.

FINANCE LEGISLATION.

The session of Congress is wearing away, and the House is not inclined to mature and pass many bills of any kind. The Senate has been far more industrious than the House in advancing legislation. A considerable number of bills have been sent into the lower house; that body, however, has thus far wasted the days in useless speech-making or in other ways equally unfruitful. The only measure of importance passed has been another huge pension bill for the benefit of the Mexican soldiers. Of such legislation Congress is very fond, and for aught we can see the end is never likely to come. A great variety of pension schemes are in process of incubation which will probably outlast the century. When the last great pension law was enacted Congress was very ignorant of the probable consequences; but the bill passed by the House this session was not subjected to much more scrutiny. In passing this bill Congress was not so much moved by patriotism or wisdom as by a desire to enhance personal popularity. We sometimes forget the cost of electing our National representatives. Money is raised at the times of election, congressmen contribute something themselves, but a very much larger sum is voted from the National Treasury under the titles of pension bills, appropriations for public buildings, rivers, harbors, and the like. If those who pass these measures were not thinking of their re-election, many millions would annually be saved to the National Treasury. Our method of electing National representatives is, therefore, the most expensive of any in the world. Not too widely opened can we get our eyes to the full significance of the enactment of these measures. Doubtless some members are moved by wise, far-seeing and just considerations. On the other hand, it is just to say that a great many of them are moved by considerations purely of a personal nature.

So much for the pension bills. It may be added that a bill has passed both branches providing for the expenditure of a large annual sum for educational purposes. This action has been received very generally with favor. The measure has been long discussed, and the resources of the country are so large as to justify such an expenditure.

With respect to the banks the prospect is not very hopeful for legislation of any kind. It was supposed that the McPherson bill passed by the Senate would receive the sanction of the lower house, but the probabilities fade away as the session advances. Several bills have been discussed somewhat, but no reports have been made. The annual appropriation bills are almost untouched. The lower house is evidently determined to discuss the tariff and some other questions with a view doubtless of making capital for the coming presidential election. Consequently the chances for any legislation of an important nature are rapidly fading away. How much the banks will suffer through the neglect of Congress cannot be predicted. It is generally believed, however, that the banks can continue for a time longer in their present way without causing much inconvenience or suffering. So long as silver continues to be coined, and certificates are issued against it, there will be no dearth in money, especially while business continues in its present drooping condition. Another year, however, Congress must act, if the payment of the public debt is continued, and the bank circulation is contracted, otherwise serious results will be experienced by the public from the contraction of the currency.

Concerning the silver legislation, the subject is considered elsewhere in the present number. The prospect is somewhat improved of reaching a solution of this perplexing question.

FINANCIAL FACTS AND OPINIONS.

For the first nine months (ending March 31) of the current, as compared with the first nine months of the last fiscal year, the receipts and expenditures of the Government were as follows:

	Receipts, 1884.		*Receipts*, 1883.
Customs	$150,662,646	....	$166,320,438
Internal revenue	87,146,422	....	108,108,930
Miscellaneous	24,087,987	....	31,337,941
Total	$261,897,055		$305,767,309
	Expenditures.		
Ordinary	$99,356,063	....	$108,910,462
Pensions	38,548,279	....	42,964,184
Interest	41,788,017	....	46,357,765
Total	$179,692,350		$198,232,411

The surplus for the nine months of the current year is $82,204,691, and at that rate it will be for the whole year $109,606,254, which would be $24,000,000 more than was estimated by the Secretary of the Treasury in his last annual report. It is evident from his slowness in issuing bond calls that he does not anticipate any such result.

The falling off in the total revenue during the nine months, as compared with the same nine months of last year, is $43,869,654, and at the same rate it would be for the year, $58,492,872. The falling off in the customs revenue has been $16,657,792, and, at the same rate, it would be for the year, $22,210,389. In the internal revenue it has been $20,962,508, and at the same rate it would be for the year, $27,950,010. The internal revenue has been swollen since the first of January, and probably will be for a year to come by extraordinary receipts from the taxes on whiskey in bond, which Congress has refused to extend.

The available cash balance in the Treasury March 31 was $150,919,315, which is thirteen millions more than the Secretary declares it to be his general rule to maintain, being forty per cent. of the amount of the greenbacks. Finding himself on the first of April with an excess of thirteen millions above the balance which he supposes to be necessary, and with a then outstanding bond call for only ten millions maturing May 1, the Secretary would certainly have issued without delay another call if he had anticipated an accruing surplus during April, May and June, approximating the rate of the surplus during the preceding nine months. He may possibly be anticipating a greater rate of expenditure in pensions during the last quarter of the current fiscal year than during the first three quarters. The outside public do not know what to anticipate in that particular.

According to the Government Actuary, E. B. Elliot, purchasers at the average prices in February realized an annual interest of 2.677 per cent. on money invested in Government fours, and an annual interest of 2.572 per cent. on money invested in the four and a-halfs. In March the same feature of a higher return from the fours appeared, that class of bonds paying exactly the same as in February, namely, 2.677 per cent., while the four and a-halfs paid 2.598 per cent. There is a mistaken idea that investors will always hold long securities at a lower rate of interest than short securities. What is true is, that when the rates of interest obtainable are high, investors take the longest securities they can get, from an apprehension that the obtainable rates will fall. They reason differently when the current rates are low, and prefer short securities to long ones, as they hope for a rise in the rate of interest. The United States could to-day borrow $100,000,000 on one year notes at two per cent. interest, and perhaps less.

During the thirty days from March 12 to April 11 the gold owned by the United States Treasury diminished by only $4,147,965, although during that time a bond call for $10,000,000 matured March 15, and the quarterly interest of $7,400,000 on the fours was paid April 1. The gold still owned by the Treasury April 11 was $140,864,787. Between March 12 and April 11 the silver dollars and bullion purchased for coinage into dollars owned by the United States Treasury, increased from $36,351,807 to $37,602,963.

In the House, April 1, upon Mr. Bland's motion to strike out the fourth section of the trade dollar bill, the vote was 131 yeas to 118 nays. Having regard to political classification, 112 democrats voted in the affirmative and thirty-seven in the negative while of the Republicans nineteen voted in the affirmative and eighty-one in the negative. The effect of Mr. Bland's success is to make the standard dollars to be coined out of the trade dollars an addition to, instead of being a part of, the quantity of standard dollars now coined. The majority in the House in favor of continuing the present amount of silver dollar coinage, is, we are forced to believe, much larger than Mr. Bland was able to muster for his amendment. It is too large to admit of any hope that the silver dollar coinage will be stopped by Congress during the present session, but not so large that it may not be changed after the election of a President is disposed of.

A dispatch from London (April 5) says that "the sustained influx of gold from America and its predicted continuance is giving a steady tone to the market." It would seem that while the export of our gold is on many accounts to be regretted, it is of some advantage to us in the way of steadying and improving the markets of the foreign countries with which we trade.

During the twenty years ending with 1883 the export of gold and silver (the great bulk of it being silver) from San Francisco was to Japan, $25,677,100, and to China, $152,233,500. Of the silver exported from San Francisco a considerable part is imported from the west coast of Mexico.

At the end of March the silver dollar coinage had reached $168,-425,629.

The three-per-cent. bonds deposited by the National banks for circulation amounted on the nineteenth of March, 1884, to $184,-302,350, being $17,000,000 less than the amount of that class of bonds deposited on the first of December, 1883. During March the banks diminished their deposit of threes about $5,000,000, and increased their deposit of higher interest bonds about $3,000,000.

Mr. Potter, of New York City, in his speech in the United States House of Representatives, March 25, in favor of extending the taxes on bonded whiskey, made it his principal point that the present collection of those taxes would hasten the payment of the three-per-cent. bonds, and thereby "undermine and destroy to a certain extent the National banking system, upon which rests, more than upon any other present instrumentality, the stability and prosperity of the business of the country."

The European statisticians are wrestling with the problem of the amount of gold in coin and bars in Great Britain. The English, avoiding all details, estimate it roundly at £120,000,000, including what is held by the banks. The German critics insist that it does not exceed £90,000,000. A Paris writer, Haupt, fixes it at £101,-000,000, taking as his starting point the estimate of Newmarch that there was £75,000,000 in 1856, adding thereto the officially-stated net import since 1856 of £73,000,000, and deducting an estimated consumption in the arts since 1856 of £46,000,000. Haupt admits the uncertainty as to the actual consumption in the arts, but thinks the evidence makes it probable that it was £21,000,000 during the fourteen years ending with 1870, or at the average rate of £1,500,000 per annum, and £26,000,000 during the thirteen years ending with 1883, or at the average rate of £2,000,000 per annum. The consumption of gold in the arts is increasing everywhere with great rapidity. The principle which governs it is the one laid down in the report (1852) of Senator Hunter, of Virginia, that the use of gold and silver for the purposes of luxury, ornament and display expands in a nearly exact proportion to the augumenting wealth of nations.

The London *Economist* of March 15, reviewing the course of prices during February of British imports and exports, says:

Again the tendency of prices has been downward, and in all metals, as well as in colonial wool, Manilla hemp, petroleum, tallow, and most descriptions of meat and vegetable foods, the further drop is distinct.

The London *Economist* of March 29 says that "trade is inactive," but thinks that it will now be "stimulated by the prospect of cheap money." The sort of cheapness of money intended by the *Economist* is the cheapness of the rates at which it can be borrowed, and it has continued a long time in both Great Britain and this country, while trade has been all the while more and more depressed. The cause of the depression is the fact that money has been growing dearer to obtain by the exchange of commodities for it, or, in other words, because the general range of prices has been falling, which always checks trade and productive industries.

As illustrating the advantage which India has over Great Britain in the cheapness of labor, and especially in textile manufactures, we print the following table from a high English authority, of the weekly wages now actually paid for the same kinds of labor in jute factories in Calcutta and Dundee (Scotland):

	Calcutta Weekly Wages, 52 Hours to the Week.			*Dundee Weekly Wages, 56 Hours to the Week.*	
	s.	*d.*		*s.*	*d.*
Batching and preparing	2	10½	.	10	6
Spinning	5		..	11	
Warp-winding	2	7½	..	6	9
Weft-winding (piece-work)	6	6	..	14	
Beaming	5		..	15	
Weaving (piece-work)	9		..	12	
Calender House	5		..	14	
Laborers	4		..	20	

In the Bombay Presidency, June 30, 1883, there were fifty-one mills manufacturing cotton cloth, containing 13,616 looms and 1,345,042 spindles. During the preceding eight years there had been an increase of twenty-seven per cent. in the number of mills, fifty-two per cent. in the number of spindles, and fifty-nine per cent. in the number of looms. During the preceding six years the consumption of cotton by these mills had increased from 226,980 to 352,232 bales, of an average weight of 392 pounds.

The British labor is the most efficient, but the Indian labor is said to be gaining in that particular. In the two cases of piece-work given in the table, the cost in India is in one case twenty-five per cent. less, and in the other case fifty-four per cent. less, with the further advantage of producing the raw material for cotton and jute mills. India seems to threaten Great Britain with a formidable competition in those lines of business, and not only Great Britain, but any other nation which undertakes to send cotton and jute goods to Eastern Asia.

The last year's history of the Bank of France shows continued progress in the policy which governed it during the preceding two years, of increasing both the total amount of its note issues and the proportion of its small note issues, which are in the case of that institution, 50-franc and 100-franc notes. Five years ago it had reduced its notes of those denominations as low as it could by not reissuing them as they came in. Of the 50-franc notes, on the nineteenth of August, 1879, only $3,258,000 were outstanding. Between January 25, 1883, and January 31, 1884, the outstanding 100-franc notes increased from $216,244,680 to $244,602,320; the outstanding 50-franc notes increased from $47,251,590 to $61,418,150, and the total outstanding notes of all denominations increased from $579,905,641 to $632,501,081. The recent policy of the bank was dictated to it by the Government, which decided that the export of gold should be met, not by raising the rates of discount, but by issuing 50 and 100-franc notes to take the place of the gold. The French were accustomed to the use of the paper during and after the Franco-Prussian War, and are fast learning to prefer it to coin. The statement that France has, in and out of the bank, $800,000,000 of gold is a gross exaggeration. Cernuschi testified in 1877 before the United States Monetary Commission that the accepted estimates fixed the total metallic money in France, in and out of the bank, at $1,000,000,000. There is less to-day than there was then, and rather more than $500,000,000 of it is silver.

A Vienna letter (March 24) says that the glut of loanable capital which has been felt so long at Paris and London, has at length reached Germany, and as an example of that it states that a four-per-cent. loan of the city of Gothenberg was recently subscribed for seventeeen times over at Berlin and Hamburg.

In Italy, in 1868, an income tax of 13.2 per cent., or rather more than one-eighth, was imposed upon the coupons of the public debt, and has been actually collected ever since by being deducted from the payments of the coupons. The London *Economist* of March 15, very naturally reflecting the wishes of the numerous British holders of Italian Government stocks, says that now, in view of the improved ability of Italy, this money tax ought, "in justice," to be removed. It may have been harsh, and perhaps unjust, to have imposed it, but now that it has been in existence during sixteen years, that all the issues of Italian stocks have been since made subject to that tax and at prices which took it into consideration, and that the present holders of Italian stocks have bought them since 1868 at lower rates on account of that tax, it would be as clear a fraud upon the Italian people to take it off as it would be for the Italian Government to decree a gratuitous increase of the rate of interest on its outstanding debt.

Application has been made to the Government of Russia to authorize the formation of a company with a capital of twenty-five million roubles (equal, at the present coin valuation of the rouble, to about twelve and one half million dollars) to construct grain elevators on the American plan in that empire, with the right to issue negotiable warehouse receipts for the deposited grain. Among the applicants are said to be some French and American capitalists, but who are more probably promoters and financial manipulators. The capacity of Russia to produce wheat is practically unlimited, but it needs the aid of more facilities for handling and transporting it. The elevators which it lacks are within the means which it can command, but the additional railroads which it lacks call for capital which it does not possess, and will find it difficult to borrow. Still, in some way, and after longer or shorter delays, its fertile plains and cheap labor will be made to tell, a good deal more than they now do, in the competition for supplying the grain demands of Western Europe.

A NEW SALT MINE.

The discovery of a salt lake three quarters of a mile in diameter on the top of a volcanic mountain about 150 miles south-east of Albuquerque is reported by United States Marshal Morrison, of New Mexico, who recently visited it with Senator Logan and Surveyor-General Atkinson. The water is so strongly impregnated with salt that a thick, spongy crust has formed around the margin. This natural supply of pure salt is said to have been long known to the Indians. But the most curious feature of the lake, said Marshal Morrison to a reporter of the St. Louis *Republican*, is a tall, white column of volcanic origin which rises from its center to the height of 100 feet, sloping toward the top, and rough enough to be ascended with much difficulty. On reaching its summit the travelers were surprised to find that the cone was hollow, and enclosed at its base a pool of dark green water, to which they clambered down. They found no incrustations like those on the outside, but the brine was so strong that a hand or stick thrust into it came out perfectly white with innumerable particles of salt.

MONETIZING SILVER BULLION.

Suggestions from various quarters indicate the possibility that some plan may be hit upon which will make silver bullion a tender for debts, and thereby give a wider monetary use to that metal in this country, and, at the same time, escape at least some of the prejudices and hostilities which exist among considerable numbers of persons against the silver dollar coined under the Act of February 28, 1878. An agreement upon any plan of that kind which is consistent with sound ideas of finance, is much to be desired because every increase of the use of silver as money tends to restore the old value relatively to gold, which it possessed before its demonetization by Germany in 1871–3.

All the plans so far proposed, proceed upon the general ideas, (1) that bars of silver, with the amount of pure silver which they contain stamped upon them at the Government mint and assay offices, shall be a tender for all public and private debts at the gold market value of such silver; and (2) that upon the deposit of such bars in the Treasury, certificates shall be issued therefor, entitling the holders to the amount of silver deposited, or at their option to payment of the gold market value of the deposit in silver dollars, at the par or nominal value of such dollars. None of these plans make such certificates a legal tender for private debts, but it must be assumed that they will be made receivable for Government taxes of every kind. A refusal so to receive them would be idle, because the holders would in that case at once exercise their option of converting them into silver dollars which possess by law the function of discharging and satisfying all public dues. It may be added that it is probable that both gold and silver certificates will before long be made a tender for debt, to which there can be no valid objection, and for which there are many reasons. A bill to make them a tender, submitted by Senator Hill of Colorado, is now before Congress.

To the silver miner it makes no difference, directly, whether his product is monetized by making bars of it a tender for debts at the market value of the bullion which such bars contain, or whether he sells his product, as at present, at the market value, to the Government, to be coined for the account of the Government into dollars which are a tender for debts. In either case the miner gets the market price for his metal, no more and no less. He will gain indirectly if it turns out that more of his product is used for monetary purposes, by being monetized in the bullion form, than is now used by being coined into dollars. In that case, less will be forced on the general markets of the world, and, other things being equal, the price of it will rise.

If the Government substitutes the monetization of silver bullion, either entirely or partially, for the coinage of silver dollars, it will lose the whole or a part of the seigniorage profit which it now realizes on that coinage at the existing gold price of silver. This consideration is alluded to because it is a part of the case, although it is of little consequence in comparison with some other parts of it.

The expectation that more silver will go into monetary use in this country, by the proposed method of monetizing silver bullion, than by the present method of coining silver dollars, assumes that the Government, if it does not monetize silver bullion without limit, will at least monetize more of it than it now coins into dollars. That being assumed, it is claimed that silver legal-tender bars, and certificates of such bars, containing for each dollar of their stamped value an amount of silver, worth in the market as much as a gold dollar, would attain a larger circulation than can be attained by silver dollars, of which the bullion value is now about fifteen per cent. less than the bullion value of the gold dollar, and which in the opinion of many persons, whether mistaken or not, will fall in the market to their bullion value, within a period near enough to constitute a sensible risk in handling them, and especially in holding them in the reserves of banks and other moneyed institutions. It certainly seems reasonable to expect a greater circulation of monetized silver bullion than of silver dollars, if we give to the circulation of money its proper signification, which covers the total amount in the country, including that in reserves. It is true of silver, as it is of all forms of money, that at any given moment it is only an infinitesimal part of it which is being passed from one person to another; that the great bulk of it is always held for the purpose of being used at a future time, more or less distant; and that it makes no difference whether it is so held in the pockets and safes of individuals, or in the vaults of bankers. If banks and kindred institutions are actually influenced, as they doubtless are to some considerable extent, by a fear, whether well or ill founded, that silver in the coined dollar form is liable to depreciate on their hands within some near period, and on that account reduce their holding of it to a minimum, it is plain that no such fear would deter them from holding silver bullion monetized at its market value in gold.

If silver bullion is monetized by being made a legal tender at its market value in gold, the question will still remain whether this shall be its gold value when it is stamped at the mint, or its average value during some period, as, for instance, one year immediately prior to its being stamped, or its value when tendered in payment. This last would be a fluctuating value, following the course of the market, and it is essential to its being a legal money that the rate at which it should be a tender at every given time should be fixed by the National authority. This may be done for longer or shorter periods, as from year to year, or from month to month, or from day to day. In the plan of Mr. Sylvester, which seems to have attracted some favor in New York City, the value of silver for legal tender purposes is proposed to be fixed from day to day.

The experiment is not a new one, of selecting one metal as the standard, and at the same time striking coins of the other metal, and leaving them to get such circulation as might be voluntarily given to them at their market value in the standard metal. The experiment has always proved a failure. In Germany, under the legislation of 1857, making silver the sole legal tender, gold coins were also struck, to be used between parties who could agree as to the terms of using them, but their circulation was insignificant. In India, for many years past, although a silver single standard country, the mints have issued a coin called a *mohur* (and it is still issued), containing a weight of fine gold equal to the weight of fine silver in the rupee, which may be used between parties who can agree upon its value in rupees, but the Indian use of this sort of gold money has been as insignificant as it was in the German case. In the long debates, covering a period of thirteen years preceding the adoption of the French double standard law of 1803, the same proposition to make silver the exclusive legal money and to leave to gold coins a voluntary circulation at their market value in silver, was repeatedly urged but always negatived. One of the metals being the only legal tender, the other metal would be subject to all the difficulties and uncertainties of being satisfactorily disposed of, which attach to other commodities, and even to those commodities of which the market is wide and the fluctuations not rapid or great. It would not come at all within the common ideas and definitions of money, which must be something which is promptly accepted by substantially everybody for debts due to them, and in exchange for whatever they are offering to sell.

It is probably true, although it has never been tested by actual trial in any country, that if there was added to the metal not selected as the standard, the faculty of being a tender for debts at its market value, and if all questions as to the fluctuations of its market value were authoritatively determined from time to time by the Government, it would attain a considerably greater circulation than if it was current only so far as it was voluntarily received. But the objections to such a species of money are numerous, obvious and insurmountable.

In the rural parts of the country it would not be possible for the people to be promptly informed as to the changes from time to time in the official valuation of silver. In those parts of the country in which access to such information was easy and constant, there would still remain the objection to the acceptance of silver, that the rate at which it might be a tender at any subsequent time would be uncertain. The suggestion that it was as likely to rise as to fall, would induce very few persons to receive it readily and willingly. What the great body of persons want in money is not the possibility of a brokerage profit, accompanied, as that would be in this case, by the risk of a brokerage loss, but the certainty of a prompt and universal acceptance by others at a fixed and known value. It is true that stamped silver bars, and certificates of such bars, if made a compulsory tender, could be forced upon all creditors, but in the majority of cases in which the relation of debtor and creditor exists, the interests of the debtor make it inexpedient for him to make a tender in a species of money distasteful to his creditor. This is so in all cases in which the debtor needs new facilities from his creditor, in the shape of either further loans of money, or further sales of merchandise upon deferred payments, of which the most conspicuous, but by no means the only illustration is to be found in the vast transactions between banks and bankers and their customers. Furthermore, the payment of debts is only one, although a very important, use of money. It is used in purchases where the party to whom it is offered is unaffected by tender laws, and who will either refuse an unacceptable species of money, or accept it only at a discount, either openly avowed or under the thin disguise of a higher price for what he has to dispose of.

Without further illustration, it is altogether plain that such a species of money would be distasteful to the great majority of persons; that its circulation would be clogged, embarrassed, and made difficult in a great variety of ways; and that it could become fairly current only by the sheer force of being issued in such quantity as to drive out of use all other forms of money. Even if there was no quotable market discount upon it, holders of it would pay it out whenever it was possible to do so, in preference to paying out either gold, greenbacks or bank notes, and this would cause it to constitute the entire tax receipts of the Government, as soon as enough of it was issued to answer that purpose.

If silver bullion is to be monetized by making it a legal tender, it should be stamped at its gold value on the day when it is brought for that purpose to the mints by the owners, and it should retain that valuation as a legal tender without regard to subsequent fluctuations in the gold price of silver. Nobody will propose that the Government should stamp it at any greater value, and to stamp it at any less value would prevent its being brought to the mints, as the market value in gold is always obtainable outside o the mints. Its having been higher on the average during the preceding year than on the day when it was offered for stamping, would be no reason for stamping it higher than it was on that day, and its having been lower would never induce an owner to submit to a valuation less than he could at the time realize in the market. Of course, the stamped value should in no event exceed the value which is now given by law to the silver in the coined silver dollar.

The certificates to be given for the stamped bars, if the owners should elect to deposit them in the Treasury, might be split up into the various denominations, now or hereafter to be prescribed by law for silver certificates. Manifestly, the Government could incur no loss by engaging to redeem the certificates by returning the identical weight of silver deposited, nor could it incur a loss by engaging to redeem the certificates, at the option of the holders, by paying the expressed gold value in silver dollars at par. On the contrary, in respect to all certificates issued before silver rises so much that its market and mint ratios to gold become the same, it would make a profit by such a redemption. It would be better, however, to have the Government engage to redeem the certificates, not in silver dollars, but in coined dollars. While this would leave the Government free to pay silver dollars, it would also permit a payment in gold dollars, if that should hereafter prove to be occasionally an easier method of payment, as it was from 1851 to 1873. It is said to be a favorite maxim of the Rothschild family, and it is at any rate a good maxim, that it is always well to take an option when its costs nothing.

Those who favor the continued coinage of silver dollars will certainly refuse a voluntary assent to the substitution of any plan of monetizing silver bullion, which does not afford a prospect of some addition to the amount of silver now converted into money, and retained in use as money in this country. They will not overlook the liability of the stamped and monetized silver bars to be exported and thereby reduced again to bullion, and will insist upon some compensating provision.

Those who constitute what is known in this country as the gold party, may be divided for the purposes of the present discussion into two classes:

First, those who wish to make gold the sole metallic money of the commercial world, with the principal view of maintaining the value of it at a certain height, and who would not be at all reconciled to such a lowering of it as would result from the concurrent use of silver, even if the bullion in the silver dollar was increased in quantity so as to be worth as much in the market as the bullion in the gold dollar, or if silver bars were monetized at their gold value.

Second, those who, while not specially objecting to an enlargement of the total metallic money, or preferring some degree of enlargement of it, are vehemently opposed, for many reasons, to silver dollars inferior in bullion value to gold dollars, but mainly from their belief that at some period not remote such silver dollars will fall to their bullion value, displace gold from use, and bring the country to what is called a single silver standard, with all the effects of such a standard upon existing contracts to pay money.

The first class of persons will be as much opposed to silver bullion monetized at its gold value, as they are to the present coinage of silver dollars, and more opposed to it if the monetized silver bullion is to exceed the quantity now coined into dollars. The second class, on the other hand, will have very little objection, and perhaps substantially none, to the monetizing of silver bullion at its gold value, which, at the present market price of silver, would make the stamped bar, or certificate of such bar, the representative of a weight of silver to the dollar greater by nearly eighteen per cent. than is contained in the coined silver dollar. It is true that the gold price of silver may fall hereafter, so that a bar stamped at its gold value at one time may subsequently be worth less in gold, but these persons will see that however much the bullion in the stamped silver bar may fall, it will always be a good deal nearer to par in gold than the bullion in the coined silver dollar, which will fall *pari passu* with the bullion in the stamped bar. To what extent they may be willing to have the monetizing of silver enlarged is not certain, but probably not at present to any great extent. They are more likely to favor the tentative policy of trying the effect of a moderate enlargement. To whatever extent it is possible, with their aid, to obtain a larger monetary use of silver in this country, a future fall in its gold price will be made less probable, and there will be more reason for expecting it to rise.

In a bill introduced into the United States Senate, February 22, 1884, by Mr. McPherson of New Jersey, which provides for the stamping of gold and silver bars and for the issue of certificates for such bars as may be deposited in the Treasury of the United States, the issue of certificates for silver bars is limited to $5,000,000 monthly as a maximum. The amount of the contained bullion, but not the gold value, is required to be stamped on the silver bars. When, however, such bars are deposited, their gold value is to be expressed on the certificates issued therefor. But as such certificates are not a legal tender, while the bars, which are a legal tender, have no stamped specification of the amount of which they are a legal tender, and no method is prescribed for fixing the amount, the bill will need amendments in order to make it effective for the purpose of increasing the monetary use of silver.

The following change in the method of monetizing silver bullion may make it more acceptable: The contract of the United States, expressed in the certificate given for a deposit of silver, after stating the gold value of the silver on the day when deposited, might be, in case a redemption in silver dollars was not demanded, to redeem the certificate by delivering an amount of silver having the specified gold value on the day of redemption. In the event of a fall in the gold price of silver, this form of contract would subject the Government to returning more silver than it had received; but it would also, in the event of a rise in the gold price of silver, enable the Government to redeem certificates with less silver than it had received. A rise is much more probable than a fall, under the enlarged monetary use which can be given to silver by monetizing silver bullion.

The silver bars stamped by the method outlined above, in addition to retaining always their legal tender value, and to being always convertible at that value into silver dollars, whatever fluctuation may take place in the gold market price of silver, will have the further advantage that the holders of them will get the benefit of any rise in the gold price of silver, inasmuch as they can at any time realize in the market the current value of their bars without reference to the stamp on them. It would seem probable that the banks, which now hold as little silver as possible in their reserves, might hold as much as possible in the form of the silver bars as proposed to be stamped, or in certificates of them, on which there could be no loss and might be a profit. Such bars, whenever their market value was equal to or higher than their stamped value, would also always be available as a remittance, either to Europe or to Asia.

GEO. M. WESTON.

THE STATE BANK OF RUSSIA.—In Russia is found a real bank of State, such as exists in no other country. Before the Crimean War there were at Moscow, St Petersburg, and other large cities, official banks, of which the active were absorbed by the State. The Bank of Russia was then founded, and it absorbed the assets and assumed the debts of the old banks. Its capital of twenty million roubles ($13,000,000) was supplied by the Government. It appears, from what can be learned of the management, that it is in the hands of a sort of ministry, appointed by the Government, whose operations, good or bad, result either in the enrichment or impoverishment of the public Treasury. The bank is divided into two distinct parts, one of which has charge of the public finances and the liquidation of the old institutions, while the other is concerned in commercial business. The bank issues circulation to the amount of the Government indebtedness to it, under the title of Bills of Credit, the amount in 1881 being 545 million roubles. The bank is charged with the management of the financial part of the difficult matter of the enfranchisement of the serfs.

THE MELBOURNE CLEARING-HOUSE.

Returns from the Melbourne Clearing-house, kindly furnished by the Inspector, Mr. Chester Earles, show that the estimates of its transactions for the last two years from the partial returns accessible have not done full justice to the amount of its exchanges. The following is the total of its clearings and balances for 1882 and 1883:

			Balances.		
	Exchanges.	*Notes included therein.*	*Total.*	*Paid in Coin.*	*Vouchers.*
1882	£ 141,941,468 ..	£ 13,578,944 ..	£ 8,773,490 ..	£ 2,683,490 ..	£ 6,090,000
	$ 690,758,153 ..	$ 66,080,931 ..	$ 41,696,189 ..	$ 13,049,204 ..	$ 29,636,985
1883	£ 142,126,306 ..	£ 14,108,965 ..	£ 8,481,969 ..	£ 2,032,969 ..	£ 6,449,000
	$ 691,657,663 ..	$ 68,660,278 ..	$ 40,267,501 ..	$ 9,893,443 ..	$ 31,384,058

The Melbourne Clearing-house now embraces eleven banks, the number having been increased by the admission of the City of Melbourne Bank, Limited, in July 1883. The largest transactions at the Clearing-house were those of the National Bank of Australasia, amounting to £19,753,706 brought and £19,698,027 taken away. Next follows the Bank of Australasia, with £17,745,345 and £17,933,431, respectively, then the Bank of Victoria, Commercial Bank of Australia, London Chartered Bank of Australia, Union Bank of Australia, Limited, Bank of New South Wales, English, Scottish and Australian Chartered Bank, Colonial Bank of Australasia, Oriental Bank Corporation and the City of Melbourne Bank, Limited, in the order named, all except the last having dealings of over £20,000,000 with the Clearing-house, counting both ways. The banks keep on deposit, with trustees appointed for the purpose, a sum in coin against which vouchers of £500 and £1000 each are issued to an equal amount to be used only in the weekly settlements. This deposit remained, up to July, 1883, uniform at £420,000 or $2,043,930. It was at that time increased to £500,000 or $2,433,250, the smaller amount having been found insufficient. The rate of interest at Melbourne has remained very steady. D. P. B.

GAMBLING BY BANK CLERKS.—An expedient for preventing their clerks from dabbling in stocks has been adopted by the eminent London banking firm of Baring Brothers. Learning that some of their clerks were in the habit of thus speculating, and knowing the danger to their own interests, and to the future of their employes, they hunted up the brokers engaged in the matter, and then laid the case before the London Stock Exchange. As a result the two offending brokers have been suspended for two years. A precedent has thus been established which it would be well to keep in remembrance. Nearly all the defaulters of this country have been amateur stock speculators, and they must have employed brokers who knew, if they knew anything, that other people's money was put up as margin.

In this city respectable brokers have learned to be on their guard against the encouragement of embryo defaulters.

A PERPETUAL BANK NOTE BASIS.

It is natural that the discussion carried on in the columns of the daily press, with a view to remedying the evils arising from the recent steady contraction of National bank circulation, should be fruitful in suggestions of immediate, if temporary rather than permanent and well-considered methods of relief. Prevention is better than cure, but when cure is necessary, preventive measures are not apt to be first considered. It is not surprising, under the circumstances, that the abolition of the tax of one per centum on National bank circulation, and the substitution of the market value for the par value of the bonds on which that circulation is based, as the measure of its volume, should be more generally urged than the adoption of any other form of security for circulation, in anticipation that the outstanding volume of United States bonds will be paid off in the near future. The decline in average commercial values has tended to make the gradual contraction of circulation less severely felt by the business community, and a sudden upward turn in the prices of leading American staples, followed by a continued advance, would make the consideration of legislative makeshifts even more important.

Hence there is danger that the propriety of reducing the National debt, whenever other things are equal, will be obscured or entirely forgotten. There is already considerable antagonism to the idea that this generation should bear the whole burden of paying the debt incurred in preserving the Union for future generations, and there is no general disposition to question the expediency of reducing the surplus revenue in order to relieve our people of a portion of this burden in the shape of taxes that can safely be abolished. But the claim that a National debt should be maintained perpetually to furnish the basis for circulation issued under the National banking system, is one which the truest friends of that system would not see advanced without regret. They cannot fail to recognize the probability that demagogues would utilize such an argument for the abolition of the National banking system, whensoever an opportunity for making that argument effective should occur. The balance of power controlled by the intelligent citizens of the United States appreciates too highly the adaptiveness of National bank currency to the demands of the people at all times, to permit its overthrow by anything like a sudden freak of partisan hostility to it. No such institution can be abolished, except by gradually educating the public up to the idea, and nothing less than such a claim as that the nation should be forever in debt for its sake is likely to prove the medium for administering the first lesson in such a process of education. The National banks have become firmly rooted in the esteem of most of those who remember the inconveniences of State banking, and the present generation takes them as such a matter of course that a revolution in public opinion would be necessary before the occasional threats of rural or frontier congressmen against them could be carried into effect.

Many of our conservative citizens are opposed to any phase of paternal government as unrepublican, and will not countenance the idea that the nation should keep several hundred millions of its debt outstanding in order to give the people safe investments, either directly in Government bonds, or indirectly in National bank stock. Many of them favor the abolition of internal revenue, and some of them the abolition of revenue from customs duties. Inasmuch as debt reduction depends upon surplus revenue, and the need of revenue is too variable to be safely calculated far ahead, it would seem preferable that the National banks should be freed from dependence upon changes in the nature and volume of the Government's outstanding liabilities. Experience teaches that such changes are attended with considerable inconvenience to the banks themselves. Now if it can be shown that the National banking system is not necessarily dependent for its existence upon the maintenance of a National debt, the way will be clear for the formulation, at the proper time, of some equally simple and safe method of securing National bank notes, to the perpetuity of which there can be no reasonable objection.

In order to effect this demonstration it is necessary to analyze the feeling of confidence which makes a National bank note as universally and promptly acceptable as coin or greenbacks. If we seek to trace this feeling of confidence to its true source, we will find it generally admitted that it is due somehow to the National feature of this form of currency. Now this vague and ignorant worship of an unknown supremacy need but be studied attentively in order to be explained to the worshipers. It arises either from the fact that the note is secured by United States bonds, or from the fact that this security is deposited with a responsible bureau of one of the departments of the Government, and surrounded by a network of legal restrictions which render it well nigh impossible for the holder of the note to lose anything, so perfect is the provision for its collection in every possible event. Let us, without prejudice, assume for the sake of argument that the regulations for the protection of the note holder are of minor importance, and that the real value of the note is due to its being secured by a deposit of Government bonds. Would it answer just as well if the National banks of New York City deposited their bonds with one of the great trust companies, or if each bank deposited the bonds securing its circulation in the Treasury of the State in which it is located? It is hardly possible to overestimate the emphasis with which a proposition to deposit the bonds thus, instead of in the Treasury Department at Washington, would be condemned in every quarter. The inference from this supposititious alternative is certainly that while a National bank note derives some value from being secured by Government bonds, as indeed any form of loan would derive from the unexceptionable character of its collateral in such an event, it acquires far more of its acceptability and worth from the fact that the United States Government is the agency for the enforcement of its collection. The mere circumstance that an interest-bearing form of Government indebtedness is employed to secure the note, is only an incidental feature of the nation's responsibility for the solvency of the bank issuing that note, so far as the holder is concerned. Thus an examination of the first alternative drives us to the second: if the note does not owe its instantaneous acceptability to the fact that it is secured by Government bonds, it must owe it to the fact that the security is deposited with the Government itself, and that the Government is responsible for the proper disposition thereof.

Let us assume this in turn for the sake of argument. If it be true, we would naturally expect every plan suggesting a substitute form of security for bank notes, to contain some such provisions as those now in existence for bank examination and ultimate liquidation under the supervision of a central bureau. A mere glance at the principal substitutes suggested is enough to convince us that the desirability of retaining this feature is universally recognized. No one of these schemes, whether proposing State bonds, or foreign bonds, or municipal corporation bonds, or real estate mortgages, or railroad first mortgages, as a proper security for deposit as a basis for bank circulation, fails to insist that the Treasury Department at Washington shall be the depositary, and shall retain its existing authority to enforce the rights of the note holder to the extent of one hundred cents on the dollar. That all these plans are defective has been pointed out by Secretary of the Treasury Folger, but he had no immediate occasion in his annual report to call attention to the one general principle which may be recognized as underlying all of them. What we learn from them is that which is common to all. National regulation under a carefully adjusted system of checks and balances is the one essential, embodied in all, and it becomes clear from the perusal of Secretary Folger's report that these plans are most defective in proportion as they would make that essential hard to realize. The facts that the nation has no voice in determining the duration of foreign, State, municipal or railroad bonds; that in many other respects they would be beyond its control, and that it would be impossible to equalize their value or that of real estate mortgages by a National guarantee, without making dangerous strides towards centralization, and necessitating a vastly increased complexity and liability to corruption in the civil service, are objections which appear to President Arthur and Secretary Folger to be insuperable. The adoption of such plans would make it far easier to sacrifice than to retain the nature of the National control at present exercised over this portion of our currency. That control would either slacken to such an extent as would impair the confidence felt in the security of the notes, or it would be converted into the only form of supreme control practicable on such a vast scale as would be required, a vast system of machinery that would succeed in the evil of subordinating the States to a condition of hopeless dependency upon the nation, while it would fail in the attempt to retain any accessible form of responsibility over such an enormous field of operations. The existing laws for the government of the Comptroller of the Currency constitute a happy medium between such financial anarchy as prevailed under the old State bank system, and such liability to evade any efficient harmonious control as would be inevitable under the new systems proposed.

It may be argued that it is the combination of National supervision with the employment of certificates of National debt as security, rather than any element of value, however great, residing in either member of that combination, which makes the character of the National bank note what it is; but is it not plain that the general principle itself is bound up in the former feature, while the latter is only a particular application of this general principle, and might conceivably be replaced by some other application of it, provided the principle itself remained dominant throughout?

We find, then, on every hand, that we are forced to the conclusion that the Government is most useful to the system of National bank currency as a *solvency insurance agency*, rather than as a debtor. Whether we consider the probable result of its remaining a debtor without continuing to act as a solvency insurance agency, or whether we examine the tentative schemes advocated for making it a solvency insurance agency without being a debtor, the result is the same, and the schemes are only objected to because they are alike incapable of realizing the perfection of the idea of solvency insurance. If the friends of the National banking system wish to see it perpetuated, they must consider the conditions likely to prevail decades hence, when the country will be much more thickly populated and developed than now, and its needs of currency multiplied in proportion. Not only is any plan requiring increased complexity of the machinery of the system not to be thought of, but every new plan, and even every new suggestion for the incidental improvement of an old plan, should, whenever possible, tend to simplify its operations. Otherwise the National banking system will not increase its usefulness abreast of the growth of the Republic. If responsibility becomes elusive, confidence will disappear with it.

An important element in the simplicity of the present National banking system is the fact that there are only two parties to the contract established when a banking corporation accepts the provisions of the United States laws. It is desirable that the number of parties be retained at the minimum, The existence of debt for which a given party is responsible, if that party is controlled by principles of equity, has a binding force which is entitled to a place in the catalogue of elements of value in the system which we are considering. The danger that certain advantages will be forfeited if that debt is not made good, adds to the cohesiveness of a contract involving the transfer of documentary evidence thereof. If we analyze the application of this truth to the virtual contract between the United States Government and any given National bank, we find that it is the bank, and not the Government, that is primarily held in check by the transfer of evidence of indebtedness, though it is the Government's and not the bank's indebtedness. It is not too much to say that the good faith of the Government is the only thing to prevent the destruction of the Government bonds held to secure National bank circulation, as many a dishonest individual debtor would destroy the evidences of his debts if he once got them in his possession, even with the certainty of being punished, or at any rate looked upon as a thief. There is no such certainty that the Government would be punished, or even found out. It is conceivable that the Government should destroy its own bonds held by it as trustee for its creditors; it is conceivable that the courts in which those creditors would seek redress would be so corrupted—bench and jury, panel and witness box alike—that nothing could be proved against the dishonest officials in question. It is impossible to contemplate such a happily remote possibility of National degradation without a shudder, but we may learn a lesson from it. And that lesson is, that not only is the supposed indispensableness of Government bonds to National bank circulation without foundation, but that it is a fetish, deference to which obscures the real merits of the question, and that in the event of decay in the morals of the Government, it is not one whit safer than any other form of good security that could be substituted under the same regulations, if, indeed, it would not offer an additional temptation, under certain circumstances, to the demoralization so much to be dreaded.

A closer scrutiny of the arrangement between the two parties to the virtual contract reveals the solution of the problem. As a matter of fact, the bank is the real debtor, and the Government's attitude as a debtor is only incidental. We have seen that the bank is subject to the only restraint that inheres in this special arrangement, the Government being only controlled by the general necessity of inspiring respect, if it is to maintain its authority over a nation that insists on honest administration of its affairs. The National bank note is simply a collateral trust loan of the highest rank; the bank is the real borrower, and the Government is only the trustee. Give the trustee all the legal authority necessary for realizing on the collateral deposited, and within certain limits it is not of supreme importance what the collateral is. In the case before us the "legal authority for realizing on the collateral deposited" may be made comprehensive enough at pleasure to give the collateral the first-rate character which it undoubtedly requires. The "certain limits" may be strictly observed. Now, if the Government is the trustee and solvency insurance agency, if the bank is the real debtor, if it is desirable to retain the simplicity due to the fact that the number of parties to the arrangement is the minimum; and if, withal, a new security is wanted as a substitute for Government debt as a basis for the bank's notes, the solution of the problem fairly forces itself upon us. Let the bank be the apparent debtor as well as the real debtor. Secure the notes by certificates of the bank's indebtedness.

Certificates of a corporation's indebtedness are either redeemable or irredeemable. In the latter event they are generally issued as certificates of the capital stock, and the laws and principles governing their creation are almost daily becoming more clearly defined by the decisions of the courts. The irredeemable feature of a security is just what is sought for when the perpetual employment of that security is in contemplation. It would seem incredible if we were told that so simple and obvious a series of conclusions, pointing almost spontaneously to a definite idea, had not resulted in the promulgation of at least one plan for the deposit of National bank stock with the Government as security for circulation. and in the system suggested in the forty-seventh Congress, by Hon. Abram S. Hewitt, may be found at least a base of operations for the banking community in elaborating this idea. Retaining the present machinery of supervision by the Comptroller of the Currency and by examiners of his appointment, and providing for the redemption fund and the reserve fund, Mr. Hewitt proposed that each bank be entitled to issue notes to the amount of ninety per cent. of its paid up capital, said notes to be a lien upon the liability of the stockholders for one hundred per cent., in addition to the paid up capital of the bank, as well as upon the assets; that the banks, as a whole, guarantee the circulation of each individual bank, and pay into the Treasury of the United States a coin reserve of ten per cent. of their capital for the immediate redemption of the notes of a failed bank. The amount drawn from this reserve would be replaced at once by assessing the banks, and the assessment would subsequently be refunded when the affairs of the broken bank were wound up. In other words, a bank with a paid up capital of $ 1,000,000 should have a nominal capital of $ 2,000,000, and be entitled to issue $ 900,000 circulation. If it desired more capital it would of course increase its nominal capital by double the amount of additional paid up capital required. The unpaid half of the nominal capital would be represented by stock certificates deposited with the Comptroller of the Currency, who should retain possession of them under laws providing that the payment of that stock should only be called in the event of its being required to protect the notes.

The total extinction of the National debt has been generally regarded as so remote that a form of plan to be adopted only in the event of steady progress toward the realization of that policy has not attracted a great deal of attention. There has been very little opportunity for judging of the impression made by Mr. Hewitt's suggestions, so it is not easy to forecast the modifications which it will be likely to undergo when the legislation embodying its general features shall be in process of incubation. Should that time ever arrive the details could no doubt be brought into harmony with the simplicity and equity of the principles embodied, by free discussion at bankers' conventions, and by conferences of representative financiers with the Treasury officials and the Banking and Currency Committee of Congress. KEMPER BOCOCK.

ARGENTINE REPUBLIC.

The Argentine Republic has 800,000,000 acres of arable land, most of it treeless pampas, which, like a large part of our own prairies, were considered desert lands until tree belts and the plough proved the contrary. Only 2,000,000 acres are as yet under cultivation, barely one-twentieth of the acreage under wheat in this country; but from this limited area the Argentine Republic exports 10,000,000 bushels of wheat and 5,000,000 bushels of corn, in one case a fifteenth and in the other a tenth of our own average exports. Five years ago the Republic had only 1,000,000 bushels of wheat for export; but, like the supply from India, the export surplus of Buenos Ayres has increased by doubling each year. Ten years ago, when the production of grain in this country began the marvellous expansion which has been the basis of our subsequent prosperity, our wheat fields were almost alone in the advance. It is now shared by others, and the experience of the last five years indicates that there are in India, Australia, New Zealand, the Argentine Republic and Egypt, territory ready for cultivation, which, in five years more, will be duplicating our present export surplus and at somewhat below our price. The fact cannot be overlooked in considering the future.—*Philadelphia Press.*

BANKING—ITS PROGRESS AND DEVELOPMENT.

Our readers will appreciate the following extracts from a very interesting lecture by Mr. George Hague, General Manager of the Merchants' Bank of Canada, delivered recently in Association Hall, Montreal. The lecture is entitled "The Banking Interests of Canada; their Progress and Development," and gives an admirable history of the Canadian banks and of their system. We regret that our space does not admit a larger extract:

As a community progresses in civilization there gradually arise two distinct classes of persons in it. The one consists of the active, the bold, and the enterprising, who are ready to undertake new operations, push out into new regions, run the risks and chances of business, and take the lead in the projects which are the sign of progress and growth in the community. With that class, enterprise predominates over caution, though caution is by no means wanting. The other class are those who are more cautious than enterprising, who are, indeed, so careful of their savings as to be unwilling to risk their money in business enterprises. They prefer either to take care of it themselves, in an old stocking or cupboard, or to entrust it to some reliable person to take care of it for them. These two classes prevail, with more or less distinctness, in every civilized community. Between the two, in process of time, arises another class entirely distinct from both, yet having characteristics common to each. The person who stands between these two classes is the banker. And the perfect banker has caution and enterprise in exact equipoise. Primarily, the banker is a trusty and responsible individual, who acquires the confidence of the community from his prudent habits, solid character and known wealth. The latter has invariably been regarded as a necessary attribute of a good banker, it being manifest that the person who takes charge of other people's money should have shown some capacity to take care of his own.

A banker, then, in the origin of things, is a person who is entrusted with the care of other people's money. For many ages, long before the dawn of our present civilization, this function was in vogue, and in the days of the Roman Empire it was systematized to such a degree that we find a pertinent reference to it in our New Testament Scripture: When the unfaithful custodian of the one talent was reproached for his neglect, he was asked why he did not take the money to the bank, that his master, at his coming, might receive not only his money, but the interest on it. The function of taking care of other people's money, however, is not so simple as many might suppose. There was, indeed, a bank organized some years ago in Washington, U. S., in which, at the first meeting of the directors, the president propounded an original plan with regard to deposits. "I suppose," he said, "we shall have depositors coming with their money. Now, in order to take proper care of it, I propose that we put each man's money into a separate compartment of a wallet, so that when he wants the money it will be there at his disposal." The worthy gentleman did not inform his co-directors how the bank was to make any *profit* on the money stowed away in the wallet. If the bank had been conducted on that principle, another primitive and not irrational idea would have come into force—namely, that instead of the bank allowing interest on the money, the customer would pay the bank a good round sum for taking care of it. Banking, however, has never been carried on, even in primitive times, in this fashion. When bankers have received money to take care of, or on deposit, as it is called, they have always been expected to allow interest upon that portion of it which was left for a stated period or on certain notice. Hence came the necessity on their part to make interest themselves by employing the money in some form or other. This necessity for making interest on the money deposited with him brings the banker into contact with the other class of the community—namely, those who are carrying on business of various descriptions. This class of persons, with varied degrees of responsibility, require, as a rule, more money than they have of their own. In other words, they require to borrow. If they sell goods on credit they are apt to ask for some promises in writing from their customers to pay for these goods on a certain day; in other words, to give them promissory notes, or their acceptance, as it is called, of an order to that effect. For such promises to pay, or acceptances, from sound and reliable people, a banker is always willing to give money at a price agreed on. Thus, then, they become customers or clients of the bank, in exactly the opposite sense to the other class. The one class are constantly and quietly saving money and entrusting it to a banker to take care of. The other class, although they may have considerable capital of their own, find themselves so urged along by an enterprising spirit as to be under the necessity of borrowing money from one who is the dispenser either of his own or another's. The banker's business is to study the character and requirements of both classes of his customers. With the class of depositors he has to study how long their money is likely to remain; for much of the money he has on deposit is expressly left on the condition of being paid when called for. He gives his customers what are called checks, which are simply orders to pay out their money without the slightest notice; and he holds himself ready to pay these checks across his counter at any time—an onerous obligation, indeed, which he fulfills at the peril of his business. He must, therefore, perforce, master the conditions of this branch of his business, and be able to calculate with reasonable assurance what demands are likely to be made upon him, from time to time, and what amount of money he should keep on hand in order to be able to satisfy them; for such demands must be satisfied on the instant. If the banker were to say to the holder of a check, "Call to-morrow and I will pay you," he would have to close his office, even if he were as rich as Crœsus. This is no theory; it has been proved by experience. An accurate understanding, therefore, of this point is of the very essence of banking. It is obvious that if a banker receives from sundry persons—let us say $100,000 in various sums, for which he is liable to be called upon at various times—it would be the height of imprudence for him to lend the whole $100,000 to one person for a period of twelve months, no matter though the borrower were as solid and stable as a Rothschild. For, in this case, you will perceive, when the depositors from time to time called for their money he would have none to give them until the end of the year. Their money would be safe enough, but he would have demonstrated his utter unfitness to be a banker. His "usefulness" would be "gone," and his "occupation" would go too. But the other branch of the banker's knowledge is a far more difficult one than this—namely, how to deal with the men of business who come to borrow his money, and of whom there are almost infinite varieties. This is a branch of banking which demands many years of trained experience. A banker, in order to lend his money safely, requires to have a general acquaintance with the branches of business that are carried on in the community in which he lives; not a technical, but what may be called a financial acquaintance. He should know constantly, and in various conditions of the markets of his own country or the world, whether these branches of business, or any of them, are in a prosperous condition or otherwise. This is the first point. Then he should know the men themselves. "The proper study of mankind is man," said Pope. To no one does this apply more forcibly than to a banker. He should know what amount of money his customers have of their own. If they are wise they will tell him honestly, whether it is much or little. It never "pays" in the end, depend on it, to deceive your banker. He should be such a good judge of character as to tell whether a man's word can be trusted, and his promises relied on—in short, whether his customer is honest. He has to consider, too, whether his customer is prudent or rash; whether he understands the business he is carrying on, or otherwise; whether he is a new man in the trade, or has had long experience; whether he has ever failed, and, if so, under what circumstances. In discriminating, one of the nicest points for a banker is to understand exactly when enterprise becomes rashness, and when legitimate trade, with reasonable risks, becomes daring speculation. A banker, in dealing with his borrowers, has, in fact, constantly to take the measure of men. It will be evident that in handling large sums of money belonging to the cautious and prudent who have entrusted it to his custody, he is bound to exercise all possible care in lending it in his turn. Otherwise he will be in danger of losing, not only his own money, but theirs. In the large and numerous class of borrowers every variety of the enterprising and speculative element is to be found. There are men who have little to lose of their own, but who are willing to lose hundreds of thousands of dollars of the money of other men if they can borrow it. There is the man with a new project, who is fully persuaded that there are "millions in it," who importunes the banker to assist him by risking the money at his command, without, however, promising the banker aforesaid any share in the millions aforesaid. There are numbers of transactions offered to a banker on the principle of "heads I win, tails you lose." On the other hand, there are men who are just as cautious in taking credit as a banker is in giving it—who would never, on any consideration, borrow what they could not repay at the time promised. The men who are as prudent as they are honest and enterprising—these are the banker's choicest customers. This is, then, his position; he is the middleman, so to speak. With one hand he receives the money of the cautious; with the other he dispenses to the enterprising. If he deals wisely he may do well for himself, after rendering to both of them the greatest possible service, enabling employment to be given to thousands, and developing the resources of his district.

There is another function of the banker which very naturally falls to his lot in connection with the other two. In the operations of commerce money requires constantly to be transferred from place to place and from country to country. Bankers naturally correspond with men of their own class. They generally know one another, and are willing to be of mutual service to each other, and perform the function of transferring money from place to place by such correspondences. The operations of merchandise cause money to accumulate in the great centers of trade and commerce, such as London and New York, or, in a much smaller degree, Montreal. Bankers receive money at one point and agree to transfer it to any other point, by means of correspondents at leading centers and all who are in correspondence with them. There are few more useful functions than this. I have spoken of the banker, so far, as if he were wholly and constantly a private individual. And this, in truth, was the early form in which banking business was done. The individual generally developed into the banking firm or partnership, the different branches of the business being attended to by different partners. These firms gradually acquired more of public confidence as their aptitude and wealth increased, and so their business went on, sometimes for generation after generation. New men came in who had been thoroughly trained to the business in the banking house, generally sons of partners who entered the office on the same terms as the lowest clerk, and worked their way up through all the grades until they became the heads of the firm. Such firms as these were, until a comparatively recent period, the only bankers known in England, with the solitary exception of that great joint-stock corporation, of world-wide fame, the Bank of England. It is a striking instance of the persistence, steadiness and continuity with which business operations are carried on in England, that some of these firms of bankers have continued in the same business with unbroken succession for over 200 years, such as the house of Childs & Co., who were bankers in the reign of Charles II, and are bankers in full and active career in the reign of our good Queen Victoria. In their unbroken continuity they set us, the men of this Continent, I venture to say, a very good example. Some fifty years ago, however, a number of these private bankers in England conducted their business imprudently, lent their money incautiously, were overwhelmed with disaster, and fell, to the great loss of their depositors. This led, after a year or two, to the incorporation of joint-stock companies for banking purposes, each shareholder in which was liable for the whole amount of his means for all the debts of the institution. These joint-stock banks are now becoming universal in England. Such a thing as a new private banking firm is almost unknown.

In Scotland, however, joint-stock banking has prevailed almost from the first. There the business of banking has, for many generations, been carried on by great corporations having their headquarters in Edinburgh, Glasgow, or Aberdeen, which opened offices for the deposit of money and granting of loans in the cities and towns, not only of their own district, but of all parts of the country. Thus, travel where you will in Scotland, if you come to a town you will be sure to find an office of the Bank of Scotland, or the Royal Bank, or the British Linen Company, or the Clydesdale Bank.

These little offices receive deposits, and the whole wealth of the great corporation is liable for the smallest sum. The enterprising and active men of business of the town find that they have the means and resources of a great bank placed at their disposal, and, provided they give satisfactory security, the amount may be far larger than could possibly be placed at their command by any local banker. These institutions, with one or two striking exceptions, have been so uniformly well managed during the course of one hundred and fifty years or more, that to the minds of Scotchmen they are the very types of strength and security, and deservedly so. The men who manage these corporations have made themselves thorough masters of the two branches of the science of banking before referred to. They have accumulated a body of rules and traditions, which, of themselves, would be a fortune to any one who were entering upon the business for the first time. Much of this has been transmitted to Canada, and is embodied in our banking methods. The banking of Ireland has been conducted very largely on a similar model, and with as uniform a success. But it is time, you will think, that something is said now about banking in Canada. It can be understood how it has come to pass that, to a large extent, banking in Canada has followed the models of Scotland and Ireland rather than of England. A large part of the commerce of early Canada was in the hands of men from Scotland, or the north of Ireland. When the need of banking first began to be developed it was therefore natural that these men should cast about and endeavor to establish institutions on the model of those they were familiar with. The joint-stock form of banking, in fact, was the only one possible in those days. The first banks were of course in Quebec and Montreal. . . . . . .

Few persons in America, at least, have any idea of the extent of the operations of one of the great joint-stock banks of Canada. The Bank of Montreal has its central board of directors and principal management in Montreal, and does, as may be imagined, the leading business of the city from which it takes its name. But if you travel all the way to Halifax, more than 800 miles further to the east, you will find a substantial office, with a manager and clerks all prepared to do your business, no matter what it is, of a banking character, and there all the powers and responsibilities of the great bank are exercised just as much as at home. The same is true of the commercial center of New Brunswick, St. John, of the City of Quebec, of Ottawa, of Toronto, Hamilton, and London, and of the new and extraordinary capital of our north-west provinces, besides a number of smaller places. In every one of these places all the responsibilities in the bank are exercised, and, if needful, all its resources and credit are at the disposal of the man of business. This is a sufficiently wide field, one would suppose, to be supervised from one center, but if you travel beyond the bounds of Canada to the great financial center of the Continent, you will find the bank there too. If you go to the bustling capital of the Western States you will find it there, and if you cross the Atlantic Ocean to the great central city of the wide world, London, you will find it there also. Now, this is a type and example of the other great banks of the country, and some of the smaller ones too. It is not only the Bank of Montreal, but the Canadian Bank of Commerce, the Merchants' Bank of Canada, and the Bank of British North America who are to be found, not only in Montreal, Toronto and Quebec, and other centers of Canadian business, but most of them, New York and London also. I have been often asked by American bankers, whose whole business is conducted in one office, how it is possible to manage such a widely diversified business as this. I have replied that the secret is to be found in one word —organization. . . . .

CIRCULATION.

The banks of Canada, from the beginning, have had the privilege of circulating their own notes, and the only bills—as they were called—of Canada, up to about fifteen years ago, were the bills issued by the banks. These bills, like all other engagements of the Canadian banks, have always been payable in gold or its equivalent, and they are not only *payable*, but *paid*, during every day in the course of the exchanges, as they are called, viz., the demands made by bankers upon one another. This process is called "redemption," and redemption in gold, in the judgment of all practical financiers, though not of all theorizers, is the only efficient and permanent check to the over-issue of notes. Nothing is easier than for notes to be issued. Nothing is more difficult than to maintain constant redemption. The latter is perhaps the highest development of the modern science of banking. Promissory notes payable on demand are presented for payment every day at all points by other banks. The function of the banker is to ascertain with approximate accuracy what amount of bills is likely to be presented for payment at any one time. That the banks of Canada have mastered this branch of their business is evident from the fact that, compared with the hundreds of millions of notes that have been issued from time to time, the amount that have ultimately failed of redemption is a mere fraction of a fraction, Even when banks have closed their doors, temporarily or permanently, their bills have generally maintained their value, or fallen only to a slight discount until finally paid. The exceptions have been insignificant. . . . .

BANK FAILURES.

These, fortunately, have been very few compared with banking failures in the United States or England during the same period, viz., during the last sixty-five years. But it is well to dwell upon them for a time, as they convey lessons which other bankers would find profit in taking heed to. Putting aside the break down of a few small and ephemeral institutions, the first great failure which is to be chronicled in the country is that of the Bank of Upper Canada. This failure was a somewhat typical one, and it is well worth studying. It arose from several causes acting concurrently. In the first place the bank locked up, as it is called, a very large amount of money in advances on land, mills, factories and ships—all which advances were contrary to sound banking rules and principles. A banker's money should never rest on real estate or fixed property. If he lends money to a manufacturer, this money should rest on raw material or manufactured goods, and by no means on the factory itself. If to a lumberer, the banker should have lumber in sight to repay his advances, but never lend to build the sawmill. This general principle should be followed out with all a banker's loans and discounts. When a bank departs from this, it may find its money utterly beyond its reach at a time when it was wanted. It may have any number of houses, farms, mills, factories and ships, but these are not salable articles like merchandise. The selling of merchandise is an everyday occurrence. Before mills are sold the owner is generally bankrupt. And the fact that the owner is bankrupt depreciates the value of his property. . . . .

Of bank failures in this city in recent years I feel greater delicacy in speaking. I may say, in a word, that they arose by no accident or bad luck, but were the natural results of the plainest violation of the rules of sound banking and even of the principles of common sense. They arose, in fact, from the perpetration of follies and frauds, which would have been deemed incredible if read in the pages of fiction.

CONCLUSION.

There are probably in my audience some bankers' clerks who are learning their profession. There are probably others also who have dealings with banks and bankers, and who may be interested in knowing the kind of men with whom they deal. A good bank clerk is one who being thoroughly trustworthy, has a natural aptitude for figures, who is ready of hand and quick of eye, who can handle money neatly and expeditiously and see in an instant whether what he handles is good or otherwise. A first rate teller will detect a forged note or spurious coin by its very touch, even while he is handling thousands. Those who handle cheques must acquire a rapid power of observing signatures, and be able to detect in an instant any attempt at fraud or forgery. A good clerk must combine correctness and rapidity. A large banking office is like a complicated piece of machinery. A slow man in it puts everything out of gear, and so equally does an incorrect man. I need not tell you that in a bank slovenliness and incorrectness are unpardonable sins. Cash must be balanced to a cent, so must books, no matter how numerous and complicated the entries. I have spent months at a time in hunting for differences of a few shillings, and though the work was hard the discipline was salutary. If errors are permitted to creep in, they grow with astonishing rapidity. A good bank clerk, too, must understand the nature of the instruments he deals with, viz., cheques, bills, drafts, receipts, and such like. As he grows older he should learn enough of the law with respect to these things to be able to tell whether the documents that pass through his hands are legal or not. Thus commencing at very small beginnings and rising into habits of promptitude and accuracy, he will gradually have more and more of responsibility placed upon him, until he rises to the highest post of a banking establishment. The training he has undergone, if he has thoroughly submitted to it, will last him as long as he lives. Clerks who have to deal with the public must learn to be courteous and patient. A crowded counter is a severe test of a man's nerve. There are unreasonable and foolish people who would try the temper even of a saint. A good bank officer will, however, learn to meet unreasonableness with patience, and disarm folly by courtesy. But there is as much difference between a bank clerk, however high his position, and a banker, as there is between a lawyer's clerk and a lawyer. Some first-rate accountants and tellers would be utterly unfit to entrust with the responsibility of management. The person who has this responsibility is not a head clerk or accountant, but a banker. What sort of a person, then, must he be? He cannot be a good banker unless he has gone through the preliminary training that has been spoken of. There are no heaven-born geniuses in this business. A man can no more manage a bank without having gone through the grades than a man could command ship without having first been a sailor. If any other person is put in charge of a banking-office he finds himself in a sphere of which he knows nothing, and in which it is impossible for him to act with intelligence. A good banker will learn that one of the fundamental axioms of his trade is that favor and benevolence have nothing whatever to do with it. We have a mischievous term in Canada, utterly foreign to the true idea of the business, and which, when carried into practice, has led to untold evils, viz., the term "accommodation." A banker has no business to grant favors or accommodation. He ought not to be asked for it. The discounting of bills and the granting of loans as between a banker and his customers should never be put on the ground of favor, but of simple *business*. It has been well observed that strict justice and the punctual performance of contracts, and not benevolence, are the foundation of a banker's business. There may undoubtedly be a time when in dealing with an honest but unfortunate debtor the element of goodwill or benevolence may claim consideration; but at the outset of a transaction nothing should be allowed to interfere with purely business considerations. A banker, like his clerk, should be courteous and patient. He has great varieties of people to deal with, and must learn how to do business with them all. He must be a man of his word, setting an example in that respect to those who deal with him. As a good clerk is quick and observant of signatures and names, a banker will be equally quick and observant with regard to the realities that lie beneath them. He should be able to tell a good transaction, a good loan, a good bill, the moment he sees it. By dealing with men he will soon come to be equally quick in discerning them. A banker ought to know the theory of his profession. He should be firm and able to say, "No." A good-natured and yielding banker is an enemy to his stockholders, and no friend to his customers. Many a customer has been ruined by having a good-natured bank or banker to deal with. A man of greater firmness would have refused him the money which he has spent to his destruction. A banker will have an eye not only on his customers but on his clerks. He will notice the men, their capacity, or the want of it, and they will soon perceive that the master's eye is upon them. The capable will be stimulated to do their best, the incapable he will weed out. Passing finally in a few words to those who have the government and supervision not only of a single office but of the whole complicated machinery of a bank, their functions might almost be summed up in one word, viz., the science of knowing men. The Board of Directors has the sole responsibility (and it is the highest possible responsibility that can be exercised in banking) of choosing their chief officer. A mistake here is fatal. Directors are not generally bankers by profession; but they should be men of business, and able to tell whether men are fit for a high banking position or not. They are recreant to their responsibility if they allow the elements of favor or friendship to have an influence in this all-important matter. Directors in regard to other appointments have a right to look for information and recommendation, supported by good reasons, from their chief executive officer. But in appointing or selecting him, they stand alone. One observation on this subject may be ventured upon. It is the height of folly to appoint any but a *tried* man to such a responsible position. The interests at stake are too important, the consequences of mistake are too serious, to permit of experiments being attempted with men who have not been proved. A good speaker was once asked what were the primary attributes of a good orator. He replied, "In the first place, action; in the second place, action; in the third place, action." So with regard to banking. If I were asked what were the primary conditions of success in joint-stock banking, and what ought largely to engage the attention of the Board of Directors, I would reply, "In the first place, get good men; in the second place, get good men; in the third place, get good men." An infallible man would be cheap at $50,000 a year. But he, alas! is not to be had at any price. Good men, of proved capacity, however, are to be had when the need arises for them. Not that the responsibility of a board is ended by the mere choice. Their responsibility is too clearly defined by Act of Parliament to permit such a dream to be indulged. But with a man of experience, probity and intelligence, a Board of Directors will find it easy to co-operate for the furtherance of the prosperity of the bank. With a man of opposite character, they may exercise all the supervision possible and yet be duped to the ruin of the institution unless, indeed, they divide the duties of manager, accountant and teller amongst themselves, and work steadily in the bank for eight hours per day.

BANKING IN FRANCE.*

V.

I have said but little, and that little only incidentally, of private banking, nor have I any occasion to go into particulars now, as their importance in the financial fabric will sufficiently appear in what there remains for me to say, in winding up this paper, viz., as to the proximate future of banking in France, and its extended use by the community. I shall hardly be considered to venture upon the proverbially uncertain ground of prophecy in saying that this future points to the continued onward march of joint-stock banking. Not, indeed, that the powerful private firms have declined in eminence. Nevertheless, while they still play a preponderating part in financial combinations, while the enormous wealth and sustained experience they possess ensure a continuance of their influence, there are evident reasons for their number not increasing, and some latent causes for its eventual gradual reduction. Not only does share enterprise afford, to men gifted with the genius of managing large masses of capital, a permanently ready and a rapid means of arriving at the control of such, which does not appertain to the accumulation of private riches through two or three generations of a single name; but it also enables moneyed men to divide their risks. Moreover, the proprietary of a joint-stock company has nothing to apprehend from mere changes in the ownership of its shares; on the contrary, its very constitution provides for them: shareholders change, capital remains. No death of the partners need bring about withdrawal of funds, a reduction of importance and ultimate disappearance, leaving a void not necessarily filled up, in the case of private firms, by some other new private firm.

Nevertheless, provincial private bankers do, indeed, and far more than their Parisian *confrères*, still retain a very large share of the ordinary business of their localities, At the same time, none of them will rank with the Paris "Haute Banque," nor would they attempt the same range of operations. Then again, many are really "commandite" firms, and therefore semi-public, semi-private establishments. The hold which they have on local custom rests, in a great measure, on tradition. Banking accounts have been kept

* A paper read before the Institute of Bankers, London, by Henry Chevassus. Continued rom our April number.

there from father to son. They have a closer insight into the private affairs of their *clientèle*, to whom they are often connected by family ties; thus being able to allow blank credits or obtain roundabout security for advances, from relatives or business friends, in cases where public banks would be precluded from similar action, out of obedience to the general rules of prudence, or even of business etiquette, by which they must in the main be guided. Here also, however, as the circle of local commerce strikes a wider radius, and the necessity for adjusting numerous accounts in opposite quarters of the country, or even abroad, makes itself felt, so does the advantage become more appreciated, of having at hand the means of doing so, which the machinery of public banks so readily offers. It is only fair to mention the existence of a certain number of local public banking institutions which have sprung up, and obtain a certain quantum of business, with capitals ranging from a few millions of francs to ten, fifteen, or twenty millions. Their action, however, is scarcely felt outside their immediate districts.

With regard to the extent to which the community generally shows an increasing disposition to avail itself of the banking facilities placed within its reach, it is best brought out, if we examine what has been in the past, the notion of a banking account, entertained by an average French man of business, and how far it has undergone, or is undergoing modification. A banking account was, primarily, looked upon as a means of collecting bills on distant customers, and only subsidiarily as a source of discount; the old-fashioned trader preferring to limit his turnover to the bare capacity of his capital, and such unquestioned credit as his reputation for integrity could command. Not that this credit did not give rise to bills drawn upon himself, just as the credit he gave furnished matter for drawing bills upon others. Quite the contrary (I may recall here the figures, previously given, as to the number of bills dealt with at the Bank of France last year), the universal business practice was, and persists in a great degree to the present day, of embodying every transaction in a bill of exchange, duly advised to the drawee as the counterpart of the invoice sent to him; the acknowledgment of such advice taking the place of acceptance of the bill itself, this latter formality being hardly ever looked for. The result of this arrangement, indeed, and more properly speaking, its leading idea, was that commercial book-keeping rested on a man's bill case, and on his invoice book. With these he could, at any moment, draw up his balance sheet. His bills were his assets; as occasion arose he could turn them out for endorsement to his connection, or make up the pick into a "bordereau," for discount at the hands of some correspondent, oft-times part trader, part banker. This mode of doing, taking together with the custom of French firms of keeping their own till and effecting their payments at their own counting houses, instead of domiciling them at their bankers, would seem enough to account for the slow progress for a long time made by deposit banking, were there not a cause for which we must look deeper, and of which these particular habits have been the immediate manifestations quite as much as ultimate cause themselves. This deeper cause is to be found in the slowly modified timorousness of middle-class capital; every one being anxious to have continually at hand some important portion of his means realized in cash, and of which he felt surer for having it under his own immediate watch and ward, than he could have got himself to feel had he entrusted it to third parties. As it is found, however, that neither foreign invasion nor civil disturbance prevents the steady growth and consolidation of commercial and financial institutions, a more robust sense of security comes uppermost, and deposit banking has, unquestionably, not only struck root, but thriven and gained in strength.

Under the old notion of a banking account, as here defined, it was not surprising that the book entries and statements of account, as between the banker and his customer, should give rise to a good deal of complication unknown to the marvelously simple system under which English banking accounts, even of the highest importance are written up. As the French banker did not reckon on a creditor balance being continuously kept with him, he had to recoup himself by charging a commission on the account. The account also always bore interest, and even where no difference in the rate was made between Dr. and Cr., the banker derived a profit by taking a day, or even several days to his advantage both ways; the fixing of values. *i. e.*, entering the dates on which interest on items begins to run, being always a keenly surveyed point in posting foreign banking accounts current.

With the growth of deposit banking, there is, however, nowadays, a remarkable tendency towards greater simplicity of dealing, although it might not so appear to an English observer visiting, for the first time, one of the French public banks. A vast central hall, suggestive of a covered exchange; all around it, windows, or more properly speaking, openings—*guichets*—into it from the inner offices; every now and again bustle, noise, and loud calls; people, many of them mere casual visitors, seated at tables in the centre of the hall, reading, writing, waiting or lounging; a numerous mixed staff of liveried messengers and assistants, besides the regular clerks; two or three policemen on duty; all combine to produce a somewhat distracting impression on a mind used to the more sober aspect of London banks. On the other hand, an unbiassed observer will soon discover that all this somewhat noisy bustle and seeming confusion is a mere outward accompaniment of a system of banking which places many and multifarious conveniences at the public disposal. He will find, in the first place, that he is enabled here, and by simply going from one *guichet* to another round the hall, to transact a much greater variety of business than he could do, under one roof, at any English establishment. In the next place, that the keeping of any accounts he may have to open with the bank need not necessarily be more complicated than in London. We have already seen that the Bank of France has largely got rid of mere paper formalities and surplusage; and as to all other establishments, public and private, competition has developed among them an unprejudiced disposition to consider every combination of commission or no commission, interest or no interest, advice or no advice, which any particular account may justify.

Lastly, and in looking at it "across the counter," operations in a French bank, their purely material aspect must be judged of in the light of what we have said, as to the maintenance of private tills, and the still obtaining practice of non-domiciliation at one's banker. This naturally involves the moving of hard cash to a much larger extent than would be otherwise required. As a consequence, both paying in and drawing out take a good deal of time. I have myself watched at a paying-in *guichet* the receiving of some 600,-000 or 700,000 francs in notes, gold and silver five-franc pieces, which took about half-an-hour before the counting of the notes, weighing of the rolls of gold and bags of silver, and checking the paying-in slip, were fairly done with.* I would not have you conclude that more expeditious paying methods have made no headway. The use of cheques, although as yet but little prevalent in private affairs, has been widely adopted commercially. Clearing, at first sight, appears to make but small progress; as witness the figures published of the Paris Clearing-house returns:

Highest year: 1881—frs. 4,312,000,000.

The year 1882 actually showing a small falling off from these figures.

To any one who knows that the London Clearing-house has, sometimes, dealt with such amounts in the course of a single week, the comparison would seem conclusive against French methods.

Let us take, however, the figures showing the transfers in account, effected by the Bank of France:

Highest year: 1881—frs. 45,451,886,900.

It should also be borne in mind that the French Stock Exchange effects its own clearing.† It will then be seen that considerable progress, on the contrary, has been achieved towards improved modes of making payments and adjusting balances, although not on the exact lines of London banks.

I will not, however, strain your attention, nor overburden this paper with any further details. The natural divisions into which my subject, as I conceived it, fell, have each had their share of my allotted space. It was an obvious course first to take cognizance of the circumstances amidst which modern French banking found its origin. I then endeavored to portray its actual state of full-grown development, and, concurrently and lastly, to show what hold it has taken among the economic habits of the nation.

I think I am justified in drawing from our inquiry the conclusion that the French banking system has not been behindhand with the legitimate requirements of the community. Nor have the men, to whose lot it has fallen to promote that system, neglected to study what existed in other countries, or been remiss in adapting it to their own, whenever it appeared that advantage would accrue, or that the surroundings would permit,

In any wise I am the less tempted to examine what additional practical conclusions or comparisons might be drawn, that I am addressing an audience of experts, to whose enlightened fairness I may safely leave this further task.

* The mass of mechanical work thus required to be got through, accounts for the staff of liveried attendants doing duty behind the counter of French public banks, beside the regular clerks. Where receiving and preparing cash may, and does on some days of the month, take up hours of continuous labor, it pays better to employ educated clerks in book-keeping entries, and leave the actual manual part to attendants.

Some of the banks have tried female clerks for special work. The Bank of France, in its note department, and also for coupons, etc., has a staff of two hundred such, and it is found that for trustworthiness, skillful handling and rapidity, they excel the "superior" sex.

† The Bank of France has latterly undertaken, to some extent experimentally as yet, the clearing of stock.

NETHERLANDS.—The Lower House of the Netherlands States-General has authorized the demonetization of 25,000,000 silver florins if necessary.

THE FRENCH LAW OF BILLS OF EXCHANGE.

We have received the first number of the *Anglo-French Mercantile Review*, a periodical which has been started by the British Chamber of Commerce in Paris, for the purpose of disseminating information on subjects of interest to those engaged in Anglo-French trade. Amongst the contents of this number is an article on the French Law of Bills of Exchange, in which the differences between the French and the English law on the subject are very clearly and concisely stated. The gist of the statement is as follows: This French, which many regard as behind the age, differs from the law of England on several important points. In the first place, it differs in the main underlying theory of the bill of exchange in general—in French law a bill of exchange is evidence of debt; in English law it is very nearly the debt itself. A visible consequence of this difference in theory is that the words "value received," and equivalent phrases, unnecessary in English law, are requisite to constitute a valid bill in France. Another important difference between the French and the English law is, that in French law the place where the bill is drawn and the place where it is payable must be specified, and be a sufficient distance apart. These two are the chief differences in theory, We come now to differences which, though not due to conflict of theory, are none the less important. First among these is the necessity in French law of the words "or order;" a bill is not negotiable without them. French law does not permit the creation of bills to bearer, the form chiefly used in England. A blank indorsement does not, however, in French law avoid a bill. It is merely irregular, and the holder is held to have authority thereby to fill up the blank, and render the indorsement valid. French law permits the existence of a party to a bill unknown to English law. This party is a special guarantor, who is neither a drawer, an acceptor, nor an indorser, and he may guarantee any party to the bill, and that party only. As regards protest, noting and notice, there are also considerable differences between the two systems of legislation. French law does not distinguish between inland and foreign bills, and notice of dishonor to the drawer and indorsers suffices in no case. Protest is always requisite on dishonor (the practice of noting for protest is unknown to French law), but notice of protest must be served before beginning action, which must be done within fifteen or more days, according to the distance of the holder's residence from the place of protest. On dishonor by non-acceptance an immediate right of recourse accrues to the holder in England. French law only accords him the right to require the drawer and indorsers to give security for payment at maturity after notice of protest. One important difference still remains. It is the existence in France of a theory as to effects in the hands of the drawee. In England a bill of itself does not operate as an assignment of funds in the hands of the drawee. In Scotland it does. French law resembles that of Scotland, but it goes further. In France, if at maturity of the bill, effects belonging to the drawer are in the hands of the drawee, the latter is obliged, though he has not accepted, to pay on due presentment, provided, of course, the transactions between the drawer and drawee are such as warrant the drawing of bills of exchange.—*London Economist*.

LEGAL MISCELLANY.

Evasion of Liability as Stockholder.—In the United States Supreme Court, at Washington, on April 21, a decision was rendered in the case of *Henry J. Anderson*, Receiver of the First National Bank of Allentown, Penn., vs. *The Philadelphia Warehouse Company;* in error to the Circuit Court for the eastern district of Pennsylvania. The question presented by this case is whether a corporation which has taken National bank stock as collateral security for a loan has a right nominally to transfer the certificate of that stock to an irresponsible person in its employ, and have the certificate registered in the name of such irresponsible person, in order to escape the liability which would attach to such corporation, as a stockholder of the bank, in case of the bank's failure and insolvency. The court holds that the nominal transfer here brought in question was made in good faith when the bank was in good credit and paying large dividends, and years before its failure or even its embarrassment. So far as the company was concerned the transfer was not made to escape an impending calamity, but to avoid incurring a liability which it was unwilling to assume, and which it was at perfect liberty to shun. The judgment of the Circuit Court is affirmed. Opinion by Chief-Justice Waite. Justice Miller read a dissenting opinion, in which he said that if, in any case between private persons one of them had placed property in the hands of minors, servants, or other irresponsible persons, for the purpose of escaping the responsibility attaching to the ownership of such property, while securing all the advantages of such ownership, it would be held to be a transaction which could not be supported on any legal or equitable principle. The transfer in the present case, if not an actual fraud, was a fraud upon the banking law, and was so intended to be by both the original holders of the bank shares and the officers of the Warehouse Company. Justice Matthews joined in Justice Miller's dissent.

Letter of credit—liability from agreement to accept.—(1) In order to render the writer of a letter of credit liable, either upon an implied acceptance or an agreement to accept drafts taken on the faith of such letter, the drafts must be taken for a valuable consideration. A promise to have the drafts discounted, and to take up notes on which the persons taking the drafts are liable as indorsers, is not a valuable consideration. (2) If a letter of credit provides that drafts drawn under its authority shall be used only for the purpose of being discounted at a particular bank, persons taking such drafts, with notice that they have been offered to the bank for discount and refused, cannot recover thereon. Ohio Supreme Ct., January Term, 1883, *Sherwin* v. *Brigham*. Opinion by Upson, J. (39 Ohio St. 137).

Savings bank—duty of reasonable care—payment to wrong person.—A stipulation between a savings bank and a depositor, that his deposit may be paid to any one presenting his book, does not relieve the bank from the duty of exercising reasonable care. New Hampshire Supreme Court. *Kimball* v. *Norton*. Opinion by Doe, C. J. (59 N. H. 6.)

WHAT IS A MISTAKE OF FACT such as entitles a party who pays money under it to recover it back? This was the question involved in the case of *Meredith* vs. *Haines & Co.*, Supreme Court, error to Common Pleas of Chester County, in which case Justice Trunkey has recently filed an opinion. Haines & Co. discounted a note for Meredith upon his indorsement. They presented it at the bank where it was made payable, and the proper officer, believing that the maker had sufficient money in bank, paid it; but, before closing hours, discovering that they had made a mistake, called upon Haines & Co. to return the money, which they did. When the latter demanded payment of Meredith he claimed that they should not have returned the money to the bank, and that, inasmuch as they were not legally liable to pay back the money, their voluntary return of it relieved him from his liability as indorser. The lower court decided in favor of Haines & Co.

Justice Trunkey, in his opinion, holds that Haines & Co. were legally liable to return the money, which was paid under a mistake of fact. It was argued that the mistake was owing to the carelessness of the bank official; but the opinion states the law to be that, unless the failure to make proper investigation is intentional, the mistake resulting therefrom will be relieved by a court in the exercise of its equitable jurisdiction. Since, then, Haines & Co. were liable to return the money, they were doing no more than they were legally bound to do in giving it back, and there was nothing voluntary in the transaction. This right to recover from the indorser, therefore, is not affected. The judgment is affirmed.—*Philadelphia Press.*

USURY.—In *Insurance Co.* v. *Carpenter*, 39 Ohio St. 264, it was held that an agreement to pay lawful interest in advance is usurious. The court said: "It is contended by the learned counsel for the plaintiff in error, that the statute fixes the rate of interest and not the time of payment, and that as a contract to pay the rate semi-annually is not usurious, there is no principle that would prevent the contract from providing for the payment of the rate semi-annually or annually in advance. This means neither more nor less than that the borrower may be bound to pay interest at a stipulated rate of eight per cent. per annum upon money of which he has never had the use, and yet the contract be free from usury. Interest for money is the reward or compensation which is paid by the borrower to the lender, or by the debtor to the creditor, for its use. If it is paid in advance or deducted at the time of the loan, the principal, of which the borrower is to have the use, is reduced *pro tanto*, and the lender should not be compensated for the use of money which in fact he has not loaned. B, for illustration, borrows and gives his note for $12,000, payable in one year after date, with interest at the rate of eight per cent. per annum, and the interest is deducted in advance. He receives only $11,040, which he uses for one year; but as compensation therefor, pays the stipulated rate of interest on twelve thousand dollars. By computation it will be seen that he has paid interest at the rate of eight and sixty-eight one-hundredths per cent. on the amount which he has actually received. He has lost the use of the $960 dollars held back by the lender, which he would have had, if the interest had been payable only after it had accrued or been earned. His payment of interest on the sum so deducted is without consideration, and solely for the benefit of the lender. A construction of the language of the statute as applicable to the rate of interest only, and not to the time of payment, which will permit the payment of interest at periods shorter than the time a note has to run, furnishes, in our view, no reasonable ground for the advancement of interest before it accrues or is earned. * * * The loans by banking institution being for short periods, and the difference between discount and interest being in consequence so inconsiderable, it is not unreasonable that the Legislature should discriminate between private lenders and banks and those who deal in commercial paper by way of trade. It is quite obvious that unless the practice of deducting interest in advance is limited to short loans as by bank discounts, the usury will become greater in proportion as the period for which the usury is taken becomes longer. Thus in a loan of one thousand dollars for twelve and a-half years, at eight per cent. per annum paid in advance, the principal will be exhausted in the interest deducted, and the borrower will receive nothing."—*Albany Law Journal.*

DEMAND OF PAYMENT.—In *Parker* v. *Stroud*, 31 Hun, 578, it was held that personal demand of payment of a note of the maker is valid as against the indorser, although not made at the specified place of payment. The court, Brady, J., said: "The plaintiff insists that the prior demands are of no avail, inasmuch as they were not made at the bank where the note was payable. But this proposition should not be sustained, for the reason that the maker, when applied to personally, admitted his inability to pay, from which it is clear that there were no funds in the bank for the purpose. The presentation at the bank, if necessary as a matter of form, should then have been made, in addition to the personal demand, if the plaintiff designed to hold the indorser. He knew from the maker's declaration that the note could not be paid, and he was therefore advised of the essential fact which put upon him the obligation to send notice to the indorser. * * * The demand at the bank was a mere form, the result of which might readily be anticipated by the plaintiff, with his knowledge of the maker's financial condition, of which he had been advised, and it was an idle ceremony as to such result. It has not been declared in any case which has been found, that a presentation for payment, to the maker of a note payable on demand, is not an actual demand, although the note is payable at a particular place." Daniels, J., concurred, doubting, yielding as he said, to the "superior wisdom" of his associates.—*Albany Law Journal.*

NEGOTIABLE INSTRUMENT—INDORSEMENT CONSTRUED A GUARANTY.—M sold and delivered to B, before it was due, the promissory note of H, payable to K (but which had never been indorsed by K), and at the time of the delivery M indorsed it "holden without demand or notice." H was solvent at the time of the maturity of the note, and for about three years thereafter, when he became utterly insolvent. In the meantime M made one or more requests of B to collect the note of the maker. In a suit afterward brought by B against M to recover the amount of the note, *held*, that M was a guarantor; that by the terms of his indorsement he waived a demand and notice; that he was liable to B for the amount of the note. *Birchard* v. *Bartlett*, 14 Mass. 279; *Irish* v. *Cutter*, 31 Me. 536; *Bickford* v. *Gibbs*, 8 Cush. 156; *Wildes* v. *Savage*, 1 Story, 22. Maine Supreme Judicial Court, December 14, 1883. *Bray* v. *Marsh*. Opinion by Danforth, J. (75 Me. 452).

POWER OF CONGRESS TO AUTHORIZE LEGAL TENDER NOTES.

SUPREME COURT OF THE UNITED STATES.

No. 9.—*October term*, 1883.

Augustus D. Juilliard, plaintiff in error, vs. *Thomas S. Greenman*. In error to the Circuit Court of the United States for the southern district of New York.

Congress has the Constitutional power to make the Treasury notes of the United States a legal tender in payment of private debts in time of peace as well as in time of war.

Under the Act of May 31, 1878, chapter 146, which enacts that notes of the United States issued during the war of the rebellion under Acts of Congress declaring them to be a legal tender in payment of private debts, and, since the close of that war, redeemed and paid in gold coin at the Treasury, shall be reissued and kept in circulation, notes so reissued are a legal tender.

[March 3, 1884.]

Mr. Justice Gray delivered the opinion of the Court.

Juilliard, a citizen of New York, brought an action against Greenman, a citizen of Connecticut, in the Circuit Court of the United States for the southern district of New York, alleging that the plaintiff sold and delivered to the defendant, at his special instance and request, one hundred bales of cotton, of the value and for the agreed price of $5122.90, and that the defendant agreed to pay that sum in cash on the delivery of the cotton, and had not paid the same or any part thereof, except that he had paid the sum of $22.90 on account, and was now justly indebted to the plaintiff therefor in the sum of $5100, and demanding judgment for this sum with interest and costs.

The defendant in his answer admitted the citizenship of the parties, the purchase and delivery of the cotton, and the agreement to pay therefor, as alleged; and averred that after the delivery of the cotton he offered and tendered to the plaintiff, in full payment, $22.50 in gold coin of the United States, forty cents in silver coin of the United States, and two United States notes, one of the denomination of $5000 and the other of the denomination of $100, of the description known as United States legal-tender notes, purporting by recital thereon to be legal tender, at their respective face values, for all debts, public and private, except duties on imports and interest on the public debt, and which, after having been presented for payment, and redeemed and paid in gold coin, since January 1, 1879, at the United States sub-treasury in New York, had been reissued and kept in circulation under and in pursuance of the Act of Congress of May 31, 1878, chapter 146; that at the time of offering and tendering these notes and coin to the plaintiff the sum of $5122.90 was the entire amount due and owing in payment for the cotton, but the plaintiff declined to receive the notes in payment of $1500 thereof; and that the defendant had ever since remained, and still was ready and willing to pay to the plaintiff the sum of $5100 in these notes, and brought these notes into court, ready to be paid to the plaintiff if he would accept them.

The plaintiff demurred to the answer, upon the grounds that the defense, consisting of new matter, was insufficient in law upon its face, and that the facts stated in the answer did not constitute any defense to the cause of action alleged.

The circuit court overruled the demurrer, and gave judgment for the defendant, and the plaintiff sued out his writ of error.

The amount which the plaintiff seeks to recover, and which, if the tender pleaded is insufficient in law, he is entitled to recover, is $5100. There can, therefore, be no doubt of the jurisdiction of this court to revise the judgment of the circuit court. (Act of February 16, 1875, ch. 77, sec. 3; 18 Stat. 315.)

The notes of the United States, tendered in payment of the defendant's debt to the plaintiff, were originally issued under the Acts of Congress of February 25, 1862, ch. 33; July 11, 1862, ch. 142; and March 3, 1863, ch. 73, passed during the war of the rebellion, and enacting that these notes should be "lawful money, and a legal tender in payment of all debts, public and private, within the United States," except for duties on imports and interest on the public debt. (12 Stat. 345, 532, 709.)

The provisions of the earlier Acts of Congress, so far as it is necessary for the understanding of the recent statutes to quote them, are re-enacted in the following provisions of the Revised Statutes:

"SEC. 3579. When any United States notes are returned to the Treasury, they may be reissued, from time to time, as the exigencies of the public interest may require.

"SEC. 3580. When any United States notes returned to the Treasury are so mutilated or otherwise injured as to be unfit for use, the Secretary of the Treasury is authorized to replace the same with others of the same character and amounts.

"SEC. 3581. Mutilated United States notes, when replaced according to law, and all other notes which by law are required to be taken up and not reissued, when taken up shall be destroyed in such manner and under such regulations as the Secretary of the Treasury may prescribe.

"SEC. 3582. The authority given to the Secretary of the Treasury to make any reduction of the currency by retiring and cancelling United States notes is suspended.

"SEC. 3588. United States notes shall be lawful money and a legal tender in payment of all debts, public and private, within the United States, except for duties on imports and interest on the public debt."

The Act of January 14, 1875, chapter 15, "To provide for the resumption of specie payments," enacted that on and after January 1, 1879, "the Secretary of the Treasury shall redeem in coin the United States legal-tender notes then outstanding, on their presentation for redemption at the office of the Assistant Treasurer of the United States in the City of New York, in sums of not less than $50;" and authorized him to use for that purpose any surplus revenues in the Treasury and the proceeds of the sales of certain bonds of the United States. (18 Stat. 296.)

The Act of May 31, 1878, chapter 146, under which the notes in question were reissued, is entitled "An Act to forbid the further retirement of United States legal-tender notes," and enacts as follows:

"From and after the passage of this Act it shall not be lawful for the Secretary of the Treasury, or other officer under him, to cancel or retire any more of the United States legal-tender notes. And when any of said notes may be redeemed or be received into the Treasury under any law, from any source whatever, and shall belong to the United States, they shall not be retired, cancelled, or destroyed, but they shall be reissued and paid out again, and kept in circulation: *Provided*, That nothing herein shall prohibit the cancellation and destruction of mutilated notes and the issue of other notes of like denomination in their stead, as now provided by law. All Acts and parts of Acts in conflict herewith are hereby repealed." (20 Stat. 87.)

The manifest intention of this Act is that the notes which it directs, after having been redeemed, to be reissued and kept in circulation, shall retain their original quality of being a legal tender.

The single question, therefore, to be considered, and upon the answer to which the judgment to be rendered between these parties depends, is whether notes of the United States, issued in time of war, under Acts of Congress declaring them to be a legal tender in payment of private debts, and afterward, in time of peace, redeemed and paid in gold coin at the Treasury, and then reissued under the Act of 1878, can, under the Constitution of the United States, be a legal tender in payment of such debts.

Upon full consideration of the case, the court is unanimously of opinion that it cannot be distinguished in principle from the cases heretofore determined, reported under the names of the Legal-tender Cases, 12 Wall. 457; *Dooly* vs. *Smith*, 13 Wall. 604; *Railroad Company* vs. *Johnson*, 15 Wall. 195; and *Maryland* vs. *Railroad Company*, 22 Wall. 105; and all the judges, except Mr. Justice Field, who adheres to the views expressed in his dissenting opinions in those cases, are of opinion that they were rightly decided.

The elaborate printed briefs submitted by counsel in this case, and the opinions delivered in the legal-tender cases, and in the earlier case of *Hepburn* vs. *Griswold*, 8 Wall. 603, which those cases overruled, forcibly present the arguments on either side of the question of the power of Congress to make the notes of the United States a legal tender in payment of private debts. Without undertaking to deal with all those arguments, the court has thought it fit that the grounds of its judgment in the case at bar should be fully stated.

No question of the scope and extent of the implied powers of Congress under the Constitution can be satisfactorily discussed without repeating much of the reasoning of Chief Justice Marshall in the great judgment in *McCulloch* vs. *Maryland*, 4 Wheat. 316, by which the power of Congress to incorporate a bank was demonstrated and affirmed, notwithstanding the Constitution does not enumerate, among the powers granted, that of establishing a bank or creating a corporation.

The people of the United States by the Constitution established a National Government with sovereign powers, legislative, executive, and judicial. "The Government of the Union," said Chief-Justice Marshall, "though limited in its powers, is supreme within its sphere of action;" "and its laws, when made in pursuance of the Constitution, form the supreme law of the land." "Among the enumerated powers of Government we find the great powers to lay and collect taxes, to borrow money, to regulate commerce, to declare and conduct a war, and to raise and support armies and navies. The sword and the purse, all the external relations, and no inconsiderable portion of the industry of the nation, are entrusted to its Government." (4 Wheat, 405, 406, 407.)

A constitution establishing a frame of government, declaring fundamental principles, and creating a National sovereignty, and intended to endure for ages, and to be adapted to the various crises of human affairs, is not to be interpreted with the strictness of a private contract. The Constitution of the United States, by apt words of designation or general description, marks the outlines of the powers granted to the National Legislature, but it does not undertake with the precision and detail of a code of laws to enumerate the subdivisions of those powers or to specify all the means by which they may be carried into execution. Chief-Justice Marshall, after dwelling upon this view, as required by the very nature of the Constitution, by the language in which it is framed, by the limitations upon the general powers of Congress, introduced in the ninth section of the first article, and by the omission to use any restrictive term which might prevent its receiving a fair and just interpretation, added these emphatic words: "In considering this question, then, we must never forget that it is a constitution we are expounding." (4 Wheat. 407. See also page 415.)

The breadth and comprehensiveness of the words of the Constitution are nowhere more strikingly exhibited than in regard to the powers over the subjects of revenue, finance and currency, of which there is no other express grant than may be found in these few brief clauses:

"The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States, but all duties, imposts and excises shall be uniform throughout the United States;

"To borrow money on the credit of the United States;

"To regulate commerce with foreign nations, and among the several States and with the Indian tribes;

"To coin money, regulate the value thereof, and of foreign coin, and to fix the standard of weights and measures."

The section which contains the grant of these and other principal legislative powers, concludes by declaring that the Congress shall have power "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof."

By the settled construction and the only reasonable interpretation of this clause the words "necessary and proper" are not limited to such measures as are absolutely and indispensably necessary, without which the powers granted must fail of execution, but they include all appropriate means which are conducive or adapted to the end to be accomplished, and which, in the judgment of Congress will most advantageously effect it.

That clause of the Constitution which declares that "the Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States," either embodies a grant of power to pay the debts of the United States, or presupposes and assumes that power as inherent in the United States as a sovereign government. But, in whichever aspect it be considered, neither this nor any other clause of the Constitution makes any mention of priority or preference of the United States as a creditor over other creditors of an individual debtor. Yet this court, in the early case of *United States* vs. *Fisher*, 2 Cranch 358, held that, under the power to pay the debts of the United States, Congress had the power to enact that debts due to the United States should have that priority of payment out of the estate of an insolvent debtor which the law of England gave to debts due to the crown.

In delivering judgment in that case, Chief-Justice Marshall expounded the clause giving Congress power to make all necessary and proper laws as follows: "In construing this clause it would be incorrect, and would produce endless difficulties if the opinion should be maintained that no law was authorized which was not indispensably necessary to give effect to a specified power. Where various systems might be adopted for that purpose it might be said with respect to each that it was not necessary, because the end might be obtained by other means. Congress must possess the choice of means, and must be empowered to use any means which are in fact conducive to the exercise of a power granted by the Constitution. The Government is to pay the debt of the Union, and must be authorized to use the means which appear to itself the most eligible to effect that object." (2 Cranch 396.)

In *McCulloch* vs. *Maryland* he more fully developed the same view, concluding thus: "We admit, as all must admit, that the powers of the Government are limited, and that its limits are not to be transcended. But we think the sound construction of the Constitution must allow to the National Legislature that discretion with respect to the means by which the powers it confers are to be carried into execution, which will enable that body to perform the high duties assigned to it in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consist with the letter and spirit of the Constitution, are constitutional." (4 Wheat. 421.)

The rule of interpretation thus laid down has been constantly adhered to and acted on by this court, and was accepted as expressing the true test by all the judges who took part in the former discussions of the power of Congress to make the Treasury notes of the United States a legal tender in payment of private debts.

The other judgments delivered by Chief-Justice Marshall contain nothing adverse to the power of Congress to issue legal-tender notes.

By the Articles of Confederation of 1777, the United States in Congress assembled were authorized "to borrow money or emit bills on the credit of the United States;" but it was declared that "each State retains its sovereignty, freedom and independence, and every power, jurisdiction and right which is not by this confederation expressly delegated to the United States in Congress assembled." (Art. 2; art. 9, sec. 5; 1 Stat. 4, 7.) Yet, upon the question whether, under those articles, Congress, by virtue of the power to emit bills on the credit of the United States, had the power to make bills so emitted a legal tender, Chief-Justice Marshall spoke very guardedly, saying, "Congress emitted bills of credit to a large amount, and did not, perhaps could not, make them a legal tender. This power resided in the States." (*Craig* vs. *Missouri*, 4 Pet. 410, 435.) But in the Constitution, as he had before observed in *McCulloch* vs. *Maryland*, "there is no phrase which, like the Articles of Confederation, excludes incidental or implied powers, and which requires that everything granted shall be expressly and minutely described. Even the tenth amendment, which was framed for the purpose of quieting the excessive jealousies which had been excited, omits the word 'expressly,' and declares only that the powers 'not delegated to the United States, nor prohibited to the States, are reserved to the States or to the people,' thus leaving the question whether the particular power which may become the subject of contest, has been delegated to the one government or prohibited to the other to depend on a fair construction of the whole instrument. The men who drew and adopted this amendment had experienced the embarrassments resulting from the insertion of this word in the Articles of Confederation, and probably omitted it to avoid those embarrassments." (4 Wheat. 405, 406.)

The sentence sometimes quoted from his opinion in *Sturges* vs. *Crowninshield* had exclusive relation to the restrictions imposed by the Constitution on the powers of the States, and especial reference to the effect of the clause prohibiting the States from passing laws impairing the obligation of contracts, as will clearly appear by quoting the whole paragraph: "Was this general prohibition intended to prevent paper money? We are not allowed to say so, because it is expressly provided that no State shall 'emit bills of credit;' neither could these words be intended to restrain the States from enabling debtors to discharge their debts by the tender of property of no real value to the creditor, because for that subject also particular provision is made. Nothing but gold and silver coin can be made a tender in payment of debts." (4 Wheat. 122, 204.)

Such reports as have come down to us of the debates in the convention that framed the Constitution afford no proof of any general concurrence of opinion upon the subject before us. The adoption of the motion to strike out the words "and emit bills" from the clause "to borrow money and emit bills on the credit of the United States" is quite inconclusive. The philippic delivered before the Assembly of Maryland by Mr. Martin, one of the delegates from that State, who voted against the motion, and who declined to sign the Constitution, can hardly be accepted as satisfactory evidence of the reasons or the motives of the majority of the convention. (See 1 *Elliot's Debates*, 345, 370, 376.) Some of the members of the convention, indeed, as appears by Mr. Madison's minutes of the debates, expressed the strongest opposition to paper money. And Mr. Madison has disclosed the grounds of his own action by recording that "this vote in the affirmative by Virginia was occasioned by the acquiescence of Mr. Madison, who became satisfied that striking out the words would not disable the Government from the use of public notes, so far as they could be safe and proper; and would only cut off the pretext for a paper currency, and particularly for making the bills a tender, either for public or private debts."

But he has not explained why he thought that striking out the words "and emit bills" would leave the power to emit bills, and deny the power to make them a tender in payment of debts. And it can not be known how many of the other delegates, by whose vote the motion was adopted, intended neither to proclaim nor to deny the power to emit paper money, and were influenced by the argument of Mr. Gorham, who "was for striking out, without inserting any prohibition," and who said: "If the words stand they may suggest and lead to the emission." "The power, so far as it will be necessary or safe, will be involved in that of borrowing." (5 *Elliot's Debates*, 434, 435, and note.) And after the first clause of the tenth section of the first article had been reported in the form in which it now stands, forbidding the States to make anything but gold or silver coin a tender in payment of debts, or to pass any law impairing the obligation of contracts, when Mr. Gerry, as reported by Mr. Madison, "entered into observations inculcating the importance of public faith, and the propriety of the restraint put on the States from impairing the obligation of contracts, alleging that Congress ought to be laid under the like prohibitions," and made a motion to that effect, he was not seconded. (Ib. 546.) As an illustration of the danger of giving too much weight upon such a question to the debates and the votes in the convention, it may also be observed that propositions to authorize Congress to grant charters of incorporation for National objects, were strongly opposed, especially as regarded banks, and defeated. (Ib. 440, 543, 544.) The power of Congress to emit bills of credit, as well as to incorporate National banks, is now clearly established by decisions, to which we shall presently refer.

The words "to borrow money," as used in the Constitution, to designate a power vested in the National Government, for the safety and welfare of the whole people, are not to receive that limited and restricted interpretation and meaning which they would have in a penal statute, or in an authority conferred, by law or by contract, upon trustees or agents for private purposes.

The power "to borrow money on the credit of the United States" is a power to raise money for the public use on a pledge of the public credit, and may be exercised to meet either present or anticipated expenses and liabilities of the Government. It includes the power to issue, in return for the money borrowed, the obligations of the United States in any appropriate form, of stock, bonds, bills or notes; and in whatever form they are issued, being instruments of the National Government, they are exempt from taxation by the governments of the several States. (*Weston* vs. *Charleston City Council*, 2 Pet. 449; *Banks* vs. *Mayor*, 7 Wall. 16; *Bank* vs. *Supervisors*, 7 Wall. 26.) Congress has authority to issue these obligations in a form adapted to circulation from hand to hand in the ordinary transactions of commerce and business. In order to promote and facilitate such circulation, to adapt them to use as currency, and to make them more current in the market, it may provide for their redemption in coin or bonds, and may make them receivable in payment of debts to the Government. So much is settled beyond doubt, and was asserted or distinctly admitted by the judges who dissented from the decision in the Legal-tender cases, as well as by those who concurred in that decision. (*Veazie Bank* vs. *Fenno*, 8 Wall, 533, 548; *Hepburn* vs. *Griswold*, 8 Wall. 616, 636; Legal-tender Cases, 12 Wall. 543, 544, 560, 582, 610, 613, 637.)

It is equally well settled that Congress has the power to incorporate National banks, with the capacity, for their own profit as well as for the use of the Government in its money transactions, of issuing bills which, under ordinary circumstances, pass from hand to hand as money at their nominal value, and which, when so current, the law has always recognized as a good tender in payment of money debts, unless specifically objected to at the time of the tender. (*United States Bank* vs. *Bank of Georgia*, 10 Wheat. 333, 347; *Ward* vs. *Smith*, 7 Wall. 447, 451.) The power of Congress to charter a bank was maintained in *McCulloch* vs. *Maryland*, 4 Wheat. 316, and in *Osborn* vs. *United States Bank*, 9. Wheat. 738, chiefly upon the ground that it was an appropriate means for carrying on the money transactions of the Government. But Chief-Justice Marshall said: "The currency which it circulates, by means of its trade with individuals, is believed to make it a more fit instrument for the purposes of Government than it could otherwise be; and if this be true, the capacity to carry on this trade is a faculty indispensable to the character and objects of the institution." (9 Wheat. 864.) And Mr. Justice Johnson, who concurred with the rest of the court in upholding the power to incorporate a bank, gave the further reason that it tended to give effect to "that power over the currency of the country which the framers of the Constitution evidently intended to give to Congress alone." (Ib. 873.)

The constitutional authority of Congress to provide a currency for the whole country is now firmly established. In *Veazie Bank* vs. *Fenno*, 8. Wall, 533, 548, Chief-Justice Chase, in delivering the opinion of the court, said: "It can not be doubted that under the Constitution the power to provide a circulation of coin is given to Congress. And it is settled by the uniform practice of the Government, and by repeated decisions, that Congress may constitutionally authorize the emission of bills of credit. Congress, having undertaken to supply a National currency, consisting of coin, of Treasury notes of the United States, and of the bills of National banks, is authorized to impose, on all State banks, or National banks, or private bankers, paying out the notes of individuals or of State banks, a tax of ten per cent. upon the amount of such notes so paid out. (*Veasie Bank* vs. *Fenno*, above cited; *National Bank* vs. *United States*, 101, U. S. 1.) The reason for this conclusion was stated by Chief-Justice Chase, and repeated by the present Chief-Justice, in these words: "Having thus, in the exercise of undisputed constitutional powers, undertaken to provide a currency for the whole country, it can not be questioned that Congress may, constitutionally, secure the benefit of it to the people by appropriate legislation. To this end Congress has denied the quality of legal tender to foreign coins, and has provided by law against the imposition of counterfeit and base coin on the community. To the same end, Congress may restrain, by suitable enactments, the circulation as money of any notes not issued under its own authority. Without this power, indeed, its attempts to secure a sound and uniform currency for the country must be futile." (8 Wall. 549; 101, U. S. 6.)

By the Constitution of the United States the several States are prohibited from coining money, emitting bills of credit, or making anything but gold and silver coin a tender in payment of debts. But no intention can be inferred from this to deny to Congress either of these powers. Most of the powers granted to Congress are described in the eighth section of the first article; the limitations intended to be set to its powers, so as to exclude certain things which might otherwise be taken to be included in the general grant, are defined in the ninth section; the tenth section is addressed to the States only. This section prohibits the States from doing some things which the United States are expressly prohibited from doing, as well as from doing some things which the United States are expressly authorized to do, and from doing some things which are neither expressly granted nor expressly denied to the United States. Congress and the States equally are expressly prohibited from passing any bill of attainder or *ex post facto* law, or granting any title of nobility. The States are forbidden, while the President and Senate are expressly authorized, to make treaties. The States are forbidden, but Congress is expressly authorized, to coin money. The States are prohibited from emitting bills of credit; but Congress, which is neither expressly authorized nor expressly forbidden to do so, has, as we have already seen, been held to have the power of emitting bills of credit, and of making every provision for their circulation as currency, short of giving them the quality of legal tender for private debts—even by those who have denied its authority to give them this quality.

It appears to us to follow, as a logical and necessary consequence, that Congress has the power to issue the obligations of the United States in such form, and to impress upon them such qualities as currency for the purchase of merchandize and the payment of debts as accord with the usage of sovereign governments. The power, as incident to the power of borrowing money and issuing bills or notes of the Government for money borrowed, of impressing upon those bills or notes the quality of being a legal tender for the payment of private debts, was a power universally understood to belong to sovereignty, in Europe and America, at the time of the framing and adoption of the Constitution of the United States. The Governments of Europe, acting through the monarch or the legislature, according to the distribution of powers under their respective constitutions, had and have as sovereign a power of issuing paper money as of stamping coin. This power has been distinctly recognized in an important modern case, ably argued and fully considered, in which the Emperor of Austria, as King of Hungary, obtained from the English Court of Chancery an injunction against the issue in England, without his license, of notes purporting to be public paper money of Hungary. (*Austria* vs. *Day*, 2 Giff. 628, and 3 D. F. & J. 217.) The power of issuing bills of credit, and making them, at the discretion of the Legislature, a tender in payment of private debts, had long been exercised in this country by the several colonies and States, and during the Revolutionary war the States, upon the recommendation of the Congress of the Confederation, had made the bills issued by Congress a legal tender. (See *Craig* vs. *Missouri*, 4 Pet. 435, 453; *Briscoe* vs. *Bank of Kentucky*, 11 Pet. 257, 313, 334–336; Legal-tender cases, 12 Wall. 557, 558, 622; *Phillips on American Paper Currency, passim.*) The exercise of this power not being prohibited to Congress by the Constitution, it is included in the power expressly granted to borrow money on the credit of the United States.

This position is fortified by the fact that Congress is vested with the exclusive exercise of the analogous power of coining money and regulating the value of domestic and foreign coin, and also with the paramount power of regulating foreign and interstate commerce. Under the power to borrow money on the credit of the United States, and to issue circulating notes for the money borrowed, its power to define the quality and force of those notes as currency is as broad as the like power over a metallic currency under the power to coin money and to regulate the value thereof. Under the two powers, taken together, Congress is authorized to establish a National currency, either in coin or in paper, and to make that currency lawful money for all purposes as regards the National Government or private individuals.

The power of making the notes of the United States a legal tender in payment of private debts, being included in the power to borrow money and to provide a National currency, is not defeated or restricted by the fact that its exercise may affect the value of private contracts. If upon a just and fair interpretation of the whole Constitution, a particular power or authority appears to be vested in Congress, it is no constitutional objection to its existence or to its exercise that the property or the contracts of individuals may be incidentally affected. The decisions of this court, already cited, afford several examples of this.

Upon the issue of stock, bonds, bills or notes of the United States, the States are deprived of their power of taxation to the extent of the property invested by individuals in such obligations, and the burden of State taxation upon other private property is correspondingly increased. The ten per cent. tax, imposed by Congress on notes of State banks and of private bankers, not only lessens the value of such notes, but tends to drive them, and all State banks of issue out of existence. The priority given to debts due to the United States over the private debts of an insolvent debtor diminishes the value of these debts, and the amount which their holders may receive out of the debtor's estate.

So, under the power to coin money and to regulate its value, Congress may (as it did with regard to gold by the Act of June 28, 1834, ch. 95, and with regard to silver by the Act of February 28, 1878, ch. 20) issue coins of the same denomination as those already current by law, but of less intrinsic value than those by reason of containing a less weight of the precious metals, and thereby enable debtors to discharge their debts by the payment of coins of the less real value. A contract to pay a certain sum in money, without any stipulation as to the kind of money in which it shall be paid, may always be satisfied by payment of that sum in any currency which is lawful money at the place and time at which payment is to be made. (1 Hale P. C. 192–194; Bac. Ab. Tender, B. 2; Pothier Contract of Sale, No. 416; Pardessus Droit Commercial, Nos. 204, 205; *Searight* vs. *Calbraith*, 4 Dall, 324.) As observed by Mr. Justice Strong in delivering the opinion of the court in the Legal-tender cases, "Every contract for the payment of money simply is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the party is therefore assumed with reference to that power. (12 Wall. 549.)

Congress, as the legislature of a sovereign nation, being expressly empowered by the Constitution "to lay and collect taxes, to pay the debts and provide for the common defense and general welfare of the United States," and "to borrow money on the credit of the United States," and "to coin money and regulate the value thereof, and of foreign coin;" and being clearly authorized, as incidental to the exercise of those great powers, to emit bills of credit, to charter National banks and to provide a National currency for the whole people, in the form of coin Treasury notes, and National bank bills, and the power to make the notes of the Government a legal tender in payment of private debts being one of the powers belonging to sovereignty in other civilized nations, and not expressly withheld from Congress by the Constitution, we are irresistibly impelled to the conclusion that the impressing upon the Treasury notes of the United States the quality of being a legal tender in payment of private debts is an appropriate means, conducive and plainly adapted to the execution of the undoubted powers of Congress, consistent with the letter and spirit of the Constitution, and therefore, within the meaning of that instrument, "necessary and proper for carrying into execution the powers vested by this Constitution in the Government of the United States."

Such being our conclusion in matter of law, the question whether at any particular time, in war or in peace, the exigency is such, by reason of unusual and pressing demands on the resources of the Government, or of the inadequacy of the supply of gold and silver coin to furnish the currency needed for the uses of the Government and of the people, that it is, as a matter of fact, wise and expedient to resort to this means is a political question to be determined by Congress when the question of exigency arises, and not a judicial question to be afterward passed upon by the courts. To quote once more from the judgment in *McCulloch* vs. *Maryland*, "Where the law is not prohibited, and is really calculated to effect any of the objects intrusted to the Government, to undertake here to inquire into the degree of its necessity would be to pass the line which circumscribes the judicial department, and to tread on legislative ground." (4 Wheat. 423.)

It follows that the Act of May 31, 1878, chapter 146, is constitutional and valid, and that the circuit court rightly held that the tender in Treasury notes reissued and kept in circulation under that Act was a tender of lawful money in payment of the defendant's debt to plaintiff.

Judgment affirmed.

FRENCH CREDIT is the first of the great bulwarks of Government solvency which begins to show signs of being unable to bear the strain of the enormous armaments which crush the life out of Europe. The French budget shows a growing deficit, $30,000,000 this year, and the Republican financiers have neither the courage to levy new taxes nor the prudence to restrict expenditures. Tonquin means a big bill, fortifications and local improvements are requiring another large outlay, and the Central Government is pledged to advance $120,000,000 in loans or grants for schoolhouses in the next ten or fifteen years. Leon Say says that the last great loan brought out by the French Treasury was not taken by the people, but by the great capitalists, who still hold it—a most ominous sign. The small investor has at last been thoroughly scared in France. Lastly, the French Government has declined to permit the ability of the Bank of France to issue notes at will to be curtailed.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. COLLECTION OF OVER-DUE PAPER.

Our correspondent sends us a note for collection which when it reaches us is past due some months. It bears evidence by indorsement of having passed through the hands of another bank in this place, and the natural supposition on our part is that it was duly presented upon day of maturity. But since the note bore several indorsements, and the letter of our correspondent contained no instructions to the contrary, after payment had been duly demanded and refused, we handed the papers to notary who protested it. Was our action in the matter the proper one? Our correspondent claims not, and refuses to pay protest fee.

REPLY.—The answer to this inquiry is doubtful, but upon the whole we think the sending bank should have given instructions about protesting, and that it should pay the fees. If the note had not borne several indorsements protest would have been clearly improper; but it might be that some of the indorsements were made after the note matured, and such an indorser would be entitled to notice of non-payment. This was a question which the collecting bank could not be expected to decide at its peril, and we think it should be protected, if it erred on the side of safety and followed the usual course.

II. TELEGRAPHIC CERTIFICATION OF CHECKS.

Our bank sends another bank the following telegram: "Is G. S. Dibble's check on you good for one thousand dollars?" A clerk of the other bank sent answer, "Yes." One of the owners of the bank was dissatisfied and displeased at this answer, and wrote another saying, "G. S. Dibble's check on us good this day for one thousand dollars." Now one party holds that "yes" meant exactly what the second answer meant; in fact, that the second answer of thirteen words did not convey one single idea more than first answer did in one. Is this correct?

REPLY.—No doubt a check may be certified by telegraph or by word of mouth, but the check must be in existence, and so identified in the correspondence or conversation that the banker can know what check he has certified, and charge it to the drawer's account. The inquiry in the first telegram, however, was not one, the answer to which in the affirmative, would involve the certification of a check. It was in effect merely an inquiry as to the *then* state of G. S. Dibble's account. This was a question which the bank might answer or not as it pleased. It made no contract by answering the question in the affirmative, and could not be made liable to the inquirer by so answering it, if the answer was true when made. It certainly made no contract that Dibble would keep his account good, or that it would set aside $1000 dollars of his deposit for the benefit of the inquirer. See the case of *Espy* v. *Bank of Cincinnati*, 18 Wallace 604. We think, therefore, that the *legal* effect of the two replies sent was precisely the same.

III. Duplicate Certified Check.

Some time ago a customer of ours drew his check payable to a party in a distant city, and which we certified. The payee deposited it in his bank, and they sent it to their New York correspondent, who in turn forwarded it to a bank in this city, but it was lost in transmission. The payee claims a duplicate, and the matter being referred to us by our customer we informed him that we should not pay a duplicate unless accompanied by a bond of indemnity. Neither of the parties concerned is willing to give the bond, and the New York Bank claims that we would run no risk in paying the duplicate, as they have good reason to believe the original is now indorsed payable to the order of the bank in this city, who will never claim payment on it. Are we right in refusing to pay the duplicate without the bond of indemnity, and shall we not be obliged to pay the original if presented, seeing that we have certified it?

Reply.—In this case the right and duty of the bank to demand an indemnity is unquestionable. It has made itself responsible upon the original check by the act of certification, and proper business methods require that it should be indemnified against loss before it pays the duplicate.

IV. Post-Dated Check.

If the date of a post-dated check on a bank in Ohio falls on Sunday, is said check due and payable the day previous, and will a protest then fix the liability of an indorser?

Reply.—The check is due and payable on Monday (*Salter* v. *Burt*, 20 Wendell 205), and protest on Saturday would be premature. This is the general rule, and we are not aware of any statute in Ohio which changes it.

V. Checks Payable in Exchange.

This check was forwarded to one of our banks here in the regular course of business, properly indorsed by John Smith and the various banks through which it passed:

Denver, Col., March 20, 1884.

Pike Peak Bank of Denver,

Pay to Jno. Smith, on order, one hundred dollars cash or draft, or New York. $100. Jno. Jones.

The check is presented to the "Pike Peak Bank," who offer their draft on New York in payment. Is the holder (the collecting bank) forced to accept it, regardless of the fact or their belief that the "Pike Peak Bank" draft is worthless? If the holder believes the draft offered to be worthless, and therefore refuses to accept it, but protests the check, what is the holder's liability, if any, and are the indorsers released by his action?

Reply.—We have frequently discussed checks of this sort in former numbers of the Magazine, and have always taken the view that the holder is bound to accept the drawee's own drafts on New York in payment thereof. The check is payable "in draft on New York," and no sufficient reason can be given why the drawee's draft is not as good a tender in payment, as the draft of any other banker, especially when it is well known that checks are made in this form for the very purpose of giving the drawee an opportunity of using its New York funds. The belief of the collecting bank that the drawee's draft on New York is worthless cannot affect the rights of the drawee in this respect. It has done its whole duty as agent for collection, when it has presented the check and obtained the drawee's draft in payment. With the ultimate value of that draft it has no concern, and it will not be responsible if the draft proves to be worthless. If this view is correct, it follows that the holder has no right to protest the check under the circumstances stated in the inquiry, and, if it should take this course, it would no doubt be responsible for any loss which could be shown to have resulted from its action. The indorsers could not be held, because if the drawee's draft on New York is a good tender, and has been offered and refused, then the check has not been dishonored. It is possible, also, if checks drawn in this form are—as we have always contended—not properly negotiable instruments, because not payable in money, that the indorsers are not under all the liabilities of the indorsers of ordinary commercial paper; but upon this point we offer no opinion. The inquiry illustrates the numerous vexatious questions which arise in the collection of paper drawn in this objectionable form. We think the use of it should be discountenanced, and one obvious method of so doing would be for banks to refuse to handle the paper, or only to take it for collection under special arrangement.

BOOK NOTICES.

The Statesman's Year-Book; Statistical and Historical Annual of the States of the Civilized World for the year 1884. Edited by J. SCOTT KELTIE. London: Macmillan & Co. 1884.

The present is the twenty-first annual publication of this well-known and valuable work. Mr. Frederick Martin, who designed the work, and who edited it with conspicuous ability, died last year, but his successor has not changed the plan which from long experience has proved to be very satisfactory. The publication has been revised throughout, in many instances the existing information has been amplified, additional classes of statistics have been introduced, and six more countries have been added: Madagascar, Orange Free State, the Transvaal, Zanzibar, Burmah and Hawaii. These additions have increased the size of the book about a hundred pages, but the information will prove doubtless very useful. This work is so well known that no commendation of its merits is necessary.

Banking in Australasia, from a London Official's Point of View; with some Remarks on Mortgage and Finance Companies. London. 1883.

With the exception of two or three papers relating to Australian banking, nothing previously to this work had been written in the way of history or description of banking in that far-off quarter of the world. The history of each bank is given separately, and, as the author says, the work has reference more particularly to the business of Australian banks in London. Nevertheless, a wide field is traversed, and some of the most practical questions in banking are discussed, such as the sale of drafts, competition, and telegraphic transfers of money. Some chapters might have been expanded very profitably, we think, especially the one relating to Mortgage Companies. Indeed, the author has assumed that the reader was pretty well acquainted with the subject, and only required a little enlightenment here and there. The book would have been worth more to the general reader had the subject been handled with greater completeness. It bears the evidence of having been prepared for a special purpose, and doubtless it will serve in that way all that the author intended.

BANKING AND FINANCIAL ITEMS.

RETIREMENT OF COMPTROLLER KNOX.—The Hon. John Jay Knox resigned on April 23d the office of Comptroller of the Currency, to take effect May 1, when he enters upon his duties as President of the National Bank of the Republic in New York. Mr. Knox had proposed to resign earlier in the year, but the recent attack made upon him by the shareholders of a Boston bank led him to remain in his office until a committee of Congress should examine into the case, which has been done to his entire exoneration from any blame.

It is to be regretted that the Government is no longer to profit by the services of so valuable an officer as Mr. Knox. For twelve years he has served as Comptroller of the Currency with distinguished efficiency. The machinery of our National banking system, admirable as it is in many respects, is very sensitive, and a Comptroller of the Currency not understanding it, nor the consequences of his acts, might constantly render great harm, not only to the banks, but through them to the entire business of the country. Mr. Knox has won the unusual praise of having always administered his office with zeal, ability, and a discretion which is rare among public officials. He retires with a clean, handsome record, leaving an example which his successor may well imitate. His equal is not likely to be chosen to succeed him, and it is a cause for keen regret that the honors and emoluments of the office were insufficient to prevent his retirement.

CAREER OF THE COMPTROLLER.—Mr. Knox was appointed Deputy Comptroller in 1867, and Comptroller in 1872, and thus has had a continuous service of seventeen years in the office. Previous to his first appointment he was sent by Secretary McCulloch to San Francisco in 1866 to examine the branch Mint in that city. His report was published with a complimentary notice by Secretary McCulloch in the finance report of that year. In April, 1870, he completed a revision of the Mint and Coinage laws of the United States, which was transmitted to Congress with an elaborate report. Upon his recommendation the coinage of the silver dollar was discontinued, and subsequently the bill which he proposed was passed by Congress with a few amendments, and is now known as the "Coinage Act of 1873."

The Comptroller subsequently visited New Orleans and discovered in the office of the Assistant Treasurer the largest defalcation ever known in the history of the Government. The failure of the First National Bank of New Orleans followed, and Mr. Knox remained for some weeks in that city acting as Assistant Treasurer. He was reappointed Comptroller without his knowledge previous to the expiration of his first term and confirmed by the Senate without reference to any committee. He was again appointed to a third term on April 12, 1882.

Among the many expressions of appreciation by the press of the country, the *Nation* of this city says: "The retirement of Mr. John Jay Knox from the office of Comptroller of the Currency is a loss to the public service of no common kind. The intelligence which he has brought to the complicated duties of his office has never been surpassed in any similar station, and has not been equaled in the particular station which he has so long filled. The National banking system owes much of its present carefulness in detail management to his mastery of all the facts and principles of sound finance. His annual reports embrace perhaps the most complete and satisfactory arrangement of information needful to the business man, the student, and the legislator that has ever been furnished in this country on any economical subject."

It is well known to several Senators that Mr. Knox was the first choice of the late President Garfield for Secretary of the Treasury, and this fact was communicated by the President to him in the presence of a well-known gentleman, to whom the President said that he was only prevented from carrying out his original purpose by political complications which afterward grew up in filling other places in his Cabinet.

IN THE SENATE, on April 1, Mr. Hill introduced the following bill, which was read twice and ordered to lie on the table:

A BILL to make the certificates of gold and silver deposited in the Treasury of the United States a legal tender for public and private debts.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That on and after the passage of this Act, certificates of gold and silver deposited in the Treasury of the United States shall be a legal tender, at their nominal value, for all debts, public and private, except when otherwise expressly stipulated in the contract: *Provided*, that such certificates shall contain the promise of the United States to deliver, on demand, the sums of gold and silver named thereon; and that this Act shall be operative only so long as such promise is in fact kept and performed, and only so long as the law regulating the receipt by the Treasury of the United States of deposits of gold and silver shall require such gold and silver to be kept and used solely for the redemption of the certificates issued therefor.

MR. HENRY W. CANNON, Cashier of the Lumberman's National Bank, at Stillwater, Minnesota, was nominated on April 30th as Comptroller of the Currency, in place of Mr. Knox, resigned. Mr. Cannon was born in Delhi, N. Y., in 1849, and before he had reached his majority was teller in the First National Bank in his native town. He left there in 1870, coming directly to St. Paul, and for a short time was connected with the Second National Bank of St. Paul. In 1871 he removed to Stillwater, where he organized the Lumberman's National Bank, of that city. Immediately after its organization he was made Cashier of the bank, a position he has held for nearly thirteen years. During this period he has been identified with most of the noteworthy business interests in that city. He is Secretary of the Chamber of Commerce, and Secretary, Treasurer, and Manager of the water and gas companies, whose organizations and effective workings have been under his successful charge.

OUTSTANDING THREE PER CENTS.—In a letter dated April 7 the Secretary of the Treasury furnishes the following statement to a banker of New York City:

1. There are now outstanding and uncalled United States three-per-cent. bonds of the Act of July 12, 1882, amounting to $244,773,450; and,

2. If the first $200,000,000 to be called—*i. e.*, those bonds having the highest numbers—be divided into four groups of $50,000,000 each, the numbers embraced in each group would be about as follows, viz.:

$50	$100	$500	$1,000	$10,000
		FIRST GROUP.		
304 to 442	2,204 to 3,840	1,090 to 1,737	9,978 to 14,771	18,340 to 22,950
		SECOND GROUP.		
270 to 303	2,001 to 2,203	906 to 1,089	72,69 to 9,977	13,573 to 18,339
		THIRD GROUP.		
56 to 269	779 to 2,000	346 to 905	2,891 to 7,268	9,041 to 13,572
		FOURTH GROUP.		
37 to 55	443 to 778	190 to 345	1,623 to 2,890	4,219 to 9,040

NEW YORK.—The Mechanics and Traders' National Bank has dissolved its organization under the National system. In its stead the Mechanics and Traders' Bank was incorporated on April 24th, under the State law of July 1, 1882, and has begun business.

BANK FAILURES.—Several failures, all attributable to the madness of speculation by bank officers, have occurred during April, two of these being announced on the same day. On the eighth the First National Bank of St. Alban's, Vermont, announced its suspension. A run on this bank occurred two months previously. The cause of its trouble is said to be unfortunate speculation in stocks by its president and cashier, Messrs. E. A. and Albert Sowles. Efforts have been made by them, since the suspension, to provide means for the bank's resumption, but the assets not being of the quick kind they cannot be realized upon in time. After full report by the Bank Examiner, the Comptroller of the Currency appointed a receiver, Daniel Roberts, of Burlington, Vt.

In consequence of this suspension, the excitement in Swanton, Vt., caused a run upon the National Union Bank of that place. The solvency of this bank seems, however, to be assured, and confidence is felt in its ability to continue business. To meet only $52,000 due depositors, it held $117,000 of good, short time paper.

The First National Bank of Monmouth, Illinois, closed its doors on April 8th, in consequence of a defalcation of over $100,000 by the cashier, B. T. O. Hubbard, who has absconded. The assets are sufficient to pay depositors eighty per cent., and the stockholders resolved to make good the deficiency and continue business, but the Comptroller decided the condition of the bank to require its liquidation. R. M. Stevenson, of Monmouth, has been appointed receiver.

The Exchange Bank of Versailles, Ohio, closed its doors on April 9th. The bank had been weak for some months, since the failure of two grain dealers who owed it largely. The losses, some $60,000, will fall upon the stockholders. B. F. Coppess, of Greenville, O., has been appointed receiver.

The Bank of Newton, Iowa, has decided to close its business. On April 12th the cashier, J. G. Cotton, left the place, ostensibly for a few hours only. An examination of the accounts proved him to be a defaulter to the amount of $41,000. The capital of the bank was $50,000. Depositors are paid in full on demand, the Jasper County Bank having assumed the business of the Bank of Newton. Cotton has not been found. A reward is offered for his arrest.

The Bank of Effingham, Illinois, failed on April 21, its president, F. A. Von Gassey, having absconded. The cashier asserts that there were over $40,000 in the bank when he closed it on Saturday, the 19th, and that when he opened it Monday morning every dollar was gone, as well as the books, papers, &c. The losers are all citizens of Effingham.

THE PACIFIC NATIONAL BANK.—The House Committee on banking and currency agreed on April 22 upon a report on the recent investigation of the charges against Comptroller Knox and Bank Examiner Needham, arising out of the failure of the Pacific National Bank of Boston. This report is to the effect that there is not proof or offer of proof sufficient to justify the committee in entertaining the charge of conspiracy between the Government officers and other parties; that the increase of capital stock of said bank to $961,300 involves a question of law now before a court of competent jurisdiction, and is not a matter properly calling for the judgment of this committee; that, while in the light of facts apparent since the failure of the bank, the Comptroller's exercise of his lawful discretion in some instances may be open to criticism, and the wisdom of his course may be questioned, there is nothing to show that he was actuated by an improper motive, or was guilty of any intentional violation of law; that the charge of incompetency made against Needham is not sustained, except in so far as he yielded his own judgment too much to the influences surrounding him, and to the apparent business sentiment of Boston, in favor of keeping this bank from going into the hands of a receiver, and to the hopes, opinions and statements of the directors and others interested in the rehabilitation of the bank.

The committee also directed the sub-committee to prepare a report embodying these views, and to formulate such amendments to the National Banking Act as will tend to prevent the practices by which the insolvency of the Pacific Bank was brought about, and to limit and define the discretion of the Comptroller, and, if possible, make the examination directed by law more trustworthy.

TEXAS.—At a meeting of the Board of Directors of the National Bank of Jefferson, Texas, on April 7th, W. B. Ward, Vice-President since the organization of the bank, was elected President, in place of W. M. Harrison, resigned. T. J. Rogers was elected Vice-President in place of W. B. Ward. Col. Harrison retires from the presidency of this bank to take the same position in a new bank at Fort Worth. He still retains, however, a large interest in the First National, and continues to be one of its directors.

UTAH.—The London Bank of Utah, at Salt Lake City, was attached on April 3d, by W. H. H. Bowers, for $50,000, and is in the possession of the United States Marshal. Deposits to the amount of $100,000 will be locked up pending the litigation. The trouble grew out of Mammoth mine transactions. Mr. Bowers alleges that checks payable to his order and not indorsed have been appropriated by the bank. Edwin Austin is the local manager of the bank, which is an English corporation.

DIVIDENDS OF INSOLVENT BANKS.—The Comptroller of the Currency has declared dividends in favor of the creditors of insolvent National banks as follows: The Atlantic National Bank of New York, final dividend of fifteen and a-quarter per cent., making in all 100 per cent. of principal and fifty per cent. of interest. The Second National Bank of Scranton, Penn., sixth dividend, five per cent., making in all 100 per cent. The First National Bank of Nevada, Austin, Nevada, final dividend of $2\frac{52}{100}$ per cent., making in all $92\frac{52}{100}$ per cent.

OBITUARY.

FRANCIS D. PERRY, President of the Southport (Conn.) National Bank, died after a short illness in that town on April 16th, in his seventy-fifth year. He had been for over thirty years an officer of this bank, and of its predecessor, the Southport Bank. He was also for some years Secretary and Treasurer of the Southport Savings Bank, and to these institutions devoted his energies with fidelity, perseverance, and marked ability. Mr. Perry was a man who won, by his high personal character, universal respect and regard. Thoroughly conscientious, decided in his opinions, but courteous, considerate and liberal, he exemplified the best type of the faithful official and the Christian gentleman. The boards of directors of the two banks, at a special union meeting, passed unanimously a series of resolutions expressive of their high regard and appreciation of the deceased.

URI S. PENFIELD, Cashier of the First National Bank of Quincy, Illinois, died suddenly of apoplexy at his home, on the evening of March 25th, aged sixty-two years. Mr. Penfield was one of the most widely-known bankers and probably the oldest bank cashier in the State, having filled that position in the First National Bank since its organization in 1863, and previously in the Quincy Savings bank, its predecessor. He came to Quincy in 1838, while but a boy, and won his way to the position of a responsible and successful citizen, a moving spirit in every enterprise identified with the city's welfare, enjoying the confidence of all who knew him. Mr. Penfield's superior financial ability and discretion were acknowledged by his repeated election as cashier by the directors of the bank, and were evinced by successful management of its large interests. With the firmness and stability which are essential to the banker, he maintained an unwavering courtesy and a frankness and cordiality which, proceeding from true kindness of heart, won for him many and warm friends. In his death, his associates in business, in society, and in the church of which he was an active member, are deprived of one whose loss is mourned by the entire community.

MR THOMAS GAFF, an old and much respected resident of the vicinity of Cincinnati, died suddenly on April 25th, aged seventy-seven years. Mr. Gaff had long been identified with the business interests of that city, and with those of Aurora, Indiana, where he spent the greater portion of his life. He was President of the First National bank of that place, President of the Aurora Distilling Company, and also interested in a number of other business enterprises, which bore successful proofs of his energetic and wise management. He had amassed a large fortune, which was judiciously controlled, and no one will be more sincerely missed in many circles, or more deeply regretted.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from April No., page 810.)

No.	*Name and Place.*	*President.*	*Cashier.*	*Capital.*
3145	Nicollet National Bank .... Minneapolis, MINN.	John De Laittre,	J. F. R. Foss,	$500,000
3146	Ripon National Bank.. .... Ripon, WIS.	L. E. Reed,	C. B. Hart,	50,000
3147	National Bank of Malvern...... Malvern, PENN.	Jos. Jeanes,	Chas. C. Highley,	50,000
3148	First National Bank............ Eureka, KANSAS.	Daniel Bitler,	J. C. Nye,	50,000
3149	First National Bank............ Madison, DAK.	Chas. B. Kennedy,	F. D. Fitts,	50,000
3150	Gray National Bank............ Middletown Springs, VT.	A. W. Gray,	A. A. Greene,	50,000
3151	Citizens' National Bank........ Madison, DAK.	W. F. Smith,	J. A. Trow,	50,000
3152	Schuyler National Bank......... Schuyler, NEB.	Chas. E. Sumner,	T. B. Crewitt,	50,000
3153	First National Bank ... . Rock Rapids, IOWA.	J. Shade,	B. L. Richards,	50,000
3154	Farmers' National Bank......... Granville, N. Y.	Jas. E. Goodman,	W. D. Temple,	50,000
3155	First National Bank............ Sauk Centre, MINN.	Henry Keller,	C. M. Sprague,	50,000
3156	First National Bank............ Metropolis, ILL.	Robt. W. McCartney,	Jas. M. Choat,	50,000
3157	First National Bank............ Wapakoneta, OHIO.	L. N. Blume,	Chas. F. Herbst,	50,000
3158	Lyndonville National Bank..... Lyndonville, VT.	S. Bradley,	H. M. Pearl,	50,000
3159	Merchants & Planters' Nat'l B'k. Sherman, TEX.	C. C. Binckley,	T. Randolph,	400,000
3160	First National Bank............ Deming, N. MEX.	Chas. H. Dane,	F. H. Siebold,	50,000
3161	First National Bank............ Darlington, WIS.	P. A. Orton,	G. S. Anthony,	50,000
3162	York National Bank............ York, NEB.	George W. Post,	Lee Love,	50,000
3163	Commercial National Bank..... Omaha, NEB.	Ezra Millard,	A. P. Hopkins,	250,000
3164	First National Bank............ Keyport, N. J.	Michael Taylor,	....	50,000
3165	First National Bank............ Montague, TEX.	Geo. W. Barefoot,	Wm. A. Morris,	50,000
3166	National Bank of Westfield..... Westfield, N. Y.	Edward A. Skinner,	John A. Skinner,	50,000
3167	Washington National Bank..... Washington, KAN.	Edwin C. Knowles,	J. S. Alspaugh,	100,000
3168	First National Bank............ Cranbury, N. J.	John S. Silvers,	Chas. Applegate,	50,000
3169	Merchants' National Bank ...... Bismarck, DAK.	John A. McLean,	Edward McMahon,	100,000
3170	People's National Bank......... Burlington, KAN.	Warren Crandall,	Thomas W. Foster,	50,000

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from April No., page 812.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
N. Y. City		American Surety Co., 160 Broadway.	....
	$500,000	Richard A. Elmer, *Pr.*	Lyman W. Briggs, *V. Pr.*
"	"	Mutual Savings Bank of Harlem, Eighth Avenue and 125th Street.	
Ala.	Birmingham	Alabama State Bank	....
	$200,000	Jos. F. Johnson, *Pr.*	John W. Read, *Cas.*
Col.	Boulder	National State Bank	....
	$55,000	Chas. G. Buckingham, *Pr.*	C. D. Barnes, *Ass't Cas.*
"	Greeley	First National Bank	Fourth National Bank.
	$80,000	John M. Wallace, *Pr.*	B. D. Harper, *Cas.*
Dak.	Bismarck	Merchants' Nat'l Bank	....
	$100,000	John A. McClean, *Pr.*	Edward McMahon, *Cas.*
"	Madison	First National Bank	....
	$50,000	Chas. B. Kennedy, *Pr.*	F. D. Fitts, *Cas.*
"	Madison	Citizens' National Bank	Chase National Bank.
	$40,000	W. F. Smith, *Pr.*	J. A. Trow, *Cas.*
Idaho	Eagle City	Eagle City Bank.....(W. Hussey.)	Kountze Bros.
"	"	A. H. Raynolds	Kountze Bros.
Ill.	Greenfield	Metcalf & Johnson	R. Metcalf, *Cas.*
"	Metropolis	First National Bank	....
	$50,000	Robert W. McCartney, *Pr.*	Jas. M. Choat, *Cas.*
Iowa	Dunlap	Thompson's Brokerage & Coll. House.	Kountze Bros.
		G. W. Thompson, *Pr.*	B. F. Thompson, *Cas.*
"	Rock Rapids	First National Bank	....
	$50,000	J. Shade, *Pr.*	B. L. Richards, *Cas.*
"	Rock Rapids	Bank of Rock Rapids	C. H. Huntington, *Cas.*
Kan.	Burlington	People's National Bank	....
	$50,000	Warren Crandall, *Pr.*	Thos. W. Foster, *Cas.*
"	Eureka	First National Bank	....
	$50,000	Daniel Bitler, *Pr.*	J. C. Nye, *Cas.*
"	Haddam	Haddam State Bank	Bank of North America.
		W. Moorhead, *Pr.*	O. L. Taylor, *Cas.*
"	Medicine Lodge	McNeal, Little & Thompson.	....
"	Washington	Washington Nat'l Bank	....
	$100,000	Edwin C. Knowles, *Pr.*	J. S. Alspaugh, *Cas.*
Minn.	Minneapolis	Nicollet National Bank	....
	$500,000	John De Laittre, *Pr.*	J. F. R. Foss, *Cas.*
"	Sauk Centre	First National Bank	....
	$50,000	Henry Keller, *Pr.*	C. M. Sprague, *Cas.*
Mo.	Jericho	Hartley Banking Co.	....
		A. M. Pyle, *Pr.*	John D. Porter, *Cas.*
"	Kansas City	J. F. Corle & Son	Donnell, Lawson & Simpson.
"	Malta Bend	Palmer & Smith	....
Neb.	Kenesaw	Bank of Kenesaw	....
	$25,000	A. T. Gillette, *Pr.*	E. P. Gillette, *Cas.*
"	Omaha	Commercial Nat'l Bank	....
	$250,000	Ezra Millard, *Pr.*	A. P. Hopkins, *Cas.*
"	Schuyler	Schuyler National Bank	Chemical National Bank.
	$50,000	Chas. E. Sumner, *Pr.*	T. B. Crewitt, *Cas.*
"	Western	Bank of Western	....
		J. Lewelling, *Pr.*	M. Votaw, *Cas.*
"	York	York National Bank	....
	$50,000	Geo. W. Post, *Pr.*	Lee Love, *Cas.*
Nev.	Carson City	Bullion & Exchange Bank.	Opdyke & Co.
		Jacob Klein, *Pr.*	T. R. Hofer, *Cas.*
N. J.	Cranbury	First National Bank	....
	$50,000	John S. Silvers, *Pr.*	Chas. Applegate, *Cas.*
"	Keyport	First National Bank	....
	$50,000	Michael Taylor, *Pr.*	....

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
N. Mex.	Deming	First National Bank	....
	$ 50,000	Chas. H. Dane, *Pr.*	Frank H. Siebold, *Cas.*
"	Silver City	Silver City B'k (J. Freudenthal & Co.)	Nat'l Citizens' B'k.
N. Y.	Granville	Farmers' National Bank	Ninth National Bank.
		Jas. E. Goodman *Pr.*	Wm. D. Temple, *Cas.*
"	Spencer	Farmers & Merchants' B'k.	National Park Bank.
	$ 25,000	Marvin D. Fisher, *Pr.*	Chas. P. Masterson, *Cas.*
"	Westfield	Nat'l Bank of Westfield	....
	$ 50,000	Edward A. Skinner, *Pr.*	John A. Skinner, *Cas.*
Ohio	Berlin Heights	Berlin Heights Bkg. Co.	Chase National Bank.
	$ 50,000	Wm. H. Hine, *Pr.*	Geo. W. Close, *Cas.*
"	Wapakoneta	First National Bank	....
	$ 50,000	L. N. Blume, *Pr.*	Chas. F. Herbst, *Cas.*
Penn.	Malvern	National Bank of Malvern	....
	$ 50,000	Jos. Jeanes, *Pr.*	Chas. C. Highley, *Cas.*
S. C.	Charleston	Albert Lengnick	National Bank of the Republic.
Tex.	Montague	First National Bank	....
	$ 50,000	George W. Barefoot, *Pr.*	Wm. A. Morris, *Cas.*
"	Sherman	Merchants & Planters' N. B.	....
	$ 400,000	Chris. C. Binkley, *Pr.*	Tom Randolph, *Cas.*
Vt.	Lyndonville	Lyndonville Nat'l Bank	....
	$ 50,000	Sewall Bradley, *Pr.*	H. M. Pearl, *Cas.*
"	Middletown Sp.	Gray National Bank	Continental National Bank.
	$ 50,000	Albert W. Gray, *Pr.*	Albert A. Greene, *Cas.*
Va.	Danville	Commercial Bank	....
		J. D. Blair, *Pr.*	J. L. Waring, *Cas.*
Wis.	Darlington	First National Bank	....
	$ 50,000	Philo A. Orton, *Pr.*	Geo. S. Anthony, *Cas.*
"	Ripon	Ripon National Bank	....
	$ 50,000	L. E. Reed, *Pr.*	C. B. Hart, *Cas.*

DISSOLUTIONS, CHANGES, ETC.

(Monthly List, continued from April No., page 810.)

N. Y. City		Mechanics & Traders' N. B.; now Mechanics & Traders' B'k.
"	"	Jas. M. Drake & Co. dissolved; Drake, Masten & Co. succeed.
"	"	Owens & Mercer, suspended and assigned.
"	"	Geo. S. Scott & Co. dissolved; T. W. Pearsall & Co. succeed.
"	"	Jessup, Paton & Co.; succeeded by John Paton & Co.
Cal.	Petaluma	First National Gold Bank; now First National Bank.
Col.	Alma	Bank of Alma (Hathaway & Arthur); now Hathaway, Arthur & Lakes.
"	Buena Vista	Hiller, Hallock & Co.; assigned April 17.
"	Fairplay	Hathaway Bank (Hathaway & Arthur); now Hathaway, Arthur & Lakes.
"	Georgetown	Bank of Georgetown; now State Bank of Georgetown.
Dak.	Madison	Bank of Madison; now First National Bank.
"	"	Citizens' Bank; now Citizens' National Bank.
Ill.	Alexis	C. W. Postlewaite & Co.; now Gibson, Postlewaite & Co.
"	Cerro Gordo	Cerro Gordo Bank; now Farmers' Bank.
"	Effingham	Effingham Bank; closed April 21st.
"	Metropolis	McKee, Quante & Co.; now First National Bank.
"	Monmouth	First National B'k; suspended April 8. Receiver appointed.
"	Vienna	Cohn & Poor; now Bank of Vienna.
"	Waverly	Crain & Manson dissolved; John A. Crain succeeds.
Ind.	Anderson	Madison Co. National B'k; went into voluntary liquidation.
"	Covington	Farmers' Bank; closed April 7.
Iowa	Newton	Bank of Newton; gone into liquidation.
"	Rock Rapids	Bank of Rock Rapids; now First National Bank.
Kan.	Washington	Washington State Bank; now Washington National Bank.

MAINE..	Oakland.......	West Waterville National Bank; changed to Messalonskee National Bank.
MICH...	Big Rapids.....	Fairman & Newton dissolved; F. Fairman succeeds.
MO.....	St. Louis......	Provident Savings Institution; now Provident Savings Bank.
MONT...	Virginia City...	Raymond, Harrington & Co.; now Hall, Harrington & Co.
NEB....	Nebraska City..	James Sweet National Bank; now Merchants' National Bank.
" ..	Odell..........	Myers, Wentworth & Co. dissolved; J. D. Myers succeeds.
" ..	Schuyler.......	Sumner & Co.; now Schuyler National Bank.
" ..	York	York Exchange Bank; now York National Bank.
NEV....	Carson City....	Carson City Savings Bank; now Bullion & Exchange Bank.
OHIO...	Berlin Heights.	Exchange Bank (H. Close); now Berlin Heights Bkg. Co.
" ..	Versailles......	Exchange Bank closed, and receiver appointed April 8.
PENN...	Lancaster......	D. P. Locher & Son; now D. P. Locher & Sons.
S. C....	Lancaster......	Twitty & Connors failed.
TEXAS..	Dublin.........	J. D. Berry; now Berry & Co.
" ..	Sherman.......	Merchants & Planters' Bank; now Merchants & Planters' National Bank. Same officers.
VT.....	St. Albans......	First National Bank, suspended April 8. Receiver appointed.
VA.....	Alexandria.....	German Banking Co.; voluntary liquidation April 10.
WIS....	Darlington.....	Lafayette Co. Bank; now First National Bank.
" ..	Mineral Point..	Henry's Bank; assigned April 12.
" ..	Richland Center	Geo. Krouskop; assigned March 31.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from April No., page 809.)

	Bank and Place.	*Elected.*	*In place of*
N. Y. CITY.—	Chase National Bank.....	John Thompson, *Pr.*....	S. C. Thompson.*
" "	Nat'l B'k of the Republic.	John J. Knox, *Pr.*.......	Geo. B. Carhart.
DAK....	First National Bank, Mitchell..	J. E. Gilbert, *Cas.*.......	J. F. Kimball.
ILL.....	First National Bank, Mattoon..	C. E. Wilson, *Cas.*......	P. F. McNair.
" ..	First National Bank, Quincy.	W. S. Warfield, *Pr.*....	F. W. Meyer.
		Jas. D. Morgan, *V. Pr.*.	W. S. Warfield.
		F. W. Meyer, *Cas.*......	U. S. Penfield.*
		J. G. Rowland, *Ass't. C.*.	....
" ..	Calumet National Bank, South Chicago.	A. G. Ingraham, *Cas.*...	C. P. Wilder.
IOWA..	First National Bank, Perry....	W. Blakeslee, *Cas.*......	H. A. Rouse.
KAN....	First Nat'l B'k, Fort Scott.....	J. Chenault, *Act'g Cas.*..	C. H. Osbun.
MAINE..	Ocean Nat'l B'k, Kennebunk...	Edward W. Morton, *Pr.*.	J. Dane.*
" ..	Kennebunk Savings Bank, Kennebunk.	Robert W. Lord, *Pr.*...	E. C. Bourne.
		Edward C. Bourne, *Tr.*.	J. Dane.*
MD.....	National Bank of Cambridge..	Wm. F. Drain, *Cas.*....	W. H. Janney.
MASS...	First National Bank, Ayer.....	H. E. Spaulding, *Cas.*...	J. R. Gray.
" ..	First Nat'l Bank, Danvers......	B. E. Newhall, *Cas.*.....	W. L. Weston.
" ..	Asiatic Nat'l Bank, Salem.....	Chas. S. Rea, *Cas*	W. H. Foster.
MICH...	Old Nat'l B'k, Grand Rapids...	M. L. Sweet, *Pr.*.......	S. L. Withey.
" ..	Second Nat'l Bank, Hillsdale...	Chas. W. Waldron, *Pr.*.	C. T. Mitchell.
MINN...	National German-American Bank, St. Paul.	G. Willius, *Pr.*.........	W. Mann.
		Jos. Lockey, *Cas.*.......	G. Willius.
MO.....	First National Bank, Palmyra.	Wm. H. Lee, *Pr.*.......	J. M. Bates.
		John B. Best, *V. Pr.*....	Wm. H. Lee.
" ..	Provident Sav. B'k, St. Louis..	James S. Garland, *Pr.*...	C. S. Greeley.
MONT ..	First Nat'l Bank, Livingstone..	D. E. Fogarty, *Cas.*.....	T. Ward.
NEB....	Exchange National Bank, Hastings.	W. H. Lanning, *V. Pr.*	....
		J. R. McLaughlin, *A. C.*	....
" ..	St. Paul National Bank, St. Paul.	N. J. Paul, *Pr.*..........	G. W. Post.
		Geo. W. Post, *V. Pr.*...	....
		A. N. Dann, *Ass't. Cas.*.	....

* Deceased.

	Bank and Place.	*Elected.*	*In place of*
N. H.	Conway Savings B'k, Conway.	Benj. F. Clark, *Pr.*	J. C. S. Wood.
N. Y.	Union National Bank, Albany.	B. P. Learned, Jr., *Pr.*	B. P. Learned.*
"	Second Nat'l B'k, Cortland	E. D. Barker, *Act. Cas.*	J. S. Bull.
"	Citizens' N. B., Hornellsville	Chas. Hartshorn, *Pr.*	J. Santee.
"	Fredonia Nat'l B'k, Fredonia	F. R. Greene, *Cas.*	R. P. Clement.
OHIO	Society for Savings, Cleveland.	S. H. Mather, *Pr.* Luther Allan, *Tr.*	S. Williamson. S. H. Mather.
"	First Nat'l Bank, Gallipolis	J. S. Blackaller, *Cas.* F. H. Deletombe *Ass't C.*	John A. Hamilton. ....
"	Van Wert Nat'l B'k, Van Wert.	J. S. Brumback, *Pr.*	J. M. C. Marble.
PENN.	First National Bank, Indiana.	John Prothers, *Pr.*	D. S. Porter.*
"	First Nat'l B'k, Philadelphia	Kenton Warne, *Actg. C.*	M. McMichael, Jr.
R. I.	Nat'l B'k of Rhode Island, Newport.	A. P. Sherman, *V. Pr.*	....
TENN.	East Tennessee Nat'l Bank, Knoxville.	R. S. Payne, *Pr.* E. J. Sanford, *V. Pr.*	R. C. Jackson. R. S. Payne.
"	American Nat'l B'k, Nashville.	John Kirkman, *Pr.*	E. W. Cole.
TEX.	First National Bank, Colorado.	H. B. Smoot, *Cas.*	F. W. James.
"	American National Bank, Dallas.	C. C. Slaughter, *V. Pr.* W. H. Gaston, *Ass't C.*	....
"	City Nat'l Bank, Fort Worth	G. R. Newton, *Cas.*	S. W. Lomax.
"	National Bank of Jefferson	W. B. Ward, *Pr.* T. J. Roger, *V. Pr.*	W. M. Harrison. W. B. Ward.
VT.	Montpelier N. B., Montpelier	C. B. Martin, *Act. Cas.*	Jas. R. Langdon.
"	Nat'l Union Bank, Swanton	W. H. Blake, *Pr.*	A. Sowles.
WAS. T.	First National Bank, Colfax	J. H. Bellinger, *V. Pr.*	....
WIS.	Beloit Savings Bank, Beloit	A. L. Chapin, *Pr.*	S. F. Merrill.
"	Clark Co. Bank, Neillsville	Wm. G. Klopf, *Cas.*	W. C. Brooks.
CANADA	Merchants' Bank of Halifax, Antigonish.	C. E. Harris, *Agt.*	T. M. King.
"	Bank of Montreal, Cornwall	B. Tassie, *Mgr.*	Neil McLean.
"	Ontario Bank, Cornwall	A. Denny, *Mgr.*	W. J. Tully.

A DARING ATTEMPT TO ROB the Medicine Valley Bank, of Medicine Lodge, 35 miles west of Kansas City, Mo., was made on April 30th, in which the Cashier was killed and the President was fatally wounded. At ten o'clock in the morning four men armed with rifles and revolvers rode up to the bank. Two remained with the horses while the others entered the building and demanded money. Mr. Payne, the President, and George Coppert, the Cashier, were in the bank. They refused to comply with the demand and were shot. The City Marshal just then appeared and opened fire on the men. Citizens gathered rapidly, and the robbers, seeing their game was up, mounted quickly and galloped away without having secured any booty.

BANK OFFICERS AS SPECULATORS.—There has been an unusual number of bank failures in the United States during the present week, and of these at least two are directly traceable to the speculating propensities of its cashier or other prominent officer. These worthies, it has now come out—as it always does too late—dabbled extensively in stocks and other gambling ventures, and ultimately came to grief; or, rather, the shareholders did, connected with the institutions in whose service those delinquent scamps were. For it is almost unnecessary to say that it was the money of their employers, and not their own, that they risked and lost. These playful cashiers seem ever to go on the principle "Heads I win, tails you lose!" for though it is not on record that the shareholders are ever made participants in any profits that may happen to accrue to the sportive clerk, they have to pay the losses with a monotony that must have become painful. Why it is that laws are not so framed as to bring condign punishment on the heads of all unjust stewards such as these has not been properly explained. As it is, they get off scot-free, for even public opinion only too often condones open and palpable roguery, provided there is no specific law on the statute-book to punish it.—*Montreal Shareholder*, April 11.

DAILY PRICES OF STOCKS AND BONDS, APRIL, 1884.

Government Bonds.—Closing Prices at the New York Board during April.

	Interest Periods.	1	2	3	4	5	7	8	9	10	11	12	14	15	16	17	18	19	21	22	23	24	25	26	28	29	30
4½s, 1891......reg.	Quarterly. Mar.	113¾	113¾	113¾	113¾	113¾	113¾	113¾	113¾	113¾	113¾	113¾	113¾	113½	113½	113½	113½	113½	113½	113⅛	113¼	113¼	113	113⅜	113⅜	113⅜	113⅜
4½s, 1891....coup.		113¾	113¾	113¾	113¾	113⅞	113¾	113¾	113¾	113¾	113¾	113¾	113½	113½	113½	113½	113⅝	113½	113½	113⅛	113¼	113¼	113	113⅜	113⅜	113⅜	113⅜
4s, 1907.........reg.	Jan.	123⅝	123¾	123⅞	123⅞	124	123⅞	124	123⅞	123⅞	123⅞	123⅞	123⅞	123¾	123¾	123¾	123⅝	123¾	123¾	123⅝	123⅝	123⅝	123⅜	123⅝	123⅝	123⅝	123⅜
4s, 1907.......coup.		123⅝	123¾	123⅞	123⅞	124	123⅞	123⅞	123⅞	123⅞	123⅞	123⅞	124	123¾	123¾	123¾	123¾	123¾	123⅞	123⅝	123⅝	123⅝	123⅜	123⅝	123⅝	123⅝	123⅜
3s, option U. S.reg.	Feb.	100	100	100	100	100¼	100½	100¾	100¼	100¼	101¼	101	101¼	101¼	100⅞	100⅞	100½	100⅞	100¼	100¾	100½	100½	100½	100¾	100¾	100¾	101
6s, cur'cy, 1895.reg.	Jan. & July.	129	129	129	129	129	129	131	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129	129
6s, cur'cy, 1896.reg.		131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131	131
6s, cur'cy, 1897.reg.		134	134	134	134	134	134	134	134	134	134	133½	133½	133½	133	133	133	133	133	133	133	133	133	133	133	133	133
6s, cur'cy, 1898.reg.		136½	136½	136½	136½	136½	136½	136½	136	136	136	136	136½	136½	136	136	136	136	136	136	136	136	136	136	136	136	136
6s, cur'cy, 1899.reg.		138½	138½	138½	138½	138½	138½	138½	138½	138½	137½	138	138½	138½	138	138	138	138	138	138	138	138	138	138	138	138	138

New York Stock Exchange.—Daily Highest Prices for April.

RAILROAD STOCKS.	1	2	3	4	5	7	8	9	10	11	12	14	15	16	17	18	19	21	22	23	24	25	26	28	29	30
American Tel. & Cable Co.	58	57	—	—	—	—	58	58	—	GOOD FRIDAY.	59	58½	—	59	58	58	58	—	57	56⅛	56	—	—	57	56½	—
Bankers & Mer. Telegraph.	126½	126⅜	126⅝	126½	127½	127½	127¼	127½	127¼		127½	127⅜	127½	127¾	127⅝	118¾	118½	118¾	119¼	119½	119⅛	119¼	119¼	119⅜	119⅜	119½
Canadian Pacific............	53⅛	53	53	53⅛	52¼	—	52½	52	52⅛		52¼	52	52⅛	52	52	52	51¾	50	50	49⅞	47½	46½	47	47¼	47	46½
Canada Southern............	52⅝	52¼	52⅛	52⅛	51⅛	51⅜	51¼	51⅜	50⅜		50½	50	50	49⅞	50	50	51	49¾	50	50⅛	49	49⅛	48¾	48	47¾	47¾
Clev., Col., Cin & Ind......	63	—	61½	61½	61¼	—	65	—	63⅝		—	61½	—	60	59	—	—	59⅜	—	59½	—	58	57	54¼	55½	53
Chicago & Northwest........	116⅜	116⅜	115¾	116¼	115¼	115½	116⅛	116¼	115¾		115⅞	114⅞	115½	115¼	115⅛	115½	115¾	114¾	115	115	114	114	114⅛	112¾	112⅛	113¼
Do. pref...	140½	140¼	143	144	—	—	145	143⅛	144		—	143¼	143¼	142½	143	143	143⅛	142	142	142½	142	141½	141¼	141	142	141½
Chicago, Mil. & St. Paul....	86½	86¼	86⅝	87⅛	86⅛	86¾	86¾	87	86¾		86¾	85⅞	86½	86⅝	86¼	86¼	86½	85¼	85⅞	85¾	84⅝	84⅛	84	82⅞	82¼	83¼
Do. pref.	112¼	112¾	112¾	113½	113⅛	113½	—	114	114		113⅝	—	113¾	113⅞	114	113⅞	—	113⅜	—	—	113	—	113	112½	112	112½
Chicago, St. Louis & Pitts..	—	—	—	—	—	—	—	—	—		—	9½	—	10	10	—	—	—	—	9	—	—	—	—	—	—
Do. pre.	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	27	—	27	—	—	—	—	—	—
Chicago, St. P., M. & O. M.	30	30⅛	31	30¼	30	30⅝	31¼	31¼	31½		31¼	30⅜	30⅝	30½	30¾	32½	32⅜	31½	32⅜	32⅜	32	32½	31¾	31¼	31	31¼
Do. pref.	90½	91	91¼	91¼	90⅛	90⅞	91½	92⅛	92¾		92¼	91½	91½	91⅛	91¼	93¾	94	92	94⅝	96	95¼	95	94⅞	93¼	93⅜	93¾
Chicago, R. I. & Pac.......	118¾	119½	—	—	119½	119½	120	120½	120		120¾	120⅜	120⅜	—	—	120	—	119½	120	—	119¾	119¾	119¾	118¼	118	118⅞
Chicago, Bur. & Quincy.....	124	124	124	125	125½	125	124¾	125¼	124⅞		125¼	124½	124⅞	124	124	124⅝	124¾	122⅝	123	123	121½	121⅞	121½	121¼	120¾	121¼
Chicago & Alton............	136	—	—	—	—	—	—	—	—		—	—	136½	137	136¼	—	—	—	—	—	—	—	—	136½	136¾	137½
Chesapeake & Ohio.........	13½	13½	—	—	12¾	—	13⅝	13⅛	—		13	—	12⅝	—	—	—	—	—	—	—	11	—	—	10	—	19⅛
Do. 1st pref..	25¼	—	—	—	—	25	—	—	—		24½	—	—	23	22	22¼	23	22¾	21⅛	22½	21¼	—	—	21	21	21
Do. 2d pref..	—	—	—	—	—	—	—	16	—		—	—	—	—	—	—	16	—	—	—	—	—	—	—	—	14

New York Stock Exchange.—Daily Highest Prices for April.—Continued.

RAILROAD STOCKS.	1	2	3	4	5	7	8	9	10	11	12	14	15	16	17	18	19	21	22	23	24	25	26	28	29	30
Central Pacific	57⅞	57¾	58⅛	58	57⅝	57½	57¼	57⅝	57¼	GOOD FRIDAY.	58⅜	57½	57¾	57⅜	57⅜	57⅜	57⅝	56½	56⅝	56¾	56	56⅛	56⅛	55⅝	54½	51⅛
Colorado Coal & Iron	16½	17	16½	16	16	—	16¼	17½	—		—	17	16½	16⅛	15½	—	—	—	—	14¼	13¾	14½	14½	—	12½	—
Delaware, Lack. & West	124¼	124¼	121⅞	122⅜	121¼	121⅛	122⅛	122⅝	121⅝		121½	119⅞	119¾	119⅝	118½	119½	119⅞	118¾	119⅜	119¼	118⅝	118⅜	118⅛	117¾	117¾	119⅛
Delaware & Hudson Canal	107⅛	107¼	107⅛	107¼	107¼	—	107½	—	—		107¼	—	—	106⅛	106	106½	106	105⅞	105⅝	105¼	104⅛	105	—	104¾	104⅜	105⅝
Denver and Rio Grande	19⅛	19¼	19¼	19¼	18⅝	19⅛	18¼	18⅞	19⅛		18⅝	18	18	17⅞	17¼	16⅛	16⅛	15⅞	15⅞	15¼	14¼	14⅜	14⅜	13⅞	12¾	12⅜
East Tenn., Va. & Ga.	7⅜	—	7⅜	7¼	—	7	—	7¼	—		7⅛	6½	6½	6¾	6½	6½	6¾	6¼	6⅝	—	—	6¼	6⅛	6⅛	6⅝	6⅜
Do. pref.	12½	12½	—	—	—	12⅛	—	12⅛	—		—	12	11½	11½	11½	11⅞	—	11½	—	—	11	—	—	11	—	11
Erie	21⅞	21⅝	21¾	22⅛	21⅝	21⅝	21⅝	21⅞	21⅝		21¾	21⅜	21⅜	21⅜	21⅛	20½	20	19¼	19⅝	20	18¾	18⅞	18⅞	18½	18⅜	18⅛
Do. pref	—	58⅛	58	—	—	58	—	—	—		—	57½	58	57¼	—	—	—	—	50⅛	54	51	51	52	50½	48	48
Homestake Mining	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Houston & Texas	—	—	45	—	—	—	—	—	—		—	—	—	—	40	—	—	40	—	—	—	—	—	—	—	—
Illinois Central	—	128½	128¼	129	128¾	128¾	—	—	—		—	129½	129¼	—	129	—	129	—	129½	129⅜	128½	128½	128⅜	127¾	126¼	127⅛
Indiana, Bloom'n & Western	17	—	18	—	17¼	17¼	—	17⅛	—		17	16⅜	—	16½	—	16⅛	—	16	15½	15¾	15¾	16	—	15¾	15½	15⅛
Louisville & Nashville	47⅝	47¼	47⅞	47⅞	47	47	47⅜	47⅝	47		47⅛	46⅞	47⅛	47⅛	47	47⅜	47¾	47	47⅛	47⅜	47	47	47	46¾	46¾	46⅛
Louisville, N. Alb. & Chic.	—	—	—	23½	—	—	—	—	—		—	25	—	—	25	—	—	—	—	—	—	—	—	—	—	—
Lake Shore	102⅞	102⅜	101¼	99¼	98⅛	98⅜	98½	99	98⅝		98½	98	98	97¾	97⅞	98½	98½	97⅛	97⅝	97⅝	96⅜	96¼	96⅜	95¾	96⅝	96⅞
Lake Erie & Western	—	16¾	—	—	—	—	—	16¾	16¾		16½	16½	16¼	15¼	—	15⅞	15⅜	15⅛	15⅛	15⅛	—	15	15½	—	—	—
Long Island	76	75½	75	—	—	—	75¾	76⅛	—		—	—	—	74	—	74	74	74½	—	—	74	73½	73¾	—	70	—
Michigan Central	91	90¼	90¼	90⅛	89½	90	—	—	89⅛		—	88½	—	88	87½	87⅛	—	88	—	85¾	85	—	85	84	83½	83
Mil. L. Sh. & West.	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Do. pref.	—	—	41	—	—	—	—	—	—		—	—	—	—	40	40	—	—	—	—	—	—	—	37	—	37
Morris & Essex	125½	—	—	—	—	—	—	126	—		—	—	—	—	—	—	—	—	—	125¼	—	125¾	—	—	—	—
Missouri Pacific	86⅝	85⅞	86½	86⅞	85⅞	86¼	86⅝	86⅝	86¼		86	85	84	82⅞	81½	81¾	82⅝	81⅜	82⅜	83¼	82	82	82	81⅞	81½	82
Missouri, Kansas & Texas	20½	20⅛	20⅜	20⅜	20⅛	20½	20½	20	20⅛		19⅞	18¾	18⅞	18⅜	18¼	17⅞	18	17⅜	17¼	17⅛	16¼	16⅛	16⅛	15⅝	14⅝	15⅛
Manhattan Beach Co.	—	—	—	—	—	—	—	—	—		—	22½	—	22½	—	—	—	—	22	22⅛	—	—	—	24	—	19
Manhattan Elevated	44	43	—	45⅛	—	44½	—	45	45		—	—	43½	42	41¾	41¼	—	44	43	—	46½	50	50	—	46½	45
Do. 1st pref.	—	—	—	—	—	—	—	91½	—		—	—	92	—	91	—	—	—	90	90	—	92	—	—	93	—
Metropolitan Elevated	—	—	100	—	—	103	—	101	100		101⅛	—	105	103	101⅛	101½	101½	101⅛	104	—	103	102	102	102	101	—
Memphis & Charleston	—	33½	—	—	—	—	—	—	—		—	33	34	—	—	35	34	33⅛	—	—	—	—	35⅛	—	36	36
Mobile & Ohio	—	—	—	—	—	—	—	12⅛	13		—	12½	12⅛	—	—	12⅜	—	—	—	—	—	11	—	—	—	11⅛
Minneapolis & St. L.	—	—	—	—	—	—	—	—	16¼		16	15	—	15	—	15⅛	15⅛	—	14½	—	—	—	—	—	—	13½
Do. pref.	—	—	32	—	—	—	—	40	32		32⅛	31	30	—	—	30	31	—	—	30	—	—	—	—	27½	27½
Mutual Union Tel.	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
N. Y. Chic. & St. Louis	8½	—	—	—	—	8⅛	—	—	—		—	8⅛	8⅛	8⅛	7¼	7⅞	7⅞	7⅛	—	7¾	7⅝	—	7⅝	7½	7¾	7⅜
Do. pref.	—	—	17½	17½	17⅛	17⅛	17⅛	—	—		17⅝	16¾	—	16	15¼	16	16¼	15½	—	16	—	—	—	—	—	—
N. Y. Central & Hudson	114½	114½	114¾	115	114	114	114½	114¾	114½		114⅜	114	114	114	114	114⅛	114⅞	113¾	114	114⅛	113⅝	114	114⅛	113½	113⅝	113½
New Jersey Central	87⅛	—	86⅞	—	87⅛	87⅜	—	—	—		87⅞	86½	86⅛	85¼	85⅛	85⅜	85⅞	84⅛	84½	84⅛	83⅛	82¼	80½	80	81	81
N. Y. Lack. & Western	—	91	—	91	91	—	92½	94	—		—	—	—	—	—	92	—	91	—	—	—	—	92⅛	—	91	—
Norfolk & Western....pref.	—	—	—	—	—	—	40	—	—		40⅛	41	—	40⅛	40	—	39⅝	—	40	—	—	—	—	—	38	38

Northern Pacific	22⅜	22	22	22⅛	22	22½	22½	22¼	22½	GOOD FRIDAY.	22¼	21¾	22	22⅜	22⅞	22⅝	22¾	22⅛	22	22	20¼	21⅜	21¾	21¾	21⅜	22
Do. pref.	48¼	47⅞	48	48⅛	47¾	48⅞	48⅜	48¼	47¾		47⅞	47½	47⅞	48⅛	48⅞	48¾	48⅞	48¼	48¼	48⅜	46¾	47½	47⅝	47¾	47⅝	49⅛
Nashville, Chat. & St. L.	—	—	—	—	—	—	—	—	—		—	—	54	—	—	—	53	—	—	—	—	—	—	52	—	51
N. Y., Ontario & Western	—	—	9¾	10⅛	9⅞	9⅞	9⅞	9⅞	—		—	—	10	—	9⅞	9¾	9⅛	9½	9⅜	—	8¾	8⅜	8¼	8¼	—	8⅜
Ohio & Mississippi	21⅝	21⅛	22	22⅜	21½	—	21½	—	—		21⅛	21½	—	20½	20½	20⅞	20½	18⅞	20	19½	—	21	—	—	19⅜	19½
Oregon Navigation	86	—	—	86¼	85	85	85	84½	81		81	78	78	—	76	—	76	76⅞	77	75	72	71½	73	71	—	71½
Oregon & Trans-Continental	21⅜	21	21	21¼	20¼	20½	20¾	20⅝	20⅜		20¼	20	18¾	18⅞	18¾	18⅞	19⅛	18¼	18	18⅛	16¼	16⅝	18¼	17¾	17¾	18⅛
Ohio Central	2⅝	2⅝	—	—	—	2⅝	—	—	—		2⅝	2⅜	2⅜	2½	2⅜	2⅜	—	2¼	—	—	—	—	—	2⅜	2⅝	2⅝
Pacific Mail	52½	52⅞	53	53⅝	52½	53	53	53¼	52¾		52¾	51¾	51¾	52½	50½	48⅞	49	47⅝	47½	47⅞	46¾	46⅛	46⅛	46½	45⅜	45
Philadelphia & Reading	53¾	53⅞	55⅛	55¼	54	54¼	54¼	54¼	53⅞		53⅝	52⅞	52⅝	52½	51⅛	50⅝	50½	48	48½	48¼	46	45	43⅜	43⅝	44⅛	44¼
Pullman Palace Car Co.	113	113	—	113⅛	112⅝	112¼	113	112¾	112½		—	112	111½	111¾	111½	—	111½	112¼	112½	112½	111	110¾	110¾	—	110¾	111
Peoria, Decatur & Evansville	15½	—	15½	15⅞	—	15½	15½	15½	—		—	15¼	—	15	14⅝	15½	—	14⅝	—	—	14⅝	—	—	14⅝	14½	14⅝
Richmond & Danville	—	—	—	—	—	—	—	—	—		—	—	—	55	—	—	54	—	—	—	—	52½	—	—	—	52½
Richmond & Alleghany	—	—	—	—	—	—	—	—	—		—	—	—	3½	—	—	—	—	—	—	—	—	—	3	3	—
Richmond & West Point	—	—	—	—	—	—	28¾	—	—		28⅛	28½	—	28	27¼	—	27	—	26½	—	26½	26½	—	—	—	25¾
Rochester & Pittsburg	14	13⅞	14	14	—	—	14	13⅞	13⅝		13½	12½	10⅛	10⅛	10⅞	10¼	10⅛	9¾	10¼	10⅛	10	10	9¾	9¾	9¾	9½
St. Louis, Alton and T. H.	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	39⅞	—	—	—	—	—	—	—	—	—
Do. pref	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis & San Fran.	—	—	—	—	—	—	26	—	—		26	—	—	26	—	—	—	—	—	—	—	—	—	—	24½	—
Do. pref.	—	46	46	46½	46	47	—	—	—		—	46	—	46½	46½	—	—	—	—	—	—	—	—	—	45	43½
Do. 1st pref.	—	—	—	—	—	—	—	95⅝	—		93½	—	—	—	—	—	—	91½	—	—	90	90⅜	—	89½	—	88
St. Paul, Minneap. & Man.	95	95	94¾	95⅞	95	95½	97	97½	96½		96½	96½	95½	95¼	94	94½	94⅝	—	94¼	94	91⅝	92½	92¼	91½	91½	92
Texas & Pacific	19⅞	19¾	19¾	19⅞	19⅝	19⅞	19⅞	19¾	19⅝		19⅛	18½	18⅛	18	17⅞	17½	17¾	17	17⅜	17⅜	16¼	16¼	15⅞	15¼	14⅝	15
Union Pacific	74¾	74⅛	73⅝	73⅝	71¾	71¾	72⅝	73	71½		71½	70⅛	70	69¾	69⅝	70	70⅜	67⅜	67¼	67⅞	67½	68⅜	68⅛	67¾	65⅝	64½
Western Union Telegraph	71	70⅛	70½	71⅛	69⅝	69¾	69⅞	69⅞	69		69	68⅞	68⅝	68⅛	67¾	68	68⅛	66¾	67½	67⅛	66	66½	66¾	66⅛	64⅛	63½
Wabash Pacific	14¾	—	14⅞	14⅝	14⅜	—	14½	14¼	14¼		14	11½	11⅜	11½	11	10½	10¾	10¼	10⅛	9⅞	9½	9¼	9⅛	9¼	8¾	9½
Do. pref.	25	25	24⅜	24⅝	24	23¾	24	23¾	23⅝		23⅜	20½	20⅛	20	18⅜	17⅜	17⅞	16⅝	17¼	16½	16¼	16⅛	16¼	16	15¼	16
MISCELLANEOUS—																										
Express—Adams	—	—	130¾	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
American	99	—	—	99	98¾	—	—	97	97		—	97	97	—	—	98	—	98	—	—	—	—	98	97	—	—
United States	—	—	60½	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	61	—	—	—	—	—	—
Wells-Fargo	—	—	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ches. & Ohio, series B.	104½	104½	—	105	—	104½	104⅞	—	104¾		105	104½	104¾	—	104⅝	—	104	104	103½	104½	103½	103½	103½	104	103⅝	103⅝
Denver & Rio Grande 1st.	—	—	111	—	—	—	—	111	—		—	—	111	—	111	—	—	—	—	—	108	—	106	102½	—	—
Lehigh & W. B. con. ass.	—	106	—	106	—	106½	106¼	—	106⅜		—	—	—	106¼	106	—	—	—	104¼	—	—	—	105	—	—	—
Metropolitan Elevated 1st.	108	108	108⅛	—	108	—	107¾	—	—		—	107	106¾	107	—	106	106¾	105¾	106	—	106	106⅛	106½	106	—	105¾
Mo., K. & T. con. ass.	110	—	—	110⅛	110	110	110	—	—		—	109½	110	109⅛	109⅛	—	—	109	—	—	—	—	106¼	108½	108	107½
Mo., K. & Texas 2d.	—	—	—	—	—	—	69	—	—		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
N. Y., Chi. & St. L. 1st.	106½	106½	106½	107⅛	107¼	107½	107½	108	108⅞		109	108½	108⅞	108½	—	108¼	—	108	108	108¼	107½	108	108	108	108	108
N. Y. Elevated 1st.	120	120	—	120¼	120	—	120⅛	—	—		—	120½	—	—	—	—	—	—	—	—	—	—	—	—	—	—
N. Y., L. E. & W. 2d con.	89¼	89¼	89⅛	89¼	89⅛	89¼	89½	89⅝	89½		—	89¼	89	89	88⅞	88	87	85	85⅜	86½	84	84	83¾	83¾	82½	83½
N. Y., W. S. & B. 1st.	56⅛	55½	55⅜	55¾	55¼	55⅛	54¼	54¾	54⅜		54	53⅞	54	54	54⅛	54⅜	54¼	52⅞	53¼	53⅛	51⅜	51⅛	51⅛	50¾	50⅝	54
Union Pacific 7s. L'd G.	107¼	107⅛	—	106⅞	—	—	—	107¼	107⅜		—	—	—	—	—	—	—	—	—	—	—	—	107⅜	—	107⅝	107¼
Union Pacific 1st.	116	116	—	—	116	—	116	116	116¼		116¼	116⅛	116⅜	116⅜	116⅛	115	—	116	—	115¼	115	114¾	114½	114	114⅛	114⅛
Union Pacific S. F'd.	115⅜	—	—	—	—	—	—	—	—		115½	115½	—	—	—	—	—	114	114	—	—	113	—	—	110½	111

WHEN NO FIGURES ARE GIVEN THE PRICE REMAINS THE SAME AS LAST QUOTATION.

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month of April has not been one of showers, but of wind, and unseasonable, unspringlike weather. Winter has lingered in the lap of spring until May flowers have overtaken it. March was what February should have been, and April has taken the place of March. Commerce, as well as agriculture, has suffered a month's delay, which will scarcely be retrieved by the former, though a favorable season henceforth will make the latter good. To a large extent this has been the cause of a dull spring trade, although bad times have been the chief cause. Legitimate business has, therefore, as a rule, been less than a year ago, although it has been streaked with slight gains in some of the staples, while fancy goods have fallen behind almost invariably, showing the unmistakeable evidence of hard times. For instance, some departments in the great house of Claflin & Co. are considerably ahead of a year ago, while their fancy-goods business is materially behind.

Speculation, however, has been more active than in March, with a sharp upward turn in most of the produce markets, while Wall Street has suffered from an equally sharp down-grade movement in all doubtful railroad "securities," with which the good have been dragged, as few are able to tell the one from the other. The flood of the former was so great that the dams of money put up by their once rich manufacturers and owners, and by the bank they have involved with them by loans made upon such "securities," have been carried down stream, though not demolished, by the immense volume of "water" which has swept Wall Street like a spring freshet. This freshet was due to the sudden and unexpected melting by Judge Van Brunt's righteous decision of leases and consolidations and mergers made by directors of corporations without consent of stockholders during the past seven years. A large part of these Wall Street "securities" were effected by this decision, especially all the Gould stocks, and people who held them, including Gould himself, threw them overboard as fast as possible to keep their ship from sinking under the load. The existence of a large short interest in the market steadied the break, and prevented disaster by covering and taking profits, while at same time reducing the losses of holders.

On the other hand, the public who are out of Wall Street and stocks and into produce have experienced a real old-fashioned boom, led by wheat, which at last found friends and became the speculative favorite again. American speculators are naturally born Bulls, and can only work on the "short" side of a market for a "turn" preparatory to getting "long." Hence, when markets go up they are happy, as a rule. This has been the case for the greater part of the month, and the Bulls have stormed the late impregnable strongholds of the Bears and driven them out with great slaughter, carrying all before them up to the close of the month, when their lines began to waver and fall back on heavy realizations of large profits. This applies to wheat and corn in particular, although the whole breadstuff and provision list followed sharply in their wake. The general, or rather growing feeling now is that prices have been carried high enough, if not too high, for the moment, as we have forced them above an export basis again, which we had reached on the break, and had maintained on the advance until the last week of the month, when Europe refused to follow us further. The belief, however, is now quite general that we will have very little wheat comparatively to export before the next crop, and that our markets are more independent of foreigners than they are of us. The visible supply is believed to show more than the usual proportion of our surplus at this season and the invisible less. Hence a strong clique of speculators in Chicago and in New York took the stock of wheat at the bottom last month, and all the "short" wheat the Bears would sell, and engineered an advance of 15c. from the lowest point. There are many who believe this clique still hold our supply of available wheat, and that they will put it as much higher as they have already advanced it, so soon as they have secured another short interest large enough. As it is, the shorts have been scared out, and are afraid to sell it at present. The chances are, therefore, in favor of wild markets for wheat, until another crop on manipulation, in which the next crop prospects will play an important part with accidents in favor of the Bull side. As wheat is now the pivot of these markets, the others may be expected to follow it as they have done during April. Stocks are fair of these other staples, export demand light, owing to good stocks in Europe and better home supplies of food and feed than the average, while crop prospects are as uniformly good thus far in Europe as here. While, therefore, there are chances and chances of still higher prices of grain and provisions before another crop, the advance of April has been too radical and rapid not to be followed by some reaction in May, unless manipulation intervenes to prevent, or the great speculative public should come in on a Bull craze, as they did in the crop year 1881–2, and carry things higher even than manipulation could. Both these dangers now stare the Bear in the face, while the legitimate situation favors him at the moment, and will continue to, so long as crop prospects remain good and exports as light as now.

Cotton had its boom early in the month on the short crop theory, like wheat, but when the Bulls got through buying, which was easy enough to do, they wanted to sell, and waited for Liverpool to come up and take the large stock in New York off their hands. But it came not. On the other hand, so soon as we undertook to sell, Liverpool excused itself, and began to back down grade just fast enough to keep clear of our stock. The bankers who carry spot cotton and sell futures have encouraged the Bull movement to sell the latter at as high a premium over that as possible, until August, when the Bulls must take the cotton and pay for it, or liquidate, as they did two years ago, unless Liverpool changes her mind and relieves them of our stock meantime. On this and some accident to the coming crop the Bulls hope to win. On the other hand the cotton goods market is overstocked, and manufacturers curtailing production, which must reduce the consumption of cotton. The chances are, therefore, against the Bulls in this staple, and the market is already showing they begin to think so too.

The iron market has continued weak and declining notwithstanding the prospects of reduced production after June 1, when the differences of manufacturers and laborers threaten still further to suspend operations. Still iron is lower than in years, and lower than it was bought for investment in 1877–8, to pay an enormous profit in 1879–80. If production is still further curtailed, there are, no doubt, capitalists waiting to buy pig iron at these prices to hold till better times. At the moment, prospects of any largely increased demand for iron are not bright, as the majority of our railroads are buying as few supplies as possible, and almost no new equipment, as their finances will not permit, when many are borrowing to pay fixed charges or dividends and the rest only paying running expenses. Yet this fact only shows that all the more iron will be required one of these days to make good these neglected repairs and replenishment. Then it will advance. Should we have abundant crops this year, this time will come next fall. Should we not, it would be delayed another year.

Upon this turns also the coal market and the prosperity of the coal roads, which are now, as they were in 1876–7, the last to liquidate, having now, as then, become the Bear pivot of the stock market. For Judge Van Brunt's decision knocked the Gould stocks so low that the Bears are afraid to sell them short just now, and until the next crops are ascertained. Should these be large, the end of the depression in railroads running through the agricultural States will likely be reached in the coming summer, and next fall will begin the recovery in our agricultural, transportation, commercial, and finally our industrial interests, when financial recovery will follow, unless speculation has previously anticipated the general prosperity and discounted it. Bad crops, on the other hand, might hold these interests all in a state of suspended animation for another year. The next crops, therefore, are the pivot on which the whole situation will turn within the coming four or six months. Meantime we have the prospects of continued gold exports, which have now reached $30,000,000, unlesss speculation lowers the price of our chief staples of export, or Europe comes up to our prices and takes them. This also depends largely upon next crop prospects. Should these be good, Europe can wait with her present large stocks. If poor, she would anticipate a shortage by buying here. Foreign exchange hangs by the same thread, and the weather for the coming four months is now the chief factor in everything. Money will only become an element again when prosperity and confidence return to produce a demand for its use.

Petroleum has been up on the strong statistical position of the market, when it had a set back by the discovery of oil in the Macksburg district, Ohio, where oil has been found, but not in paying quantities. Yet it was enough to raise the prospects of a new and possibly important field which might spoil statistics as did Cherry Grove two years ago, when a Bull campaign on figures was also spoiled. This kept shippers out also, and the refined trade has been dull, while crude, after touching the dollar line, has fallen back to 92, awaiting the developments in new fields, which do not promise as well now as expected at first, crude having since recovered.

The coffee and tea markets have dragged slowly and lifelessly along, since the attempt to corner both ended in failures of the efforts and of the houses making them. Prices are now too low to Bear them, no one has the courage to Bull them, and only scalpers are in either, while legitimate trade is dull.

Real estate has had quite a boom for these bad times, but only as a result of them, for people have bought real estate at high figures because those who owned it did not know what else to put their money into, and those who bought did not dare put their idle money in anything else. Hence prices have gone fictitiously high, and rents have been marked up in consequence, until people have been driven out of the city this spring, and now flats and dwellings are hunting tenants at reduced prices, as May 1 has found them vacant. Real estate is the last to go down in depression, but it goes, and will again, when other business revives, and those who are now putting money into it would do far better to buy manufactured goods that are selling below cost, and wait till they are wanted at cost of production.

Dairy products have gone off as usual at this season, but they are still between hay and grass, and must go lower naturally when flush of feed and supplies come together, for trade is poor.

Tobacco has been more active and higher on the filling of European Government contracts, and naval stores have improved on actual demand.

Ocean tonnage, however, has suffered as much or more than inland transportation interests, and the foreign steamship interests are very much depressed in absence of exports out or imports in. The cattle shipments one way and emigrants the other have been about all they had to quarrel over, and on the latter the North Atlantic Steamship Conference has broken up.

The railroads have been cutting east bound freight rates on grain to 12c. per 100 lbs. all the month, and have gotten but little. Now the lakes and canals are open, and they must compete and divide with the water route.

The reports of the New York Clearing-house returns compare as follows:

1884.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*	*Surplus.*
April 5...	$347,600,500	$61,950,200	$28,246,000	$343,969,300	$14,391,700	$4,203,874
" 12...	348,421,000	63,864,200	25,840,300	344,352,300	14,339,400	3,616,425
" 19...	347,324,900	60,750,400	26,981,500	340,661,300	14,463,300	2,566,575
" 26...	343,355,500	58,215,300	28,125,500	335,684,000	14,493,800	2,419,800

The Boston bank statement is as follows:

1884.	*Loans.*	*Specie.*	*Legal Tenders.*	*Deposits.*	*Circulation.*
March 29......	$144,530,600	$6,366,700	$5,015,600	$94,480,700	$23,880,300
April 5......	146,227,500	6,200,300	5,119,400	96,678,600	23,917,000
" 12......	145,794,000	6,039,100	4,821,100	96,275,800	24,049,800
" 19......	145,462,900	6,061,200	4,473,600	97,055,100	23,986,900
" 26......	145,734,000	6,176,800	4,570,100	95,692,600	23,993,600

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1884.	*Loans.*	*Reserves.*	*Deposits.*	*Circulation.*
April 5........	$80,452,233	$18,681,123	$71,754,147	$8,752,253
" 12........	79,432,240	19,613,948	72,121,750	8,528,352
" 19........	79,217,385	19,814,377	72,312,654	8,526,723
" 26........	79,203,408	19,729,520	71,970,084	8,509,055

Our usual quotations for stocks and bonds are enlarged elsewhere to embrace a greater number and each day of the month. The rates for money have been as follows:

QUOTATIONS:	*April 7.*	*April 14.*	*April 21.*	*April 28.*
Discounts..................	4 @ 4½	4 @ 4½	4 @ 4½	4 @ 4½
Call Loans..................	1½@ 2	1½	1½	1½@ 2
Treasury balances, coin....	$120,789,651	$122,208,940	$125,534,545	$129,020,817
Do. do. cur.....	$10,284,951	$10,143,293	$10,210,442	$10,676,720

Foreign Exchange has ruled during the month as follows: London, 60 days, 487½@487¾; 3 days, 489½@489¾. Paris, 60 days, 517½@516⅞; 3 days, 515. Berlin, Reichmarks, 60 days, 95⅛@95¼; 3 days, 95⅜. Amsterdam, Guilders, 60 days, 40⅛; 3 days. 40¼.

Since the above was written the announcement of the failure of the great speculator, Mr. James R. Keene, was made at the close of business on April 30th. It was too late to affect the stock market, and it is too early at this writing (Thursday morning) to tell what it may be. The impression, however, is, that it will not be serious, as it has been an open secret in Wall Street for a year past that he was crippled, and no longer the power in the markets he used to be. His career has simply been a repetition of the history of all professional speculators who are constantly trading. They cannot wait until they see a good opportunity to go in on good judgment and hold for a profit, but must trade every day "for a turn," until they lose all sight of values, part with good judgment and trust blindly to their good luck by which they made their money. When this changes, as it always does, bad luck sticks closer and longer than fortune did; but they keep on fighting the inevitable and hoping for a turn again, until they are swamped. Keene was always a bold operator, and has often staked his all on a turn of the market. In this way he is reputed to have made five millions in California, and seven millions more in New York, only to lose it all in the same way. He is now where he began in California—a poor man—ending just where Little and Drew did, in Wall Street, where every professional speculator ends his career, unless he stops short and retires before his good luck deserts him.

DEATHS.

DANE.—On March 17, aged sixty-one years, JOSEPH DANE, President of Ocean National Bank, and Treasurer of Kennebunk Savings Bank, Kennebunk, Maine.

DIERBERGER.—On April 14, aged thirty-four years, JOHN DIERBERGER, Cashier of the German-American Bank, St. Louis, Mo.

GAFF.—On April 25, aged seventy-seven years, THOMAS GAFF, President of the First National Bank, Aurora, Indiana.

JENNINGS.—On April 7, aged fifty-one years, GEORGE E. JENNINGS, of Erickson, Jennings & Co., bankers, Rochester, N. Y.

LEARNED.—On April 16, aged seventy-one years, BILLINGS P. LEARNED, President of the Union National Bank, Albany, N. Y.

PENFIELD.—On March 25, aged sixty-two years, URI S. PENFIELD, Cashier of the First National Bank, Quincy, Ill.

PERRY.—On April 16, FRANCIS D. PERRY, President of the Southport National Bank, Southport, Conn.

PORTER.—On March 22, aged forty-five years, D. S. PORTER, President of the First National Bank, Indiana, Pa.

SEELEY.—On April 4, aged sixty-six years, WILLIAM P. SEELEY, President of the Pahquioque National Bank, Danbury, Conn.

THOMPSON.—On April 10, aged forty-nine years, SAMUEL C. THOMPSON, President of the Chase National Bank, New York City.

THE

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AND

Statistical Register.

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SOME ASPECTS OF THE BUSINESS SITUATION.

Business men are anxious concerning the future; so long as prices sag, and no one can predict the end of the movement, there is reason for anxiety. Nevertheless, some are more disturbed than they ought to be over the recent shocks sustained by the business world. Because a few banks have suffered from mismanagement they ought not to suspect all banking institutions. One of the errors, into which mankind are forever falling, is in generalizing from insufficient premises. Two or three facts are noted, and forthwith a deduction is made, which in many cases is wholly wrong when tested in the light of more abundant knowledge. Just now, in consequence of the recent bank failures, many business men are suspicious of other banks, and, by withdrawing their deposits, are doing their utmost to bring on the very condition of things they deplore. Of course, it has been perfectly well known that the enormous shrinkage in stocks and other property, which has been going on for a considerable period, was a real loss, and in many cases, where full payment had not been made, meant bankruptcy. That such a heavy shrinkage should have occurred with only so few failures, is proof either that buyers had paid for their purchases or had margins large enough to save them from ruin. When one considers the enormous amount of capital invested in banking, and the vast amount of deposits held by the banks, the losses which have occurred thus far from mismanagement or lack of wisdom are not large. No one, therefore, should lose heart, or suppose all the banks to be unsafe and unworthy of confidence, or withdraw support from them.

It is reported that after the losses to the Second National Bank of New York were made good, several heavy depositors, through fear, withdrew their accounts. When a steamboat is burned through the carelessness of the company's servants, travelers generally think that a greater degree of caution will be exercised in the management than ever, and hence that the safety of traveling is enhanced. One would suppose that the same thing would be true of a bank which had suffered from the conduct of an unworthy servant. But men very generally lose their heads quickly in business wherever money is involved. This is just why so many lose in speculation. An individual will very accurately predict the future, and foretell what he would do under a given state of circumstances, but the moment he risks anything himself the same man pursues a very different course. No truths are better worth heeding at the present moment than these; that while there are many weak spots in business, yet the fact that so many have gone on successfully is proof that confidence should not be supplanted by suspicion and hopelessness; that the great business world has a real existence, that persons are able to buy and sell and pay their debts as in prosperous times. There has been no sudden deterioration in the morals of men, or in the conduct of corporations whereby confidence in them should be withdrawn entirely.

One of the worst evils that business men are obliged to face is speculation. Many of the ways in which speculation injures business men are too familiar to be described. It is a hopeful sign that the courts are branding this with the correct name, gambling, and are doing much, by refusing to sanction and enforce contracts of this nature, to suppress it.

Another evil of the time is the absence of a National bankrupt law. It is singular that with the unanimity which exists among merchants on this subject Congress should be so unmindful of their interests. A bill has passed the Senate which is acceptable to the mercantile portion of the country; it embodies the experience of the past, and has been drawn with great care. The new English bankrupt law is modeled on the plan proposed. Yet the House is wasting time on other matters of inferior importance. If men must fail, the division of their assets economically and fairly is greatly to be desired. It would be a great boon to business men if the bankrupt bill now pending were to become a law.

THE WALL STREET EXPLOSION.

No observing person ought to have been surprised to learn of the misfortunes that have recently overtaken several banking institutions in our country. The business of banking in general has improved with experience, movements of trade are more carefully observed, and discounts are made with greater caution. In general, increased intelligence and circumspection have marked the course of these institutions. Of course losses from time to time are inevitable, but one familiar with the history of banking during the last ten years, for example, and with that of any decade previous to 1850, knows that the comparison is greatly in favor of the more modern methods of conducting the banking business.

While all this may be truly said of banks in general, it is also true that some of them have been guilty of practices condemned alike by law and experience. One of these practices is the over-certification of checks. It has been well known for several years that a few banks in New York, and possibly elsewhere, have been engaged in the practice of certifying checks greatly in excess of the amount of the drawer's deposit. In such cases the depositor was expected to make the account good before the close of business on the day of certification. Now and then a loss happened from this practice, but the banks engaged in it maintained that the profits were large enough to warrant the risk. From time to time we have shown in the clearest manner the illegality and danger of the practice. We have shown how the stockholders as well as the depositors of the institutions who transacted such business were wronged by it. The late Comptroller of the Currency did his utmost to enforce the law in this regard, and so strenuous was he in the enforcement of it, that three banks in New York City, not many months since, abandoned the National banking system in order to continue the practice without molestation from the Federal Government. They declared that the business was a profitable one, that the risk was a proper one to incur, and that they proposed to continue it. Hence their withdrawal. They had no thought of any evil day. But if any one thing is clear in modern business, it is that risks are greater and more frequent than they were formerly. While there are various instrumentalities, like the telegraph, which tends to place the entire business world on the same plane of advantage, yet, through the might of capital, cunning, and other causes, the risks of trade and commerce still continue. At sea, however calm and delightful the weather may be, it is always necessary to be prepared for storms. The same principle holds true in the business world; but how, at least, have some of the banks that have undertaken the business of over-certifying checks regarded this principle? Either they did not believe that a reckoning day was coming, or else that they would be wise enough to provide against it. But it has come at last, and how wisely they provided against it the country has finally seen. No stronger law can be enacted than that already existing, and perhaps nothing more can be done to enforce it than has already been done. Self-interest has largely determined such matters in the past, and it is likely to determine them in the future. The blow has fallen at last that was long predicted, and we trust it will have the effect of leading those banks which have been guilty of this practice to see the folly of their course and to abandon it. Of course, if they had not adopted it, speculation would long ago have been greatly checked, and the country would have been immensely benefited. The banks, therefore, that have engaged in this practice have been aiders and abettors of the very speculation which now in turn has done so much to ruin them.

Going beyond the banks it is easy to see what disorder has befallen the country. Speculation is a poisonous tree that has been growing with constantly increasing rankness. Exchanges have multiplied in all directions which have operated immensely to stimulate the spirit of gambling. It has done much to unsettle and destroy the legitimate business of the country. When wheat is sold to-day for a dollar a bushel, and to-morrow is driven down five cents through sheer speculation, one can readily understand what an evil genius is speculation towards profitable trade and enterprise. If the exchanges of the country were closed, and forever, it would doubtless be the greatest boon that legitimate business could receive. Doubtless these institutions have been useful in some ways, but their power for evil is gigantic, and this is the very reason why they have multiplied so rapidly. They do much to enhance or to depress prices too greatly. In other words, speculation is a pendulum which is continually moving beyond its proper arch, and legitimate business, in consequence, is continually suffering. It is a perfectly rational thing to say that legitimate business can not be restored until the head of speculation is broken. The one is irreconcilable with the other. Both may exist to a considerable degree, but even when this is the case it is unquestionably true that legitimate business would be still more healthful and vigorous if speculation did not exist.

For a long time losses of a speculative nature have been very great. Prices have been constantly marching downward. The losses sustained must be borne by some one; they were not fictitious losses, but real ones. We are beginning to find out where they are and who must sustain them. Whether we have reached the end or not can not be predicted. One thing is certain, however, these speculative losses are not injurious to general business. On the other hand, its improvement will come all the more quickly through quenching the fires of speculation. If speculators should ever desist from their disturbing occupation, the country would have reason to rejoice. There is nothing alarming to any one in consequence of the failures that have already occurred. It is simply the bursting of dangerous speculative explosives, which ought never to have existed, and whose destruction can never come too soon, nor be too complete.

THE PUBLIC FINANCES.

At the close of business on the thirtieth of April the available cash balance in the United States Treasury was $ 152,652,973. On the next day (May 1) this balance was reduced about $ 9,000,000, being what remained, after deducting payments by anticipation, of the $ 10,000,000 bond call maturing on that day. But after making that deduction, the balance was, in round numbers, 143½ million dollars, which is five and a-half millions more than Mr. Folger and his predecessors have considered to be the ordinary and normal balance which ought to be kept as a forty-per-cent. reserve against the greenbacks.

Under these circumstances, the fact that on the third of May Mr. Folger issued a call, maturing June 20, for only $ 10,000,000, is a strong proof that he did not count upon an accruing surplus during May and June, much, if at all, beyond $ 5,000,000. The surplus accruing during the ten months ending with April was $ 87,060,473, at which rate the surplus accruing during May and June would be $ 17,412,075, but the irregularity of certain expenditures, and especially of those of the pension bureau, makes that method of reasoning a very unsafe one. The best opinion we can get as to the probable surplus of the last and the present month, is that of the Secretary of the Treasury, and it is plain from his management of the bond calls, that he will be very much surprised if it approximates $ 17,412,075.

Comparing the ten months ending with April, of the current fiscal year, with the same months of the last year, there was a decline of $ 20,475,886 in the internal revenue, of $ 13,519,255 in the customs, and of $ 8,729,819 in the miscellaneous receipts, making a total decline of $ 42,724,960. As to expenditures, there was a decline of $ 5,733,085 in the ordinary expenses, of $ 10,838,656 in the pension payments, and of $ 5,291,096 in the interest payments, making a total decline of $ 21,872,837. The surplus revenue during the ten months was therefore $ 20,852,123 less than it was during the corresponding ten months of last year.

As will be seen, the principal decline in expenditures during the ten months ending with last April, was in the pension payments, which was not expected, and may possibly be followed by larger payments during the two closing months of the current fiscal year.

The internal revenue would have been smaller but for the compulsory payment of the taxes on whiskey in bond, which Congress refused to extend. These extraordinary receipts from whiskey will continue during the present calendar year, and during the first quarter of the next calendar year, after which there will be a decided drop in the internal revenue. The total amount of the taxes on whiskies, which fall payable in May, June and July, by reason of their having been three years in bond, is $12,570,842. It will all be paid except the taxes on that very small part which may be exported.

How much longer the customs revenue will hold up at the present high rates will depend upon how long the country can continue to export gold to pay for foreign goods, which it cannot pay for with anything else it has to sell. A foreign trade of that kind cannot last long in any event, and our imports will finally be brought down in proportion to the falling off in our merchandise exports, and the customs revenue will be brought down in a corresponding ratio. The whole history of our customs revenue shows that it has been subject to extreme fluctuations, not connected with changes in the rates of duties, but arising from alternating expansions and contractions of the volume of our foreign trade. From the greater steadiness of our currency, as compared with the monetary system with which we were afflicted before the civil war, there is reason to hope that the vicissitudes of our foreign trade will be less extreme than they have been in times past, but there will always be ebbs and flows in it, and the signs are unmistakable that it is now ebbing.

Taking the whole case together, it seems clear that the revenues from all sources, with no changes in the tariff, or in the internal taxes, will be decidedly less during the next two fiscal years than they have been during the current year. What the expenditures will be during the next two fiscal years can be better told at the end of the present session of Congress, and still better at the end of its next session. Bills have been passed by either the Senate or House, which, if agreed to by the legislative branch which has not yet acted upon them, will be sufficient to swamp all the revenues we are likely to get, to destroy any surplus, and even to leave nothing for the sinking fund. When Congress reassembles next winter, the probabilities are, that our foreign trade will be in a condition to cause less to be said about surplus revenues, which are even now far below the exaggerated statements which are current, and to cause more to be said about the necessity of husbanding our resources.

P. S.—Since the foregoing article was put in type, the Secretary of the Treasury has issued a call, dated May 22, for $10,000,000 of bonds, and has fixed as the period of payment the 30th of June, which is only thirty-nine days after the date of the call. It would appear that he now has reasons for expecting a much larger accruing surplus during May and June than he was anticipating when he issued the 127th bond call on the third of May.

BANK OFFICERS AND OUTSIDE ENTERPRISES.

Recent banking experiences have once more shown how difficult it is for banks to escape financial losses. For two or three years the banks in the larger cities have been increasing their loans secured by collaterals and discounting less mercantile paper, for the reason that loans of the former nature were deemed the more prudent risk. Not long ago a New York City bank president was interviewed on this subject, and he expressed himself very strongly in favor of the new practice. He maintained that bank officers really knew but very little about the real condition of most persons who applied for loans on their personal credit, that very often borrowers deceived the banks, and that as their condition grew worse the more strenuously did they seek to cover it up, and consequently in loaning to such persons, however careful bank officers might be, they still moved in the dark. Of course, he was simply narrating his own experience, and no one can question the truth of it. It is a very familiar story. Men have practiced deception from the beginning of the world, and they will doubtless continue to do so until its end. The utmost vigilance and keenness are too often foiled. Study the conditions of trade ever so carefully, make all the inquiries possible about borrowers, nevertheless losses to the lenders are inevitable. Partly through deception, and partly through ignorance of the borrower in managing his business, or through the happening of events which even the greatest foresight on his part can not be averted, losses will arise. No wonder, then, that bank officers, well knowing these things, seek to loan their funds in a more secure way if it can be found.

It is in the light of these facts that bank officers of late have sought to loan more generally on collaterals. And now these too have proved to be very insecure. Even if the securities be of a very sound nature there is danger of sudden depreciation. Government bonds even, and surely there are no better securities, dropped very suddenly the other day. No one supposed that such a thing would happen. But the unexpected is constantly happening in the banking business as well as every other, and it is the duty of every banker so to conduct his business if possible as to be safe, however sudden or heavy or prolonged may be the storm. It is clearly enough seen that whenever the demand for money is suddenly increased the value of all collaterals quickly declines, whereas commercial paper is exposed to no such sweeping vicissitude. The banks which lately failed loaned on very poor security, and other banks have lost by doing the same thing—by accepting the bonds and stocks of incomplete enterprises, and which perhaps were earning no dividends. But the saddest feature of the recent disclosures is that bank officers were led to do these things because of their pecuniary interest in the enterprises that received the money. They well knew in most of these cases, probably, that the securities were of a hazardous nature. And they never would have accepted such securities, except for their own interest in these outside undertakings.

Some of the newspapers are filling considerable space in trying to show that commercial paper is better than notes thus secured by collaterals, and that if the failed banks had confined their attention to the old-fashioned idea of lending money, no harm would have befallen them. It is true, of course, that no bank ought to tie up its assets in long loans; it is liable for all its deposits at any time, and consequently its loans should be made for short dates in order to realize quickly. It is quite as true that the money loaned to many of the enterprises in process of construction was for a very uncertain period; at all events, not for a short one. Payments depended on the sale of bonds and stocks, and these facts were well known at the time of making the loans.

Now, if any one thing is clear from all this experience, it is this, that bank officers ought not to have any special interest in parties or concerns that borrow money from their institutions. If they were wholly removed from personal interest, while they would still make some mistakes, these would be far less frequent than they are. The lesson of these failures is that men ought to be chosen, if possible, who will make the welfare of the institutions over which they preside their chief concern. When this becomes subordinate, and when their interest in outside enterprises becomes paramount, then sooner or later the institution for which they have less regard is likely to be perverted for the other. This is the plain lesson of these failures. Admitting this to be true, the deduction legitimately follows that however pure may be the motives of a bank manager when elected to that position, however devoted he may be to the interests of his institution, whenever he becomes strongly interested in outside matters whereby his time and pecuniary interests are divided and diverted, then has the time come for informing him that he should resign his place to another. The very fact that men occupy positions as presidents and cashiers of banks whereby they can command money, is the very reason oftentimes why they are enlisted in outside enterprises, and not because of any peculiar ability or fitness to counsel or to direct. When therefore the president of a bank, for example, is seen figuring prominently in a new and hazardous railroad enterprise, this fact alone ought to be sufficient to warn his fellow-directors and stockholders that his ways should be carefully regarded, that loans to his enterprise should be refused, or if granted, only after the most thorough investigation. If such a course were pursued, bank officials would be less sought after to head doubtful or bold enterprises, and the business of banking would be conducted with a spirit of conservatism and caution which, unhappily, as we have recently seen, has been sometimes wanting. Bankers deal with the money of other people and not with their own, and therefore they should observe a spirit of prudence, which it is hardly possible for them to manifest in excess. When they are not exercising this, as was plain enough long ago in the cases of the leading bank officers whose downfall has recently occurred, they should be plainly told to resign in order that others may fill their places who may be loyal in administering their trusts.

RAILROAD BUILDING.

The Chicago *Railway Age* says that in January work was in progress upon 350 new railroads in this country, or extensions of old ones, and that during January plans were supposed to be perfected to increase the number from 350 to 500. Some commentator upon this statement, assuming that the new roads and the extensions of old ones average fifty miles each, observes that they will aggregate 25,000 miles, to which might safely have been added the observation that 25,000 miles is exactly the circumference of the globe.

A very late annual report of the Railroad Commissioners of Wisconsin enumerates the several new railroads and extensions reasonably certain to be constructed during 1884, footing up 471 miles, which exceeds every year but one in the railroad history of Wisconsin, and the Commissioners express a belief that the actual construction during 1884 will considerably exceed 471 miles.

All the conditions favor a large construction of railroads at the present time. Labor is abundant, both capital and steel are cheaper than ever before, iron is low, and railroads on numerous routes are wanted, and will pay. In many cases the promoters will get the lion's share of the profits, but that circumstance rather increases than diminishes the construction of railroads, of which the most effective stimulant is generally the active energy of the projectors. The fact that several railroads recently built were not really wanted, because built where there was little business, or because they were merely duplications of previously existing roads which were abundantly able to carry all the freight and passengers possible to be obtained, is no proof that railroads are not deficient in other places. The occupation of new territories is proceeding at a rapid rate, and will for several years yet to come. Population, travel, and domestic trade, are all advancing with gigantic strides. The present generation will not see the railroad system of this country finished. It will continue to expand for a century to come, and probably longer.

When the construction of railroads was revived in 1880, after a protracted period of dullness and depression, it was said to be going on at a rate wholly beyond the capital of the country, and that it would be speedily checked by high rates of interest, if by nothing else. Contrary to the predictions then made, capital became more abundant and cheaper, although the mileage of new railroads increased after 1880, reaching upwards of 11,000 miles in 1882. Capital is more abundant to-day than ever before, and there is no probability that any conceivable amount of railroad construction will make it less abundant. The rate of income on the purchase prices of Government bonds is tending to two per cent., and is generally expected to reach that point if the present policy of paying off the bonds subject to call is carried out. When that point is reached, a new stimulus will be given to the construction of railroads which are built largely and oftentimes wholly upon borrowed capital.

It is not to be disguised that the increasing cheapness of railroad construction, arising from the fall in the rates of interest, and in the prices of steel rails, and from other circumstances, threaten existing roads with new competitors, and makes a seriously unfavorable change in their value. The protection which they have enjoyed from the great cost of building rival lines is now sensibly less than it has been. This is one of the facts of the situation, and cannot be overlooked, whether it is a welcome fact or otherwise. Among other consequences is this one, that it will be less possible than it has been for roads to long enjoy a rate of net income greatly beyond the current rate of interest upon the capital now required to construct parallel lines.

If railroad construction in this country is maintained at or above the average rate of the last four years, the effect will be favorable upon the prices of iron and steel, and upon the demand for labor of every kind employed in the building and equipment of railroads. It was an aggravation of the six years of depression which terminated in the summer of 1879, that railroad construction during that period dwindled to small proportions. It will be a relief of the depression which now exists, and which seems to threaten the country in the immediate future, if railroad construction shall be fully maintained.

FINANCIAL FACTS AND OPINIONS.

The Census Bureau foots up the aggregate wealth of the country in 1880 at 43,642 million dollars. It is objected, among other things, that it does not include the property of various kinds belonging to the Government, the chief item being the public domain. This objection seems to be well taken, but even if it is, it does not vitiate comparisons with preceding censuses, in none of which was Government property included. But it does to the extent of it vitiate comparisons with the census reports of National wealth in such foreign countries as include Government property, which is true of the most important foreign countries. At the present time the Government property in this country, including the public lands, is estimated by some statisticians as high as 5000 million dollars. Another objection to the aggregate footing of wealth in 1880 is the under rating by the Census Bureau of the capital invested in manufacturing. Statistics carefully collected in Philadelphia make it probable that the capital so invested in that city in 1880 exceeded by thirty per cent. the figures of the census, and the same thing, or nearly the same thing, is stoutly affirmed in respect to New York, Boston and Baltimore. There is, however, a good deal of evidence that there was under rating in that particular in the census of 1870.

During the eight months ending with last February there was an export of trade dollars to the amount of $200,500, and of other American silver coin to the amount of $447,705. The import of American silver coins during the same time was $432,606. The increase of subsidiary silver, from the return of our coins of that description from Mexico, South America and the West Indies, having substantially ceased for some time, it has been difficult to understand why the large growth of our population has not reduced the accumulation of small silver coins in the Treasury. The explanation is now given, that the appropriation under which the Government has paid the transportation expense in filling orders for such coins was exhausted on the first of last October, since which date the accumulation, instead of growing smaller, increased during the next seven months by $2,500,000. The Deficiency bill, in which the lacking appropriation is supplied, was delayed in Congress by disagreements between the Senate and House in respect to other points, but was finally passed near the close of April. The accumulation of subsidiary silver may now be expected to diminish, and especially if the $1 and $2 greenbacks are withdrawn from circulation.

To the end of December, 1883, deposits of gold to the amount of $ 18,785,000 were made at the New York Assistant Treasurer's office for silver certificates delivered over the counter, and $ 59,969,000 for orders for silver certificates on Assistant Treasurers in other cities.

During the three months ending with March, the exports of silver from Great Britain to India were $ 9,982,675, as compared with $ 7,275,-720 during the corresponding months in 1883. Comparing the same two periods the British silver export to China (including Hong Kong) fell from $996,300 to $ 387,980. The principal Chinese exports are tea and raw silk, the prices of which are very low, and the power of China to pay for silver has dwindled to insignificant proportions. Many persons, well informed as to that country, believed, prior to the breaking out of its present troubles with France, that Chinese foreign trade and domestic industries would soon be improved by railroads and the introduction of machinery, but under the actual circumstances the realization of such hopes must be postponed, and nobody can foresee for how long.

The India Office in London issues an annual statement of the "Moral and Material Progress of India." In the last one, issued in April, it is said:

"The jeweler is indispensable in India; jewelry represents the savings of the ryot, and forms a reserve fund from which we can draw in times of necessity. The vast quantities of bullion imported into India, of which no positive account can be rendered, are doubtless made into personal ornament."

Of the Punjaub, in particular, it is said that its principal products, next to cotton, are gold and silver work of various kinds, and that their annual value is £ 2,979,100, or $ 14,895,500. In Delhi, the business is said to employ 50,000 hands, and the aunual outturn is set down as £ 550,000, or $ 2,750,000.

During the forty years ending with 1876 the net annual import, that is to say the excess of imports over exports of gold by India, was $ 12,000,000, and is now about $ 20,000,000. The general rule is, that the consumption in the arts of both gold and silver increases in proportion to the increase of population and wealth, and India is a rapidly advancing country in both particulars. It may now fairly be reckoned as one of the commercial countries of the world, and among such countries no one can be named which has better resisted the monetary convulsions which have occurred since the Franco-Prussian war of 1870, notwithstanding the heavy burden of its tribute to England.

The India Office statement gives no encouragement to the hope that the India gold quartz mines, so much speculated in a short time ago, will ever make any important returns. We must, therefore, make up our minds to face the fact, that of the present yield of the gold mines of the world, one-fifth will be swallowed up by consumption in the arts in India.

The Government of India, having, under instructions from London, collected all available information as to the present wheat crop, has reported within a few weeks that its average amount is between five and a-half and six million tons, to which is to be added one and a-quarter millions in the protected Indian States. Of the total, put at six and three-quarter millions, or 135 million cwts., the report says:

It is, perhaps, not unreasonable to suppose that when the railway system is more developed, one fourth, possibly more, of the total out-turn of six and three-quarter million tons will in good years be available for Europe. The country has other food-stuffs to fall back upon, if to export its wheat pays.

One fourth part of 135 million cwts. would be sixty-three millions of bushels of wheat, weighing sixty pounds to the bushel.

It appears from the full accounts, brought by the mails, of the proposals made to the Parliament by the British Chancellor of the Exchequer, Mr. Childers, in respect to the gold coinage, that the new half sovereigns, which are to contain ten per cent. less gold than the present half sovereigns, are to be a legal tender only for sums not exceeding £5, or $25. The underweighed British silver coins are a tender only for sums not exceeding £2, or $10. Mr. Childers expects that the issue of the new half sovereigns may reach £25,000,000, in which case the Mint would make a profit of £2,500,000, which would pay the expense of recoining at full weight the present sovereigns which have become light by wear, and leave a surplus, the interest of which would maintain the sovereigns always at full weight. But it seems doubtful whether fifty million half sovereigns, with a bullion value of only ninety per cent., would circulate at par with a legal tender power limited to £5, and it is not to be supposed that the British Government will issue any under-weighted coins in excess of the amount which would be maintained at par with the standard money by limitation of quantity. The proposal of Mr. Childers encounters a good deal of opposition, and it is not certain what will be the fate of it in the British Parliament.

One short year ago the British press was exulting over the great prosperity of the Mercantile Marine of Great Britain, rating its capital value at one thousand million dollars, and describing it as yielding handsome returns upon that rating. To-day it seems to be a mere wreck. The main facts are, that between the end of 1879 and the end of 1883, while sailing vessels declined from 4,068,700 tons to 3,550,000 tons, the steam vessels increased from 2,511,300 tons to 3,700,000 tons. As the annual carrying capacity of steam tonnage, as a consequence of the greater speed of steam vessels, is reckoned to be three times greater than that of sail tonnage, the actual capacity of British tonnage, as a whole, is assumed to have increased twenty-six per cent. during the four years named. It being at least doubtful whether there has been any increase of business during the same period, there could be no other result than the complete ruin which has befallen all the property involved. The principal steamship companies make no dividends. Even the Cunard made none for 1883, its working profits of £144,000 having been entirely wiped out by depreciation and insurance. As a consequence of the improvements in the size and speed of steam vessels, with which it is necessary to keep up, or to be left hopelessly behind, all the companies are loaded down with what is called "old-fashioned tonnage," valueless in use, and difficult to sell. The Cunard Company, which has ordered two new steel steamers of enormous size, has been lucky enough to induce the builders to take two of its old steamers, the Parthia and Batavia, in part payment, upon terms not stated, but which doubtless involve a heavy loss, however it may be disguised by the barter nature of the transaction. The British Marine had and has the business of the freighting of the whole world open to it upon free trade principles, and even in the matter of selling ships it is understood that it can sell everywhere without let, hindrance or duty, to all countries except the United States. We are often told that there is never such a thing as a break-down in the markets of the world, because they are so large that they can never be over-supplied The truth really is, that the markets of the world are more precarious, and more difficult to calculate upon, than the markets of a single country, because it is more impossible to foresee the influences which may act upon them. Mistakes may be made as to the relations of supply and demand, as respects even home markets, but it is more possible to avoid them.

There is in Paris an institution called the *Sous Comptoir des Entrepreneurs*, the sole business of which is to make loans on buildings in the course of construction in that city. It begins to lend as soon as the cellars and foundations of buildings are finished, and keeps its loans within the limit of from fifty to sixty per cent. of the expenditure as the work of construction progresses. It is paid off when the buildings are completed by the proceeds of loans then negotiated with the *Credit Foncier*. At the end of 1883 its outstanding advances amounted to 117 million francs, which, assuming that the average proportion of advances to expenditure was fifty-five per cent., would imply that there had then been expended upon buildings under construction, upon which its advances were made,. 213 million francs, or about $42,000,000. The manager of the institution states that it makes only about one-half of the builders' loans which are made in Paris, which will give some idea of the enormous amount of money recently invested in building in that city, and will account for the glut of houses there, and especially of houses of the more expensive class. The French have many ideas in practical finance which are both ingenious and sound. One of them is their plan of dividing loans upon buildings into two classes, under the management of distinct institutions. The one class, of loans from time to time as the construction of buildings goes on, requires a different kind of care, skill, judgment and experience from the other class of loans, after buildings are completed. There is room in several cities in this country, certainly in the city of New York, for an institution of large capital which should devote itself to the special business of the *Sous Comptoir des Entrepreneurs* in Paris.

The *Credit Foncier* of Paris, with a share capital of 155 million francs, or (say) $ 30,000,000, has a bonded debt sixteen times as large as its share capital. During 1883 it shows a net profit of 8,809,054 francs, arising from the difference between the rate of interest which it pays on its bonds and the rate of interest which it receives upon its mortgage loans. Any great depression in the prices of real estate would entail losses upon the *Credit Foncier* which would swamp its spare capital and disable it from paying its bonds in full. The sort of financiering which it practices can hardly be safe in such a hot-bed of revolutionary disturbances as Paris.

The London *Economist*, of April 12, in its review of the course of prices of commodities in Great Britain during the month of March, says that "market prices, as a whole, have been cheaper."

A city paper reviewing, on the fifth of May, the financial events of the preceding week, took occasion to observe:

"Gold exports, although reaching $ 2,750,000, attracted no attention whatever. The business community no longer look upon the specie movement as an evil in itself, but merely as a sign of other existing evils."

There is no doubt that the vague, undefinable and panicky alarm which was excited during the first six or eight weeks of the export of gold, which commenced in February, has wholly subsided. It is seen that none of the gold sent to Europe is lost to the world, but that it is there at work, upholding prices in the markets in which the great bulk of our exported agricultural staples are sold. It is realized that an occasional outflow of the precious metals is a necessary result of the oscillations of international trade, and that no country can keep its currency at the metallic standard, without subjecting the volume of it to the control of the foreign exchanges. It is perceived, that every dollar of exported gold either discharges a debt or purchases a full present equivalent. It is true that an export of gold is an export of money, but it is only by an export of money that the proper relation of our own to foreign prices can be restored, when home prices are relatively too high. It is fortunate that such a restoration may be brought about, in part, by raising foreign prices, and not wholly by reducing our own.

The London *Economist* (April 26) says "it is reported that securities are being sent back across the Atlantic," and that this will "tend to prolong the movement of gold" from New York to London. Other information from London is to the same effect, that the English are selling more American securities than they are buying. So far as their sales consist of American railroad stocks, they are disposing of them at a loss, as compared with the average rates at which they were purchased; but in respect to the dividend-paying stocks, the loss is really nothing more than a diminution of profits. Thus, an Englishman who bought New York Central three years ago at 130 with his own capital (not borrowed), and sells it to-day at 115, after receiving twenty-four per cent dividends while he held it, has made a profit equal to nearly $2\frac{1}{8}$ per cent., annually, in addition to the increase of the purchasing power of his money during the time.

In a recent address before the London Statistical Society, Robert Giffin shows that within fifty years the daily money wages of British workmen has risen from twenty to 100 per cent., while the hours of labor have been reduced twenty per cent., and the prices of food and other articles of necessary consumption have fallen. The present condition of those who live by labor in England, bad as it is, is not so bad as it was, and the same thing is true of France, Germany and some other countries in Western Europe. The doctrine which writers of books on political economy have repeated, one after the other, for a century or more, that the condition of laboring men tends necessarily to grow worse as population becomes more dense, is simply not true. In particular, it overlooks the fact that in modern times, under normal circumstances, capital expands much more rapidly than population. The advantage thereby gained by labor in respect to its share of the total profits of a country, always may and frequently does more than compensate what it loses from the fact that the land of a country remains stationary in quantity, while the number of its people may be increasing. Nothing is more common than to hear it said that as the population of the United States becomes larger, the laborers in it will be reduced to European conditions. The truth nevertheless is, that their situation has plainly and steadily improved, while the population has advanced from three to fifty-six millions, and with a sound policy it may still improve when the fifty-six millions shall have quadrupled.

The proposal of the British Chancellor of the Exchequer to convert some of the three-per-cent. consols into two and three-quarters and two and a-halves, has had the effect to raise the prices of French and Italian as well as British Government securities. The effect has been so marked upon Italian securities that the Italian Cabinet are already considering the possibility of putting the Italian debt on a lower rate of interest.

The London *Economist*, of May 3, quotes the *Berlina Borsen Halle* as its authority for stating the Russian gold production in Russia in 1883 at £3,676,000 [$18,380,000], viz., £1,840,000 in East Siberia, £36,000 in West Siberia, £680,000 in the Amoor district, £520,000 from the Ural mountains, and £600,000 from other mining. The *Economist* adds:

These figures, provided the official returns of former years be correct, are very unsatisfactory, as the average production of the last ten years is given at £5,120,000. There is, therefore, on this showing a fall of almost one and a-half millions sterling.

If the production of gold in Russia has fallen to or below $20-000,000, the total annual production in the world is now less than $100,000,000.

It is telegraphed from Chattanooga that Sir Titus Salt and Mr. Stead, of England, and William Donaldson, of Glasgow, who own 28,000 acres of mineral lands in that vicinity, have decided to expend $500,000 within the next fifteen months in the erection of two blast furnaces with a capacity of turning out 250 tons of iron daily. European miners and manufacturers are constantly transferring their capital and operations to this country, and will do so on a still greater scale if it is known that the American policy of sustaining home industries is to be firmly maintained. It is poor policy to borrow money in Europe and pay interest for it, but there are advantages in having Europeans employ their capital here, taking the risks as well as the profits of industrial enterprises, and paying wages to laborers on the spot, which will be sure to be expended on the spot for American food and clothing.

THE NEED OF RAILROADS IN JAPAN.

Japan may eventually prove a good field for American railway builders. The empire has an estimated area of 148,700 square miles, and a population of some 35,000,000. The city of Tokio has some 800,000 inhabitants; Kioto, 370,000; Osaka, 414,000. The Japanese Steamboat Company has an extensive coasting traffic, doing also the mail service; telegraph lines are numerous; paper mills are in operation, one or more of them built by Americans, and foreign engineers are largely employed on public works. The facilities for communication inland are still very primitive. There are some good highways, but many of the roads are passable with difficulty. The conveyances include the "Kago," a mere basketwork frame, slung from a pole carried across the shoulders of two coolies; the "norimono," a large litter carried by several bearers, and principally used by persons of the better class, and the "Jinrikisha" a small two-wheeled carriage, like a miniature gig, drawn by one or sometimes, for rapid traveling, two coolies. It is said that in Tokio alone there are over 10,000 of these vehicles. Many are of sufficient size to carry two persons, and on a good road the coolies trot along at the rate of about six miles an hour. The rate of fare is about four cents per mile. For baggage, large two-wheeled carts are used, pushed along by four or six coolies. Pack horses and oxen are largely used, and burdens of considerable weight are carried by coolies.

MONETARY USE OF SILVER.

A leading paper in Chicago gives a reason for repealing the silver dollar coinage law, which will not be endorsed by the great majority of the persons who are opposed to that law. The reason assigned places the opponents of that law in a false, and, as it seems to us, an untenable position. Stated in the words of the paper referred to, this reason is, that "the more silver this country coins, the more gold it must export," and that "if Congress would suspend the coinage of the silver dollar, our trade balances with Europe would be settled in silver instead of gold." It is certainly true that neither silver nor anything else can be used at one and the same time for two purposes incompatible with each other, and that to whatever extent we devote the product of our silver mines to monetary use, we shall by so much reduce the quantity of it available as bullion for export in settlement of balances in our foreign trade.' If that is to be the objection to the silver coinage law of February 28, 1878, it would apply with equal force against the coinage of a silver dollar which should have the same bullion value as a gold dollar, and against the monetary use of silver bars, or certificates of such bars, stamped as money at their gold value. In short, the point made by the paper referred to cannot be accepted by the great body of those who condemn the present silver coinage law, because it would commit them against any form of the coinage of silver, and to a perpetual exclusion of that metal from forming a part of the currency of the country, and even in the event that an international plan of regulating the relative values of gold and silver could be agreed upon. It will always be as true as it is to-day, that silver is an available commodity for the settlement of trade balances, and if there is no other objection to a silver dollar, of which the bullion value is eighty-five cents, or thereabouts, in gold, than that they absorb so much metal which might be sold abroad, it would be equally potential against a silver dollar, of which the bullion value should be 100 cents in gold, and in fact more potential, because such a dollar would absorb more silver, and thereby cause a greater reduction of the amount available for export.

The great mass of those in this country, who are sometimes spoken of in a stigmatizing way as "the gold party," have from first to last declared that they preferred the use of both metals if they could be so coined as to be of equal intrinsic, or commercial value. Their main, and it may be fairly said, their sole objection to the silver dollar of the law of 1878 was and is its inferiority of intrinsic value, and their belief that after the coinage of it passes a certain point, its market value as a coin will fall to its bullion value, and thereby depreciate the monetary standard. It is true that some, and perhaps many, of the persons of this way of thinking have denied, or at least doubted the possibility of attaining a stable relation of value between gold and silver coins without an international arrangement; but the proportion has been large of those who would support a silver dollar, with an increase of the bullion in it, without such an arrangement. When the silver law of 1878 was under discussion numerous members of Congress, notably Mr. Blaine, moved amendments increasing the bullion in the proposed silver, and offering to support it if their amendments were agreed to. Mr. Sherman did then, and has always since, avowed his readiness to support the coinage of a silver dollar having a bullion value equal to that of a gold dollar.

Several State conventions of the Republican party held within two months have demanded that the coinage of dollars under the law of 1878 shall be suspended, or shall cease altogether. In none of them is this demand put upon grounds adverse to the use of silver coins under regulations making them of the same commercial value as gold coins of the same denominations. In some of them the desirability of such a use of silver is expressly recognized.

The standard of gold, upon an inflexible adherence to which the New York convention insisted, does not mean an exclusively gold currency, and it would be no more interfered with by the concurrent use of silver kept at a parity with gold, than it is by the concurrent use of greenbacks and bank notes kept at a parity with gold. The same thing may be said of the resolution of the Maryland convention in favor of "the adjustment of the currency to the standard of gold."

The Minnesota convention declared in favor of the unlimited coinage of both gold and silver, "upon the basis of the intrinsic value of each in the markets of the world." The convention in Massachusetts, which has been conspicuous for the decisiveness and steadiness of its opposition to the particular silver dollar prescribed by the law of 1878, declared itself in favor of such "amendments to the constitution as will guarantee that the only full-tender money to be coined or issued in time of peace shall be of gold and silver, possessing equal intrinsic value."

Edwards Pierrepont concluded a short note addressed, on the eighteenth of April last, to the *Times* of this city, by saying:

Wise legislation at Washington will keep both gold and silver in circulation, so adjusted that neither will drive out the other. The objection to the bulk of silver is obviated by certificates. It is easy so to legislate that gold and silver shall both continue to circulate. Our financiers are not inferior to the French in ability, and if they would address themselves with the same fidelity to the interests of the whole people they would meet with the same success.

We quite agree, and believe that most persons will agree with Mr. Pierrepont, that the proposed legislation is eminently desirable, and wish we could believe that it will be as easy, as he seems to suppose that it will be, to come to a settlement of a form of legislation which will be generally acceptable. But the difficulties about it are considerable, and it will doubtless require a good deal of discussion to harmonize differences of opinion as to methods and details.

Attention has recently been called to the idea of giving a monetary circulation to silver in the form of bars, or certificates of bars, at their gold value. Mr. Sylvester of this city has written a good deal on that subject. The main feature of his plan is that of having the gold value of the bars fixed from time to time by official authority. That proposition has been urged in several countries at various periods, but, if we are not mistaken, was never accepted anywhere. It was urged in Congress during the discussion of the silver law of 1878, most conspicuously by Senator Christiancy, of Michigan, but did not receive any considerable favor in any quarter. Mr. Sylvester proposes that the official announcements of the changes in the gold value at which silver shall be a tender, shall be made from day to day.

In Mr. Weston's paper on this subject, printed in the last number of this Magazine, two modes of monetizing silver bullion were suggested, differing in one particular from each other, but the main feature of both being that bars shall always remain a legal tender at their gold value on the day when silver is deposited to be formed into bars, and shall always be redeemed at that value in silver dollars, if the holders so desire. In addition to redemption in silver dollars, he proposes, as one mode, that the certificates of such bars shall be redeemable in the exact amount in weight of the silver deposited, and as another mode, that they shall be redeemable in silver having the same gold value on the day of redemption as the deposited silver had on the day of the deposit. We very much doubt whether silver could ever get any considerable circulation on the basis of being made a legal tender at rates constantly varying, according to official announcements of changes in its market gold value.

THE RAILROAD GAZETTE reports the construction of eighty-three miles of new railroad, making a total of 543 miles thus far this year, against 973 miles at the corresponding period of 1883, 1876 miles in 1882, 906 miles in 1881, 1096 miles in 1880, and 391 miles in 1879.

BANKING IN CUBA.

Coincident with the renewal of the political troubles in Cuba, if not on account of them, financial disturbances have been developed. Unless the despatches exaggerate, a somewhat serious financial crisis has of late prevailed there. Early in April distrust and alarm were said to be spreading, stocks had fallen, and the commercial situation was daily becoming more desperate. Later a panic was reported in the markets at Havana. Merchants were obliged in order to sell their drafts to submit to a large loss on the current rates of exchange which were continuously declining. Some of the larger houses were reported as unable to sell their bills of exchange at any price. Still later advices stated that the signs of the approach of a serious economical crisis in Cuba are daily increasing, and that the continuous fall in the price of sugar was bringing ruin and disaster. These are serious symptoms, though the duration and intensity of the crisis depend greatly on the general condition of business and credit in the island. If there are deep-seated disorders here, the consequent financial derangement is likely to be prolonged and severe.

Apart from political complications, causes exist calculated to bring a severe strain upon the commercial classes. As is well known, Cuba is now, as the United States was for many years, suffering all the multiplied evils of an irredeemable and fluctuating paper currency. Ever since June, 1874, when the volume of bank notes emitted had reached a maximum of $ 75,700,799, there has been a persistent contraction of the paper currency, until, on the twenty-sixth of March, 1881, the volume of notes emitted had been reduced to $ 48,943,457, the gold premium falling meanwhile from 161¼ to 92⅝, indicating an appreciation in the gold value of paper money from thirty-eight cents to nearly fifty-two cents. There was little further change until November, 1882, when the volume of the paper currency was reduced to $ 44,862,544. The return for December, 1883, showed a further contraction to $ 42,427,057. The gold premium, however, rose to an average of 105.25 per cent. for 1883, as compared with only 76.07 for 1882, the paper dollar which had risen in value to 56.92 falling to 48.80 cents. This is accounted for by the diminishing supplies of gold, the amount of which in the banks at Havana fell off from $ 13,459,226, in January, 1882, to only $ 7,207,767, in December, 1883. Simultaneously, therefore, with the contraction of bank notes there was a still greater contraction in the metallic currency. Those who remember the slow and painful process by which the people of the United States returned to a specie basis, and the wide-spread ruin which accompanied it, will not need to be told that a contraction of the currency of such proportions as that mentioned above could hardly take place where credit is in any considerable degree extended without producing depression and disaster.

Mr. Robert G. Merry, of Havana, a gentleman exceptionally well informed in relation to the financial affairs of Cuba, states tha for a long time not only the city of Havana, but the whole island, "has been drifting towards a commercial and perhaps political crisis." Last year the Bank and Deposit Stores, Santa Catalina, stopped with debts of $789,300, against assets of $1,650,700, of which the stores placed at $1,000,000 formed the capital. It is now in liquidation. A defalcation is said to have been the immediate cause of suspension. A disaster of much greater magnitude was the suspension, early in March last, of the Savings Bank (Caja de Ahorras), with debts of about $9,000,000, owed to some 10,000 male and 4000 female creditors. Of all the financial institutions at Havana, this was the highest in credit and public estimation. It had a capital of $500,000, and its shares were quoted at thirty per cent. premium only a few days before the manager blew his brains out on the 4th of March, and the bank suspended. It is now found to be rotten to the core. At a meeting of shareholders, held on the ninth of March, to elect a new manager, the directors announced a deficit of $132,000 gold, and $248,000 in bank notes, valued at forty cents each. A later statement, made by a commission in charge of the suspended bank, shows an astonishing condition of affairs. It appears that its assets consist in part of overdue notes, amounting to $1,565,888 payable in gold, and $2,063,150 payable in paper, or $3,629,038 in all in mixed values. These notes are of dates ranging from 1856, when the bank was established, to 1883, not one bad debt having been charged to profit and loss. About one-half of the overdue paper has been carried along from 1882 and previous years, while the remainder belongs to the year 1883. Many of the creditors lose their savings of many years. With such an example it is not strange that widespread distrust exists.

Some of the oldest and most respectable firms in the island, despairing of better times, have, after heavy losses, liquidated their affairs and retired. Mr. Merry says: "Our sugar exporting houses are reduced to four, and only one of them may be said to be doing any amount of business. There is general distrust everywhere, and the crisis may be determined in July or August, after the crop is finished. Some planters have stopped work, leaving the cane standing, preferring to lose the cost of cultivation, rather than add that of the manufacture of the produce to be sold at a greater sacrifice."

About the first of April the Spanish Bank raised the rates of discounts on three and six months' notes from eight and ten to nine and eleven per cent. per annum. Early in May gold was selling at a premium of 150 per cent. Bank notes are not taken in the eastern part of the island, and only to a small extent anywhere beyond Cardenas. Like all the other banking institutions in Cuba, the Spanish Bank keeps two sets of accounts—one in specie, the other in paper currency. Most of its discount business is now done on a specie basis, its discounts payable in paper on the twenty-sixth of April being only $63,747, as compared with $1,836,629, June 30, 1881. In the last six months of 1882 it withdrew from circulation the notes issued on account of the bank, leaving outstanding only the war emission, issued on account of the Government. A new emission of gold-demand notes first appeared in the balance sheet of March 8, and has gradually risen to $43,000, but they do not command the confidence of the public.

It is more than usually difficult at the present time to estimate the amount of specie in the island. In ordinary times it estimated that the amount in active circulation is equal to the amount in the banks, but, owing to the present distrust and consequent hoarding, the proportion outside of the banks is supposed to be greater than usual. It is not believed that the whole amount in circulation can exceed $20,000,000, as compared with $28,000,000 at the end of 1882. The imports of specie at Havana were $3,599,695 in 1883, as compared with $4,095,996 in 1882.

One of the difficulties of the situation is the bad government of the island, which destroys confidence in the courts and in the administration of justice. Litigation is costly and slow, and the results uncertain, owing to the real or supposed venality of some of the judges. Consequently creditors shun the courts.

Mr. Merry furnishes the following balance sheets of the Spanish Bank of the Island of Cuba for the past two years. (For earlier balance sheets see BANKER'S MAGAZINE for July, 1881, and March, 1882):

	June 30, 1882.		Dec. 31, 1882.		June 30, 1888.
	Gold.	*Bills.*	*Gold.*	*Bills.*	*Gold.*
ASSETS.	$	$	$	$	$
Cash	6,274,042	9,160,596	4,350,100	4,795,857	6,011,400
Discounts	7,655,642	613,251	7,475,119	128,732	7,426,400
Twenty-five million loan	4,200,000	——	——	——	——
Hypothecary bonds of 1880	——	——	4,103,100	——	3,857,500
Agents	327,053	——	136,560	——	294,576
Branches	——	286,833	1,603,901	97,944	——
Bills due	318,756	2,725,645	293,867	2,693,670	507,735
Advanced to Gov't without int.	——	44,881,321	——	44,862,544	——
Other items	207,099	5,051	251,865	4,546	1,098,152
Total	18,982,592	57,672,717	18,214,512	52,583,293	19,195,763

	June 30, 1883.	Dec. 31, 1883.		April 26, 1884.	
	Bills.	*Gold.*	*Bills.*	*Gold.*	*Bills.*
Assets.	$	$	$	$	$
Cash	3,889,512	3,365,256	4,697,045	4,210,319	4,431,959
Discounts	143,565	4,290,044	98,508	4,495,399	63,747
Hypothecary bonds of 1880	——	3,650,300	——	2,719,700	——
Branches	124,689	1,279,088	85,118	258,811	143,705
Bills due	2,689,310	——	——	——	——
Advanced to Gov't without int.	43,631,550	——	42,427,057	——	41,816,869
Magistrates of Havana	——	3,545,449	——	3,577,560	——
Other items	4,091	967,368	2,420,225	1,259,300	2,427,391
Total	50,482,717	7,097,5051	49,727,953	16,521,089	48,883,671

LIABILITIES.	June 30, 1882. Gold. $	June 30, 1882. Bills. $	Dec. 31, 1882. Gold. $	Dec. 31, 1882. Bills. $	June 30, 1883. Gold. $
Capital	8,000,000	—	8,000,000	—	8,000,000
Reserve fund	301,276	—	170,818	—	109,466
Accounts current and deposits without interest	8,255,959	6,081,215	8,245,020	5,516,080	6,796,272
Other obligations at sight	33,155	28,304	45,435	27,891	39,355
Bank notes emitted :—	—	48,920,086	—	—	—
On bank account	—	4,038,745	—	—	—
On Government account	—	44,881,341	—	44,862,544	—
Other obligations	2,392,202	2,643,112	1,753,239	2,176,778	4,250,670
Total	18,982,592	57,672,717	18,214,512	52,583,293	19,195,763

LIABILITIES.	June 30, 1883 Bills. $	Dec. 31, 1883. Gold. $	Dec. 31, 1883. Bills. $	April 26, 1884. Gold. $	April 26, 1884. Bills. $
Capital	—	8,000,000	—	8,000,000	—
Reserve fund	—	109,466	—	109,466	—
Accounts current and deposits without interest	4,745,651	5,955,592	5,497,078	6,240,392	5,245,614
Other obligations at sight	26,601	52,580	26,357	—	—
Bank notes emitted :—	—	—	—	—	—
On bank account	—	—	—	—	—
On Government account	43,631,550	—	42,427,057	—	41,816,869
Gold notes	—	—	—	43,000	—
Other obligations	2,078,915	2,979,867	1,777,461	2,128,231	1,821,188
Total	50,482,717	17,097,505	49,727,953	16,521,089	48,883,671

It will be observed that in 1881 and 1882 the reserve fund had to be drawn on to pay the statutory four per cent. semi-annual dividends.

The condition of the six banks of Havana from January, 1882, to December, 1883 (five banks at the last date), according to the same authority, varied as follows:

		January, 1882.	*January*, 1883.	*December*, 1883.
Cash	gold	$13,459,227	$9,052,699	$7,207,767
	bills	17,061,384	11,176,575	9,018,907
Deposits	gold	16,648,740	19,607,021	12,582,326
	bills	6,902,189	4,560,722	4,567,954
Current discounts	gold	21,959,141	20,353,850	13,993,585
	bills	16,414,241	12,225,761	10,436,676
Notes in circulation		48,923,176	44,631,551	42,427,057

These figures show a serious contraction in all directions. Subsequent developments will be worthy of attention.

D. P BAILEY.

SUGAR.—The total annual production of sugar in the world is said to be 5,820,000 tons, of which the United States, or rather the State of Louisiana, produces only 125,000 tons. Of the total amount, 1,670,000 tons is beet-root sugar, of which Germany produces 500,000 tons; France, 425,000; Austria 410,000, and Russia, 225,000. The United States consumes one-sixth of the total amount made, its consumption being equal to 41.75 pounds *per capita*; England consumes 62 pounds *per capita*, Germany 19, and Russia only 7 pounds *per capita*.

FORESTRY.

We clip the following from a letter recently published, describing the girdling and burning of timber in Indiana for the sake of clearing up the land for cultivation, which is said to have been going on in that State until about twenty years ago:

One old farmer told me that he worked almost incessantly for eight years to clear away the walnut trees on his farm, and that he burned up more than eighty acres of the finest kind of timber. His farm, after thirty years of cultivation, could not be sold for more than $8000. If it had its walnut trees back it would be worth more than $100,000. This farmer was an old settler in the State, and only one among hundreds of others who for more than fifty years girdled and cut and burned the great forests they found occupying the land.

It may be depended upon that no examples of this kind in Indiana will prevent a similar designed destruction of timber in other States which now have more of it than can be profitably put into salable forms. It may also be depended upon that over large sections of the country, and this is especially true of the South, enormous quantities of timber will die of old age, or perish by accidental conflagrations, before there will be any chance of making it available for use or for the market.

In a newspaper article now before us the writer deplores the fact that no amount of "education in the principles of forestry" will ever induce the individual owners of land to adopt "an unselfish policy" in respect to their timber, and that the only remedy is to have the National Government save what little of "rapidly disappearing" forest we yet have left, by the method, as we suppose, of allowing nothing to be cut except under the orders of Professors of Forestry appointed by the President, by and with the advice and consent of the Senate. In what age of the world, or in what country, does the writer of that article suppose that any individual owner of land or anything else, ever did or ever will manage it in an "unselfish" way, and solely for the good of mankind in general? And does he really hope to make the country believe that it is either necessary, or wise or possible for the National Government to undertake a job of such monstrous proportions as that of controlling the cutting of timber by the private owners of it over an area of 3,600,000 square miles, embracing regions utterly dissimilar in respect to the scarcity or superabundance of forest growth, and other conditions?

Whatever may be the views of forestry cranks and quacks, or of other persons, not cranks or quacks, who appreciate the possible advantages to themselves of creating an indefinite number of well-paid Commissionerships of Forestry, the practical common sense of the people will teach them that the management of private timber lands had better be left to the self-interest of their owners. As timber becomes scarce and more valuable it will be better protected against fires and injuries of all kinds, will be cut in a more saving and economical manner, and will be increased by new planting. It is said that there is more growing wood in Massachusetts than there was at the beginning of this century, not because that State has enacted any forestry laws, but because with increased population wood has become the most profitable crop which can be raised on large classes of its lands. The forests are carefully taken care of in Great Britain, and in many cases enlarged, especially in Scotland. It is said that three million forest trees were planted last year in Great Britain. This is not done by requirement of law, but under the more effective prompting of enlightened self-interest.

When the National Government is itself the owner of timber lands, it may be, and ought to be, influenced by other considerations than those of the direct profit to be made out of the timber, such as the importance of preserving forests at the heads of rivers as a means of giving steadiness to the flow of their waters. The bill offered lately in the United States Senate, by Mr. Edmunds, to reserve from sale certain timbered regions at the sources of the Columbia and Missouri, is a law of that character, and is based upon a sound principle.

So too, in view of the tendency of mankind to overlook and sacrifice a great future good for the sake of realizing a much smaller immediate one, it may be wise to-day in a few States, and may hereafter become wise in a good many States, to encourage the devotion of land to the growth of timber by exemptions from, or reductions of, taxation. That, however, is a species of legislation not within the constitutional power of the National Government, and if it possessed the power it would not be fitted to exercise it wisely. It should be governed by local circumstances and is better left to the local authorities.

Very absurd suggestions are made in respect to forest preservation, but the most absurd of all of them is that of the free admission of the timber of Canada as a means of saving our own. The manifest effect of it would be to diminish the proportion of our timber applied to profitable uses, and increase the proportion of it, certain to be considerable for many years to come, left to perish by natural decay and by accidental, or voluntary destruction. We have more timber than we shall actually use, or can possibly use, in season to save it all from the various casualties to which it is exposed, and the more of it we buy abroad, the more we shall lose at home. So far as the country east of the

Mississippi is concerned, the surplus in the southern States is sufficient to supply any deficiency in other portions of it for a century; and that is a period a good deal longer than it is needful or wise to vex ourselves about. It is the business of Canada to look out for markets for its lumber. It is not our business to provide other people with a market for an article which as yet we possess in superabundance.

THE WORLD'S DEBTS TO ENGLAND.

The debts held in Great Britain against its numerous colonies and dependencies, and the direct British investments in property existing in those colonies and dependencies, are carefully estimated in the London *Economist* of February 9, and February 16 at $3,100,000,000 (reckoning the pound sterling at $5), and the annual income received from them at $153,000,000. Of these debts and investments in property, there are $1,275,000 in India and Ceylon, $1,000,000,000 in Australia, $560,000,000 in the Dominion of Canada, and $265,000,000 in the smaller colonies and dependencies.

The aggregate of $3,100,000,000 consists of loans amounting to $2,500,000,000, yielding an annual interest of $124,300,000, and of investments in property amounting to $600,000,000, and yielding an annual income of $28,700,000, such as land companies (as distinguished from mortgage companies), mines, tea, coffee, sugar, and other plantations, mercantile business, &c.

Of the loans, all are payable—principal and interest—in gold, or, what is the same thing, in sterling money, except $150,000,000 payable in Indian rupees, which reduces the annual gold interest to $116,800,000.

The *Economist* divides the loans into three classes:

$1,310,000,000 of loans to the Governments of the colonies and dependencies.

$815,000,000 of loans to the different provinces of the colonies (such as the provinces comprising the Canadian Dominion), to railways (of which $500,000,000 are to railways in India, guaranteed by the Indian Government), to cities, and to gas and harbor improvement companies.

$375,000,000 of loans made through land mortgage companies and banks, two-thirds of this item being set down to the account of Australia. In verification of this, the *Economist* cites a detailed list of loans amounting to $225,000,000 made in Australia by Scottish mortgage companies alone, and also the fact that of the deposits in Australian banks bearing interest (generally at five per cent.) $60,000,000 are made by persons resident in Great Britain, besides a large British ownership in Australian bank shares, which represent loans made in Australia.

The *Economist* believes that its estimate of the British holding of colonial debts is under, rather than over, the mark. It is susceptible of pretty accurate ascertainment, inasmuch as the government borrowings of the colonies are very few of them negotiated in their own home markets, and nearly all of them in the British market.

It is more difficult to fix the amount of the British holding of foreign debts, outside of the British colonies.

In a paper, read in 1878 before the London Statistical Society, by Robert Giffen, he estimated that the annual foreign and colonial investments of the accruing surplus wealth of Great Britain had amounted to $400,000,000, or, for the whole decade, to $4,000,000,000, and that the annual income from such investments amounted to $325,000,000, although only $145,000,000 then appeared in the incomes returned for taxation. Whatever the true figure of these investments may have been in 1878, it has been constantly increasing since.

During the last three calendar years the excess of British merchandise imports over merchandise exports (including re-exports of foreign goods) was

1881	$498,452,875	1883	$606,660,940
1882	526,704,845		

Some portion of this unfavorable balance of the British foreign trade is met by the mercantile profits made in the trade, and by the freight earnings of the British Commercial Marine, but it must very largely represent the annual income received by the citizens of Great Britain from their foreign and colonial debtors. And it is furthermore to be taken into account that the aggregate principal of the British holdings of foreign and colonial debts is being all the time enlarged. This is especially true of colonial debts. The interest on these debts is stipulated in terms of money, but is actually paid in merchandise at the current prices. It is not possible to pay it in any other way, and the lower prices are, the more merchandise is received for the same money. So far as England exchanges merchandise for merchandise it is not internationally affected by either a fall or rise in the general range of prices, but to the extent that it imports more merchandise than it exports, as the consequence of receiving the tribute of interest from its foreign debtors, it is a gainer by a fall in prices. As affecting the relations between Englishmen themselves, and at home, as being debtors or creditors, or as being taxpayers and producers, or tax and income receivers, the effects of a rise or fall of prices are precisely the same as they are in any other country; but it is the distinguishing circumstances in their case that internationally they are the creditors of the world, and to an extent which has no precedent in history. In that aspect a fall in prices, or what is the same thing, a rise in the value of gold, in which form of money nearly all the debts due to them are stipulated, is for them an unmixed good. Nobody understands that better than the English themselves. Thus, the London *Economist* of February 9, 1884, said:

The movement in prices since the new year opened has been distinctly downward. . . . That the decline in prices has pressed heavily upon some of our chief industries does not alter the fact that to us, as a nation which buys more abroad than it sells, the fall in values has, on the whole, been beneficial. It has put several millions in our pockets, and it is well that this should be remembered when, as at present, complaints are rife as to the comparatively unremunerative character of our foreign trade.

The following observations, showing the gain to Great Britain from the recent fall in sugar, are copied from the London *Economist* of April 26, 1884:

Neither Jaggery nor Native Penang are table sugars, but both have been quoted this week at from ninety to 100 per cent, and such quotations were quite unparalleled, even in the summer of 1879. But various grocery sugars are quoted below 2d. a pound when in bulk, while the finest crystallized Demerara, or loaf, cannot command above 2½d. Our annual consumption of sugar is now about 23,000,000 cwts.; and the average fall of about ½d. a pound in the past twelve months (and sugar was considered cheap then) should *represent a saving of over £5,000,000 [$25,000,000] a year to consumers.*

In a National point of view, this saving, so far as Great Britain obtains its sugar, as it largely does in payment of the principal or interest of prior debts due to it, is a profit arising from the British policy of contracting the world's volume of money, and reducing the general range of prices.

In the British House of Commons, May 8, 1883, the condition and finances of India being under discussion, Mr. Cross said:

Debt was not so easy to pay as it formerly was. A pound of debt was discharged by the remittance of a sovereign's worth of produce. But, unfortunately for the debtor nations of the world, a good deal more produce had to be remitted to discharge a pound of debt than when most of the debts of the world were contracted. This told heavily against India.

To illustrate how "heavily" the rise in the value of the pound sterling "told against India," Mr. Cross gave the following statement of the quantities of certain products of India labor required to be delivered in England to yield a pound at the current prices in 1883, which are still lower to-day, compared with the quantities which had been required at the average prices of the last twenty-five years:

	At average prices of past 25 years.		*At prices of 1883.*
Cotton	34 pounds.	..	44 pounds.
Wheat	168 "	..	224 "
Jute	123 "	..	185 "
Rice	192 "	..	288 "
Tea	13 "	..	20 "
Indigo	3½ "	..	4½ "

Mr. Cross remarked upon this condition of things that "the strain on gold might well make debtors tremble." There are other Englishmen—and, it is much to be feared, the great majority of the classes which control England—who, from the creditor point of view, contemplate that "strain on gold," not with apprehension, but with a positive satisfaction. The London *Economist*, one of the mouth-pieces of those classes, said in its issue of April 21, 1883:

There is some consolation to us in the fact to which Mr. Goschen attracts special attention, that any increase in the purchasing power of gold is a benefit to creditors. Nearly every nation on the face of the globe is indebted to us, and the result of an appreciation of gold is that we obtain a larger quantity of their commodities in settlement of our claims.

It is not doubtful that this view of the international advantage to England of a high value of money and of correspondingly low prices of commodities, has had a good deal to do with the regulation in recent years of the English paper-money system. That it is a view which is likely to continue to influence English opinion and conduct in that particular, is one of the facts of the situation which we must always take into account in endeavoring to forecast the future.

The two principal restrictions upon the amount of paper money in Great Britain and Ireland are:

First. The Act of 1826, coming into full operation in 1829, prohibiting either the issue or circulation in England of bank notes below the denomination of £5.

Second. Peel's Bank Act of 1844, extended to Scotland and Ireland in 1845, establishing a rule for the issue of paper money, not merely making no provision for an increase of the amount of it in correspondence with any increase of population and exchanges which might afterwards occur, but under which a decrease was made inevitable, and has actually been experienced, although not to any important extent.

Under Peel's Acts of 1844 and 1845 the fixed issue of the Bank of England was established upon the principle of ascertaining what had been the lowest amount to which its circulation had fallen at any time during a long number of preceding years, which was found to be £17,000,000, and of keeping well within that limit. This is the account of that legislation which was given by the late Lord Overstone, who had more to do with it than anybody else. The fixed issue was thus made £14,000,000, and no notes beyond that sum could be issued, except upon the deposit of gold, pound for pound, to be kept for their redemption, such notes being in fact and principle precisely like the gold certificates issued by the United States Treasury, and not affecting the volume of the total currency. The fixed issues of the English country banks and of the Scotch and Irish banks were established upon a different rule. Instead of being reduced in amount more than one-sixth below the lowest point to which they had fallen during several previous years, the fixed issues of the banks were allowed to remain fully up to the figure of their actual average circulation during the preceding twelve months. Manifestly this was a concession to the political necessity of propitiating the country, Scotch and Irish banks, and preventing their opposition to the pending measure, which would probably have been fatal to it. And it is easy to see that the opinion of the managers of the measure—that the fixed issues allowed to these banks were larger than they ought to have been—is the explanation of the facts that they provided that the Bank of England should fall heir, not to the whole, but only to two-thirds of the fixed issues of such of the English country banks as might give up their circulation, or go out of existence by insolvency, or by voluntary liquidation, and that they made no provision for the succession of the Bank of England to any of the Scotch and Irish issues which might lapse.

On the principle by which the fixed paper issues of Great Britain appear to have been regulated in 1844–5, viz., that they should be as large as they could be, consistently with their being safely within the limit of the amount which would be at all times absorbed and held in the monetary circulation, provision should have been made for their enlargement if that limit became a higher one from the expansion of British population and exchanges. Such a provision would probably have been made if the subsequent prosperity of Great Britain had been foreseen; but nobody then anticipated the discoveries in California and Australia, which stimulated that prosperity. But we must find some other explanation for the fact that since the new gold gave a spring to what Mr. Gladstone has described as a British growth "by leaps and bounds," the restriction upon British paper issues has remained as close as it was before.

According to the accepted estimates, the gold money of the United Kingdom has increased from 40 to 120 millions sterling since 1844, while the paper money has rather declined from the 32 millions then established as the maximum of the fixed issue. In other words, its full-tender money is now four-fifths metallic, instead of only four-sevenths, as it was forty years ago. If there was the same proportion of gold to paper in the British currency as there was then, the amount of gold now used would be eighty-five millions, instead of its actual amount of 120 millions. The propositions now frequently made to authorize the issue and circulation in England of £1 notes, or to increase the fixed issue of the Bank of

England, or to do both things, are objected to upon the ground that it is dangerous to reduce the gold basis upon which British commerce is said to rest. Mr. Goschen makes that point very strongly, and he is an excellent indicator of the prevailing temper of the British governing classes, from whose interests he never separates himself, and whose prejudices he never offends. And yet it is apparent that a considerable increase of the proportion of paper in the British currency would only bring it back to the condition in which it was a few years since. It is also apparent that if the absolute amount of the paper remains stationary or declining, as it has been since 1844, the proportion of metal in the British currency will become steadily greater if the growth of British population and exchanges continues. In short, instead of adhering to a currency established by Sir Robert Peel, as the English seem to suppose themselves to be doing, their actual currency has become materially different from what it was forty years ago, in the proportion between the paper and the metallic elements which compose it.

That the increase in the proportion of metal in the British currency has caused an additional absorption of gold, and thereby raised the value of it and correspondingly reduced the gold prices of commodities, is doubtless plain enough to Englishmen, although their ideas upon the subject are not formulated with any exactness and accuracy. In giving reasons for their opinions they are often blundering and illogical, but they are apt to come—even if they do not very clearly explain how—to practical conclusions which are sound from the point of view of their own special interests. So long, therefore, as the classes to be benefited by appreciating money and low prices dominate Great Britain as completely as they now do, it seems improbable that the constriction of money in the commercial world will be relieved by the introduction of more paper into the British currency. If that is brought about it must be by the loss by those classes of their present ascendancy over British legislation, and whether that will ever occur, or when it will occur, are, at this distance, matters of mere conjecture. All that we can know is, that there are other large classes in England to whom shrinking money and falling prices are oppressive and may become ruinous. Even the *Economist* is forced to admit that "the decline in prices has pressed heavily upon some of our chief industries," and that "complaints are rife as to the comparatively unremunerative character of our foreign trade;" and while English manufacturers and merchants are suffering, the whole body of tax-payers find the British National debt growing really larger by the appreciation of gold. A still more formidable resistance to the present policy may possibly come from the condition of the landed estates, where the first charges of mortgages and family annuities are now in many cases eating up all the rents, and leaving nothing to the holders of other rights in them.

GEO. M. WESTON.

THE SILVER YIELD OF MEXICO.

The Mexican fiscal year, like our own, ends on the 30th of June During the six fiscal years ending June 30, 1883, the silver coinage and exports of Mexico were officially stated as follows:

	Coinage.	*Exports.*		*Coinage.*	*Exports.*
1878....	$22,084,203	$18,120,296	1881....	$24,617,395	$13,183,954
1879....	22,162,987	16,366,877	1882....	25,146,260	11,607,888
1880....	24,018,528	16,783,317	1883....	24,083,921	22,969,583

The large increase in the silver export during the year ending June 30, 1883, was naturally supposed to indicate a large increase in the silver production, but it is now known that it was the result of a Mexican law passed November 1, 1882, taking off the export tax on Mexican coined silver. Prior to the passage of that law a good deal of the coined silver was known to have been smuggled out of the country.

Under the laws and regulations of Mexico nearly the whole silver product goes first to the mints, and it may be safely inferred from the smallness of the increase, only about ten per cent., of the silver coinage of the last four years, as compared with the preceding two years, that the increase in the production has not been greater than that. All accounts from well-informed sources agree that this is so. A merchant of this city, whose trade is exclusively with Mexico, and who has numerous correspondents in that country, informs us that his advices are, that there has been no recent noticeable increase in the silver production.

We referred a few months ago to the opinion expressed in a report from the United States Consul at Matamoras, that the product of the Mexican silver mines must decline, as a consequence of the rise in the wages of labor to be anticipated from the railroad development of that country. It is true that wages have been hitherto merely nominal there, and that it is not to be expected that they will long continue to be so. A rise in them will increase the costs of mining, but that circumstance may be more than offset by the introduction and cheapening of improved machinery for draining mines and getting out silver ores. The old and still existing Mexican methods for reducing such ores are understood to be both efficient and economical, but except in a very few mines which have been worked by foreigners and with large capitals, the Mexicans mine silver ores in a very rude and primitive way, involving an immense amount of human labor in proportion to the results obtained. There must now be a great improvement in that particular, from the influx of miners from this country and from the rapidly increasing facilities for transporting heavy machinery by railroad into the interior of Mexico. It would seem that the advantage to Mexican silver mining from those circumstances must more than compensate the disadvantage of a higher scale of wages, and that an increase in the future yield of the Mexican silver mines ought to be looked for. But it is not likely to be rapid. The causes which will produce it will come into operation slowly, and, except in very rare instances, like those of the bonanzas in the Comstock lode, and of the carbonate ores at Leadville, silver mines do not show great and sudden increases of metallic production, such as the world has seen several times in the yield of gold placers. The silver mines of Potosi were opened two and a-half centuries ago, and are still producing, Spain has never ceased to yield silver since the days of the Roman domination there. Within all historical times the world's production of it has been much less fitful than that of gold, although the yield of the latter metal may become relatively steadier, from the fact that some part of it is now produced by mining its ores, which was little known to the ancients, if it was known at all. It was not known to Job, who said that "there is a vein for silver and a dust of gold," thus marking the distinction in the sources of their production as understood in his time.

WILL NORTH AMERICA BECOME A DESERT?

This is the startling query which is discussed by a writer in a recent issue of the *North American Review*. The source of the threatened danger is explained to be the gradual change wrought in our climate through the diminution of rainfall and moisture by reason of our advancing civilization. The theory is this, that with the deforesting of the land and the cultivation of the soil, the streams are drying up, extended droughts are being experienced over sections where they were formerly unknown, the winter snows and spring rains are being carried away at once in floods that are growing to be of annual recurrence, and springs and water supplies are disappearing where they were once abundant.

Some notable statements are presented in support of these assertions. In various sections of the South, perennial springs once numerous, are rare; crops once easily raised are now difficult of culture; rivers which formerly furnished abundant mill power, have to be supplemented with steam. More than all, according to the writer, the first indications of the desert formation are beginning to be manifest among the lowlands of the South. The ultimate issue is pictured from the experience of the old world. The historians of antiquity described the great barrens of Asia Minor and Northern Africa as teeming with verdure. Babylonia was a delightful temperate clime. North Italy and Greece had then frost and snows. The forests of Germany were rigorous in their winters. Spain was a garden of fertility. All this has been changed by the hand of civilized man, and the same causes are at work among ourselves with the vigor furnished by the advanced arts of the age. There is enough of inherent probability in these dismal prognostications of the future to challenge earnest attention.

DISTRIBUTIVE CO-OPERATION.

Co-operative societies for distributive purposes have long flourished in Great Britain, but they have been less successful here. There has not been so much need of them in our country, and this is one reason, doubtless, why less attention has been paid to their development, and less vigilance shown in the management of those which from time to time have been established. But another form of co-operation consists in the creation of societies for productive purposes. These are of a more recent formation, and require a higher order of talent for their successful working. Nevertheless, such societies have existed in Great Britain for several years, and in the following pages, extracted from an article in the *Westminster Review*, some account will be given of the success of these undertakings:

Doubtless the preliminary difficulties in carrying out a complete scheme of productive co-operation are considerable, but at the same time they cannot be regarded as at all insurmountable. Chief amongst them is that of procuring sufficient capital to carry out any considerable undertaking; but there are more ways than one in which this can be done. The plan which has succeeded so admirably at Oldham may be regarded as one of the most satisfactory, as it has proved itself to be one of the most practical. In this case the men found the necessary capital by the money which they saved in consequence of having adopted the principle of distributive co-operation. It has been calculated that the distributive stores, taking wholesale and retail together, save about eleven and a-half per cent. for consumers. Now, the united annual income of the working classes amounts to between three and four hundred million pounds; supposing this amount to be spent at distributive stores, what is necessary for rent and taxes being deducted, in twenty years the saving effected would amount to more than six hundred millions sterling, which sum would be sufficient to make every working man his own employer. The history of co-operative distribution is so well known that it would be superfluous to enter into a detailed account of it; but it may not be uninteresting to give a few facts for the purpose of showing that the above calculation has a solid basis to rest upon. All the world knows how, in the year 1844, twenty-eight poor men started a co-operative store at Rochdale with a capital of £28, and how, from this small beginning, a society sprang up which is in possession of a capital of £220,000, and pays £48,000 annually in profits to its members. Encouraged by this success society after society was formed, until, according to the parliamentary returns for 1881—later statistics are not published—they numbered more than 1138, and were doing an annual trade of over twenty-three millions sterling, out of which they were making a profit of £2,026,452. During the twenty years 1862 to 1881 the trade of these societies amounted to £246,638,414, and the profits to £19,656,683, of which eight and a-half millions remain within the movement, and eleven millions have been withdrawn by the members. In the year 1864 the Co-operative Wholesale Society was formed, in order to supply the numerous retail co-operative stores which had at that date been formed. Its object is to cut off the expense which a retail store incurs in purchasing from a wholesale dealer. As the idea of the retail co-operative store is to enable its own members to enjoy the profits of the retail dealer, and in so far to purchase their articles at a cheaper rate, so the purpose of the Wholesale Society is to save the retail societies the expense of the wholesale dealer. The net profits realized by the Co-operative Wholesale for the first year were £445, and the turnover £88,420; while, according to the balance sheet of the Society for the year ending 1883, the net profits were £47,885, and the turnover had reached the enormous total of £4,546,889. As Mr. Hughes pointed out in 1878, three million Englishmen had participated in this movement, and he proceeded to ask, "What does that mean? Why, it means that the scramble of life, the struggle for existence, has been made easier for all these English folk. All who are the least aware what that struggle implies will ask for no nobler testimony of work for any movement. And all I would ask is, Why, what has been done already in twenty-five years, imperfectly, no doubt, for 3,000,000, should not in fifty years be done far more perfectly for 10,000,000? It is the first steps, as we all know, which are the difficult ones, and these have been taken, and taken successfully."

To show how much money has already been made by the industrial classes from the saving effected by co-operative distribution, it may be stated that there are already seventy-one co-operative spinning companies established in the neighborhood of Oldham alone, with a united capital of more than £5,548,780, three-fourths of which has been subscribed by working men; while, throughout the United Kingdom there are 355 cotton spinning, doubling, and manufacturing companies registered under the Joint Stock Companies Acts. Their nominal capital amounts to more than nineteen millions sterling, a large proportion of which has been taken up by the industrial classes. In addition to this there is more than half a million invested in various other productive co-operative bodies. A man must be a sceptic, indeed, who would venture to argue in the face of these figures that there is not at least one way by which the laboring classes can accumulate sufficient capital to become their own employers. Still, it would be wise to lose no time in making the most of this means, for, as soon as co-operators become in the majority—as yet they only form a growing minority—employers will certainly lower the rate of wages to bring it into harmony with the diminished cost of living. Could a more forcible example be given of the unfairness of the present system of the distribution of wealth?

Another means of raising capital for productive co-operation has been suggested, though as yet not carried out; but the idea comments itself by its common sense and simplicity. It is, that the money which is subscribed towards the trades Union societies, and which at present, when not required, is put out at interest, should be utilized to underwrite or syndicate any sound co-operative undertaking. If care was taken in the selection of the works to be supported, and a mortgage to the full value of the money lent secured, no apprehensions need be entertained about losing the money so advanced, and an incomparably better use would be made of the money than if it were merely put out at interest. It is much to be regretted on all accounts that no connection exists between the trades unions and the co-operative societies; but a congress between the leaders of the two bodies is under discussion, and it will be a thousand pities if this meeting does not result in forming a close bond of interest and sympathy between the two movements. Both have the real interest of the working classes at heart, both include among their members many men of intellect, energy and character, and each body would be of great assistance to the other. It is therefore to be hoped that before long their forces will be united in the great work of peacefully revolutionizing the condition of the industrial population.

Mr. Lloyd Jones, than whom no man has worked harder or longer to promote the co-operative movement, in his work entitled "Co-operation: its Position, its Policy, and its Prospects," says:

"As organized bodies, our trades unions ought to possess much thought, as well as much power of action outside and beyond what is called for in their unions. The leaders of these unions, as well as their members, should continually ask themselves how the co-operative idea can be applied so as gradually to bring about an altered relationship of the man to his work, and ultimately that sort of union between capital and labor which shall be beneficial to both."

Professor Hodgson, in a speech at the Co-operative Congress so far back as 1876, says: "One of the most hopeful signs of the movement is (what seems to be a fact) that trade unionists regard co-operation with increasing favor." Mr. Burt, M.P., and Mr. Odger hold the same opinions, the latter distinctly stating that "the great majority of trade unionists are in favor of co-operation." Mr. Nuttall even goes so far as to affirm that "it would be better for the Amalgamated Engineers to invest their £120,000 even in the worst kind of co-operative production than in Savings banks." Mr. Hughes, Q. C., in a lecture delivered by him on the "History and Objects of Co-operation," says: at their congresses they (the trades unionists) have again and again pledged themselves to co-operative principles, and, in spite of Sir E. Beckett and his followers, those who know them best will not easily believe that such pledges are only given with a view to throw dust in the eyes of the public." After such opinions as these it is hard to believe that ere long a junction pregnant with important results will not be formed between the trades unionists and the advocates of co-operation.

A third way of securing capital for the laboring classes—that of inducing them to take only part of their wages in money—has already been touched upon in this article. It is true that this would only be an incomplete form of productive co-operation, but if it were to stop at that point even, it would be a great improvement on the present division of profits. It is not, however, intended that this plan should be final; it is only suggested as one of the stepping stones to the complete union of labor and capital. Objectors contend that the scheme bristles with difficulties, on account of some of which, it is said, it would not find favor with the employers, while, owing to others, the laborers would be equally averse to it. Capitalists would object to the system because it would involve submitting their books to their workmen, and so making public their accounts; but this is no more than all joint stock companies have to submit to, and they seem to thrive upon it. Again, it is urged, capitalists would be unwilling to forego any share of their profits; this, however, is false reasoning, for the capital saved in payment of money wages could be employed in extending the business, and so enlarging the field of the profits. Moreover, such objections as these would be more than counterbalanced by the solid advantages which capitalists would reap from the system. The rate of profits has been said to depend on the "cost of labor," and the cost of labor, as we know, is a function of three variables, one of which is the value of labor. Now, few will deny that the value or efficiency of labor would be enormously augmented by the fact that each workman knew that he was working for his own as well as his master's profit. How marked a difference there is between the energy with which a laborer will dig up his own little garden plot, even after the toil and fatigue of a hard day's work, and the listlessness which characterizes him as he tills his master's fields!

Lord Derby, on this point, in his speech at the Leeds Co-operative Congress in 1881, remarks:

"It must strike any impartial observer that more work is likely to be done, and that it is likely to be better done, on the co-operative system than on that of ordinary wages, and that for a very simple reason. In the former case every man is working for himself—for others, also, no doubt, but amongst others for himself. In the latter case he is working for an employer, with whose interest he cannot be expected to identify himself very warmly; it is only human nature that his zeal should be stimulated by knowing that he personally is to reap what he sows, whereas the man employed by the day or hour can scarcely be expected to care to do more than is required to secure himself from dismissal."

Besides, putting the matter of option aside, what power would the masters have to object if the workmen insisted as a body in being paid in the manner suggested? This, however, according to some, is exactly what the workmen will never do; their wages are small enough as it is, and it is not in human nature that they should surrender the smallest fraction of them for an uncertain and prospective benefit. So argue the opponents of the idea. But they forget that the working classes are already in the habit of sparing no small portion of their earnings to contribute to trades unions, friendly societies, burying societies, and similar institutions. It would certainly be a sounder economical practice to employ such savings in the form of productive capital on the works where they were personally employed, and whose success they could help to insure by their own individual exertions.

The great incentive to thrift and industry afforded by this scheme would, moreover, probably result in as much money being received as wages, after deducting the amount reserved for shares, as a working man now makes under the present system. It is a well-known fact that the "accumulative" instinct is one of the strongest in human nature. But before this can come into play it is necessary that a gathering nucleus should be formed—just as some small excrescence is necessary in the shell of an oyster before a pearl can grow. Now, it is rarely the case that the working classes have the opportunity afforded them of making this nucleus, and hence one of the great causes of their want of thrift. It is so easy to spend a sixpence here and a shilling there, but so difficult to realize that the accumulation of these sixpences and shillings would in a short time make up a considerable sum. It would be very different under the proposed system; then men would only receive sufficient for their daily sustenance, out of which they could squander nothing, while at the end of a certain time they would be in possession of a lump sum which would appear too large to waste heedlessly. Once having made this start the accumulative instinct would make its influence felt, and would not only tend to increase the amount of money saved, but also to diminish the amount of time wasted. This last consideration is a very important one; the average working man is believed to be unemployed about five-thirteenths of his time, and three-thirteenths of this unemployed time is believed to be lost owing to his own fault.

Let us take an example of how this system might work. Four blocks of buildings, similar to artisan dwellings, each containing fifty rooms, would take about 185,000 hours to construct, or one hundred men working ten hours a day for 185 days. A skilled artisan is paid about 9d. an hour for his work; therefore, as things are at present, he would receive 7s. 6d. per day for 185 days, and not be one penny the richer for it at the end of the time. But, supposing he were to receive only three-fifths of his wages in money and the rest in shares, he would then have made 4s. 6d. a day during the 185 days, and, on the expiration of that period he would be in possession of £28 in shares.* This, of course, is a favorable instance, but it shows what might be done.

It is contended, however, by some people, that even if the industrial classes succeed in gathering together enough capital to become their own masters they will not be able to utilize it for productive purposes. There are some industries, without doubt, which are less adapted than others for co-operation. The most striking instance is where a combination of much capital, great skill in management, and a small number of workmen is found. A scale of trades is now in process of arrangement, showing the relative proportion of these three factors; and when this is drawn up it will be easy to see which industries should be selected in the first case, and which should be reserved until the science of co-operation is fully developed.

Meanwhile, both theory and experience can be adduced to prove that working men are thoroughly capable of carrying on the great majority of trades on their own account. To argue, indeed, to the contrary, proves a thorough want of knowledge of human nature. In co-operation, self-interest—combined, it is true, with the necessary quantity of altruism—is the main-spring of all action. And what quickens the energies, sharpens the understanding, and enforces discipline so powerfully as self-interest? Now, one of the principal objections raised against productive co-operation by self-styled practical men is that the management is rarely satisfactory. Management can be divided into two heads—external and internal: external management is concerned with buying and selling and the markets in general, and internal, with the carrying on of the business in the mill or factory. Under both these heads, energy, intelligence experience, and knowledge of mankind are eminently necessary; without the latter quality a man will be fleeced in his dealings outside the mill, and inside he will be unable to preserve discipline. In any scheme of productive co-operation the manager or managers are naturally chosen by the men themselves. It is perfectly certain that among the older hands a man may be found quite as intelligent as, and infinitely more experienced, than the son of a mill-

* An attempt is now being made to raise a sum of money for the purpose of erecting artisans' dwellings on this system, it being thought that the present moment is eminently suitable for an effort of this kind.

owner, fresh, perhaps, from school or college. Self-interest will induce his colleagues to elect such a man and, having elected, to obey him; and self-interest will impel him to do his utmost to fulfill his duties. It is said that working men will not respect or heed one of themselves; but, depend upon it, the spur of self-interest, aided by the genuine feeling of respect towards a man whom, by their own choice, they acknowledge to be their superior, will do more towards compelling obedience than any tinsel reverence founded upon superiority of station. Men will work better when it is their interest to do so than when their industry is only stimulated by fear. It is only a further development of the theory of free labor *versus* slavery. It must be remembered, too, that in a co-operative mill or factory every workman stands in the place of employer to his fellow. This is what Lord Derby says on the subject, in a lecture delivered by him in Leeds: "In co-operative industry the master's eye is everywhere. I have heard it affirmed—whether truly or not I cannot judge—that in occupations where men are hired by the day, it is an unpopular thing for any one to do more than his mates, and that the exhibition of more than ordinary industry and skill is likely to be resented rather than imitated and admired. At any rate whether this be so or not, it is certain that no man will object or complain because his neighbor is shirking his work. Why should he? It's no business of his. But introduce co-operation, and every working man is an employer and an overlooker too—the master's eye is literally everywhere. Slow work or scamped work means so much less return to the associated body, and those who are working together have the strongest possible interest, not only in doing their own appointed task, but in seeing that everybody else does his. Practical employers will alone be able to estimate with any approach to accuracy the percentage of gain due to that constant and vigilant superintendence, but that it must be great is obvious from the nature of the case."

THE VEHICULAR INDUSTRY.

In the whole range of industry, there is no department that has made greater strides than the manufacture of carriages, buggies, wagons, &c. The last census report shows that nearly $46,000,000 are invested in this special industry, and that it has developed to a wonderful extent in the West during the past ten years, although Connecticut in the East still maintains its high position in the manufacture of first-class goods. Ohio is now the leading State in the manufacture of carriages, buggies, &c., the business of Cincinnati alone amounting to $8,100,000 last year. If to the production of these goods were added that of wagons, &c., it would show the value of Cincinnati's vehicular industry at $9,000,000, and employing in this single industry more than one-half as many persons as were engaged in all the industries of the city four decades ago. It is estimated that the number of vehicles manufactured last year reached 100,000, and these, if placed in a line of procession, would reach 380 miles, or a distance longer than from Boston to Philadelphia. The business has developed wonderfully in the past seven years, until now it is one of the city's leading industrial features, employing over five thousand hands. The vehicular productions of Cincinnati find a market not only in almost every State and Territory in the Union, but also abroad, although in a limited way.—*Boston Commercial Bulletin.*

LETTERS TO BANKERS—BY A RETIRED OFFICIAL.

There is no class of its readers whom the BANKER'S MAGAZINE is more willing to interest and to instruct than that embracing the junior members of the banking profession. It would be well if the clerks in every bank were more frequently encouraged to read regularly this and other works pertaining to their vocation.

In the letters below, which we take from the *Scottish Banking and Insurance Magazine*, there is some sound advice. While they allude to points of detail which do not apply to banking methods here, we leave them unchanged, as illustrating some peculiarities of custom in the older country, and habits which might be considered with advantage by young men everywhere.

NO. I.—TO THE APPRENTICE.

MY DEAR BOY,—Now at last you are a *Banker*, as yet indeed only in embryo, but having the germ within you of possible future greatness; and as the development of the egg into the chicken is due to the closest personal attention on the part of the hen, so it depends solely on yourself whether your present opportunities ever blossom into professional eminence.

By this time you have probably found that the banking business, so far as yet apparent to you, is not what you expected, but is something far simpler and more commonplace, and you may have a temptation to think that your high educational attainments (if haply you possess such) have little field for their exercise, and need not now be increased.

In preparation for your advent, you have likely studied French, German, and English composition, and you now find that your most important present duty is the indexing of the letter books. You could name and describe every river and promontory in Europe, and you find that the sole demand on your geographical knowledge is the query "whether the Clydesdale Bank has a branch in Linlithgow?" You have plunged into the depths of arithmetic, and even touched the higher mathematics, and now you discover that all the needful banking calculations are made in a cabalistic and miraculous manner, by means of Lawrie's Interest Tables.

Wait, my boy, wait! Don't make up your mind too quickly. A joiner may have a superfluous center-bit in his case, but it is better to have it so than not to have it. When that special size of hole is wanted, other things being equal, the man with the best filled tool-chest always gets the job.

I do not mean to say every deserving young man will become a bank manager, because he won't. Neither does it happen that every well-aimed shot hits the target; but what I do mean is, that more shots fail through wrong direction of the gun, than owing to the influence of the wind, and the success of your banking career will be largely determined by the direction you give it during your apprenticeship. Cultivate the grand habit of *being in time*. Whatever may be the nominal hour of beginning work, see that you are there earlier. You will always find something to do, and the start thus got will give you leisure to be deliberate in all your daily work.

Looking back over an experience now approaching the half-century, I cannot recall a single first-class man in any department who was not distinguished for punctuality. Whoever was late, *they* were early, and I am satisfied that this seemingly small thing was no unimportant factor in their deserved promotion.

Be specially careful with your handwriting. In all likelihood it is yet crude and unformed, and may as easily be turned to a bad style as a good one; and although the most beautiful penmanship will not in itself secure the promotion of a stupid and otherwise incompetent man, yet a rough, careless, or illegible hand is a frequent bar to the success of men whose gifts otherwise are good. If you are wise, you will never resent, but rather gratefully welcome, every criticism or direction in this matter, and you should set before you as a model the handwriting of some person whose work you admire. If it should so happen (as it may in a small office) that none of your superiors writes a good hand, be very careful that you do not fall into any of their defects. You can rarely be wrong if you steadily practice a large, round, deliberate style. Speed, form and neatness will certainly follow in due time, if you avoid writing carelessly, on even the most unimportant occasions.

One of your great difficulties will likely be to write straight on unruled paper, but this is soon overcome if you resolutely face it. Few things are more pitiable than to see a man poke a bit of black-lined paper into the sheet he is writing on, and painfully, like a man on crutches, trace his course over it. Never begin this stupid slavery. Persevere, and in less time than you would think, you begin to wonder how you could have been so stupid as to wish for help.

Always take plenty of time. A lad of energy, wishful to do his best, and thoroughly anxious to please, is very apt to fall into the error of hurrying. *Don't do it.* You are sure sooner or later to blunder, and the error will live against you when the speed is long forgotten. Let your first great aim be *accuracy*, your second *neatness*, and only when these are attained can *rapidity* be thought of. If it come sooner, it is a fault instead of a virtue.

Always be sure you understand anything you are set to do. You will encounter difficulties or puzzles. Try to solve them first of all for yourself, but in many cases you will fail in the effort, and then you must take a favorable opportunity to ask. Don't interrupt your superiors with questions when they are busy—catch some of them when they are at leisure. The lad who, after having endeavored to find out for himself, timeously and intelligently *asks*, is the lad who gets on, and those above you like to be asked. You may labor for hours, and the result be a pure waste of time, when a single intelligent question would have put you on the right track. It always pays to understand what you are doing. It is better to spend half an hour at the grindstone, than to scrape half a day with blunt tools.

This, however, must be within due bounds. Above all things shun inquisitiveness. Nothing can be more contemptible than to see a man prying into what he has no right to know. If set to copy a letter into a private book, a boy of honest purpose would turn it upside down, and make haste, while a curious boy would set it up before him and do everything as slowly as possible until he had fully studied the contents.

My decreasing space warns me to be brief in my few remaining hints. Don't give up study. You have plenty of spare time, and cannot better use it than in continuing your education. The Institute examinations furnish a fair enough test of your progress, and you should make a point of competing. The men who come out well there, will not be lost sight of by managers and inspectors.

Be very discreet in your choice of outside or inside companions. Remember that as your friends are, so assuredly will you yourself become. You are now possibly away from home—don't let the home influences lose their hold of you. If you do, the suffering, the loss would not fall on you alone. Don't begin bad or even what you suspect to be foolish or useless habits. Wait a while and take time to think. You can *begin* them any time, but you cannot so easily *stop* any time.

Cultivate a manner and mode of speech genial with your comrades, respectful to your superiors, courteous and obliging to the public. Consider the interests of the bank as your own, and all its concerns as inviolably secret. Following my advice on all these points, I can safely prophesy that the expiry of your apprenticeship will find you a trusted servant of the bank, and that your promotion will be no slow process.

No. II.—To the Clerk.

My dear Sir,—It is on record that once, at the dread hour of midnight, a sportive youth frightened his mother and sisters almost into fits by shouting at the top of his voice that there was "a man in the house," meaning thereby that he had just attained his majority. Since last I addressed you, this important event has doubtless happened in your case; your apprenticeship and your boyhood have passed away together, and now you are a man and a bank clerk.

Your duties have gradually been growing in importance, and no abrupt change marks the line of demarcation, except a certain financial improvement. During your apprenticeship of four or five years, you will have received in all from £100—given by some banks—down to *nothing*, which is, or was, the liberal allowance of more than one institution; and now you are in receipt of a salary, commencing at from £30 to £60, the starting-point depending more on the custom of the special bank than on your ability.

Henceforward, however, uniformity ceases, and the character which you have made, and continue to make for yourself, will be unfailingly shown by the entries in the register of salaries. Looking at the matter from even this low standpoint, it will be your wisdom to continue the strictness of self-discipline which, I hope, you have hitherto exercised; or, if unhappily you have not done so, let no further time be wasted. Every day's continuance in slovenly and inaccurate habit, makes it indefinitely harder to retrace the steps.

Cultivate method in everything. Lift the lid of a man's desk, and you may almost certainly tell his real value as an official to be depended on. Should it present a heterogeneous chaos of papers, pens and parcels, you may rest assured that his books will be kept in the same hap-hazard way; and however admirable his character, or however great his gifts in other respects, he is absolutely unfit for such a post, say, as a branch accountantship.

Your days of pupilage being ended, you are now trusted to act without the same supervision as formerly. Don't abuse this trust. Don't begin to dawdle in the mornings, like a clerk of my early acquaintance, on whom this habit so grew, that he was currently known as "*the late*" Mr. Jenkins. Neither should you be like the mason, who, when the clock struck six, let the hammer fall over his back rather than bring it once more down on the stone he was dressing. The man who rushes for his hat at the earliest legal moment will always be kept at unimportant work, or else he will be virtually chained to his desk by the severest routine drudgery which cannot be neglected.

Don't draw too strict lines round what you consider *your* work. Many men are so jealous of their neighbors, and so frightened that advantage be taken of them, that, like the man in Poe's horrible story, they live inside a cell with rigid walls which daily contract, shutting them out more and more hopelessly from the sympathy and fellowship of those around them. A man of real worth cannot be idle, and he would eternally despise himself were he to make his work spin out, rather than have leisure to help another.

Your salary is probably small enough, but however small it be, *live within it* and begin to save—a life policy of moderate amount being perhaps your best initial investment. It has been well said that if a young man with twenty-five shillings a week wears a big diamond ring, they cannot both be genuine. And when we see a lad sauntering down to the office with light kid gloves, his head hung by the ears on a high collar, and a cigarette in his lips, we can form a very fair idea as to the value of his day's work.

Never conduct your own private business in office hours, and never use the office stationery for your private correspondence. This may be done thoughtlessly, but it could be described by a very unpleasant name. Some men are perpetually doing it, and it is contemptible to observe, when any one approaches their desk, how demonstratively the letter has to be covered with a big sheet of blotting paper until the unwelcome onlooker has gone away.

Don't neglect the carrying on of your studies, both general and professional. Remember that important promotion does not depend solely, nor indeed mainly, on seniority, but upon fitness, and aim at being ready, on a day's notice, to take the place of the man who is above you. In the larger shipping firms a second mate is required to hold a first mate's certificate, and a first mate that of a captain, and although there may be no declared rule to this effect, the actual practice in banks is not widely different.

Never fall into the fatal error of doing your work badly because it is mechanical, or letting it fall in arrear because it seems unimportant. Whatever is worth doing, is worth doing well; and it is to the faithful in the small things that the great are finally entrusted.

Many a man seems to hold as the rule of his life, "How badly *may* I?" and a poor life such a principle makes; but the true man sets before him as a motto, "How well *can* I?" a system which inevitably leads to deserved success.

> "Curved is the line of duty: Straight is the line of beauty.
> Walk by the last, and thou shalt see the other ever follow thee."

LIABILITY OF A CORPORATION ISSUING A CERTIFICATE OF SHARES.

An important question was involved in *Moores* v. *Citizens' National Bank of Pigna*, which was decided by the Supreme Court of the United States in March, to appear in 110 U. S. And it is to be feared that it hardly received sufficient consideration. Mrs. Moores, the plaintiff, agreed to lend $9,100 to a cashier of the defendant, a National bank, for his own use, upon the security of ninety-one shares of the bank which he said he owned. He sent her a certificate in the usual form, bearing the seal of the bank and signed by the president and by himself as cashier, and certifying "that Mrs. Carrie A. Moores is entitled to ninety-one shares of one hundred dollars each of the capital stock of the Citizens' National bank of Pigna, transferable only on the books of the bank, in person or by attorney, on the surrender of this certificate." Upon receiving this certificate she paid him the money. In fact no shares were transferred to her, and the certificate was one that the president had signed in blank and left with the cashier to be used if needed, and the cashier had fraudulently filled it up and issued it to Mrs. Moores. She had no knowledge of the fraud. When it was discovered, the bank repudiated the transaction, and Mrs. Moores brought an action against the bank to recover damages, on the ground that she had parted with her money on the faith of the representation contained in the certificate. It was held that she was not entitled to recover.

In the opinion of the court, which was delivered by Mr. Justice Gray, it is stated as beyond doubt that when a certificate is improperly issued, and the holder transfers the shares to another who gives value on the faith of the certificate and without notice of any defect, the latter, although he does not acquire a title to any shares, is entitled to recover from the corporation the damages he has incurred by acting on the representation contained in the certificate. The reason why Mrs. Moores was not entitled to recover is thus stated: "The certificate which he delivered to the plaintiff was not in his name, but in hers, stating that she was entitled to so much stock, and showed, upon its face, that no certificate could be lawfully issued without the surrender of a former certificate, and a transfer thereof upon the books of the bank. * * * Having distinct notice that the surrender and transfer of a former certificate were prerequisites to the lawful issue of a new one, and having accepted a certificate that she owned stock, without taking any steps to assure herself that the legal prerequisites to the validity of her certificate, which were to be fulfilled by the former owner and not by the bank, had been complied with, she does not, as against the bank, stand in the position of one who receives a certificate of stock from the proper officers without notice of any facts impairing its validity." The circumstance that the person with whom the plaintiff dealt was the cashier borrowing on his own account, is not alluded to as a ground of the decision, and the case is treated as if he had been any one else. The decision is placed simply upon the ground that the certificate showed on its face that no certificate could be lawfully issued without the surrender of a former certificate and a transfer on the books. Now it is submitted with deference that the certificate showed nothing of the kind. It contained the very common clause, quoted above, stating that the shares specified in the certificate were transferable only on the books of the bank on the surrender of *this* certificate. It says nothing about a *former* certificate or about previous transfers. And it is not the fact that it could not have been lawfully issued without the surrender of a former certificate. There might have been no former certificate, and the shares might have been transferred on the books of the bank many times from one owner to another without any certificate having been issued. Shares are often properly transferred in this way by those who have many dealings in them. It is only when a certificate has been issued that its surrender is required upon a transfer. It is plain therefore that the certificate did not give the notice supposed, and if such notice had been given, it would have been contrary to the fact.

It is mentioned in the opinion that the plaintiff had no notice of any irregularity otherwise than from the certificate. The certificate would obviously have given to any one else that saw it the same notice that it gave to the plaintiff. The consequences are startling, for if the decision be sound, any one who purchased the shares from the plaintiff, and paid for them on the faith of the certificate, would have been affected with the same notice as the plaintiff, and so would have had no claim to damages against the bank. A corporation therefore will never be liable to any one who acts on the faith of a certificate improperly issued, if it contains the clause that the shares are transferable only on the books of the corporation on surrender of the certificate. If a purchaser taking such a certificate ascertains that the legal prerequisites were actually complied with and that a former certificate was surrendered, the former certificate would also give him notice of similar prerequisites to its validity, and he would have to continue his inquiry into the fulfillment of legal prerequisites *ad infinitum*.

But was it in any way material that Mrs. Moores knew (as she must have known) that there must have been a valid transfer of the shares to her before a certificate that she was entitled to them could lawfully be issued? The certificate was a representation by the bank that everything had been done that ought to have been done to make her owner of the shares. This is the only ground on which a corporation is ever liable to one who acts on the faith of a certificate. The step Mrs. Moores took to assure herself that the legal prerequisites were complied with was to get the certificate of the bank to that effect before she parted with her money. Saying that she knew it could not be lawfully issued unless the legal prerequisite, a transfer of the shares to her, had been complied with, is only equivalent to saying that she knew the representation ought not to have been made unless it was true. Yet it was because she knew this (who does not?) that she was held not entitled to recover. It should be added that if this legal prerequisite to the validity of the certificate had been complied with, she certainly would have had no cause of action.

The decision of this case in the court below (15 Fed. Rep. 141) was put on a far more plausible ground, but one that can hardly be regarded as sufficient. It was there said that the cashier issued the certificate for his own benefit, and that this was enough to put the plaintiff on inquiry. An answer to that is that the certificate purported to be issued by the president as well as by the cashier. The president had signed it in blank and left it with the cashier to be used if needed. In the hands of the plaintiff who had no notice of this, it was as effectual against the bank as if the cashier had procured the president's signature after the certificate had been filled up.

It is also to be regretted that Mr. Justice Gray should have suggested a doubt whether a corporation would be liable to the person to whom a certificate was issued, *e, g.*, in case of a forged transfer, in the same way as it would be to another who purchased the shares from him on the faith of the certificate. He says: "According to the decision of Lord Northington in *Ashby* v. *Blackwell*, 2 Eden. 299, Ambler 503, it would be seen that the corporation would be liable. According to the decisions of Sir Joseph Jekyll in *Hildyard* v. *South Sea Co.*, 2 P. Wms. 78, and of the Court of Appeal in *Simm* v. *Anglo-American Tel. Co.*, 5 Q. B. D. 188, it would seem that it would not, because the holder of the new certificate takes it, not on the faith of that or any other certificate of the corporation, but on the faith of the forged power of attorney." In neither of the two last cases is there the slightest intimation that the corporation would not be liable to the person to whom the certificate was issued, where he paid money on the faith of it, but, on the contrary, there is in the last case the most positive assertion that the corporation would be liable. It was held that a purchaser of shares who had taken a forged transfer and paid for them and then brought the transfer to the company and had it registered had no cause of action against the company, for he had acted on the faith of the forged transfer, and not on any representation of the company. The company, however, after registering the transfer, issued a certificate at his request to Simm and Ingelow, who then advanced him money on the security of the shares, but the advance was repaid before the forgery was discovered. Brett, L. J., said: "Pausing here, I may say that I think it clear upon the authority of *In re Bahia & San Francisco R. Co.*, L. R., 3 Q. B. 584, that the certificate issued by the company, being acted upon by Simm and Ingelow, did raise an estoppel between them." Cotton, L. J., said: "Simm and Ingelow were purchasers for value; and no doubt while their interest remained they had a right of action against the company, who were estopped as against them from saying that their transferrors * * * were not stockholders." That case was carefully considered, and an attentive perusal of it will clear away much of the confusion that has been created with regard to the subject. J. L. THORNDIKE.
—[*Albany Law Journal.*]

CO-OPERATION IN EUROPE.—Co-operation, for some reason or other, is a more pronounced success in Continental Europe than elsewhere. In Austria and Hungary the number of societies in operation is something phenomenal, as would appear by the report of the central manager at the yearly meeting at Vienna the other day. Austria is credited with 1,515 and Hungary with 335; 1,129 of the Austrian are loan societies, 255 are co-operative stores, 41 are trade-unions, and 61 are agricultural associations. The number of members is 550,000, with a capital of 50 million florins, and deposits to the amount of 196 million florins; 709 societies are founded by Germans, a great many by Bohemians, and fewer by other nationalities of Austria and Hungary.

BANK CLERKS' MUTUAL BENEFIT ASSOCIATION OF PROVIDENCE, R. I.

The fourteenth annual meeting of this Association was held in Blackstone Hall, Wednesday, April 16, 1884. The report of the board of managers was presented by the president, Mr. M. E. Torrey. It states that the Association has enjoyed another year of prosperity, and its present position is such, that perhaps a slight feeling of honest pride among its members might be pardonable, as they contemplate the success of the enterprise which was set on foot with so small beginnings, thirteen years ago.

Although the income from membership is less than last year, owing to paying members going on to the advanced list, the deficiency is nearly made good by the increase of interest received from investments; so that the total income is only $60 less than last year, being $2000—sufficient to pay a loss on four memberships. The treasurer's report shows that the assets are $17,110.34, being an increase of $1,460.84 during the year; and that the market value of the stocks owned exceeds their cost by more than $900. The rate of interest received averaged 6.28 per cent. on the total assets at the beginning of the year.

The required amount of the membership fund according to the constitution is $14,300. Actual amount $16,809.92. Excess over requirement $2,509.92. The loss of $500 paid this year, is the first that has been taken from the membership fund, the donation fund no longer affording the amount required. Four new names have been enrolled as members. Three second memberships have been taken; one has died, and one lapsed, making a net gain of two members and five memberships; the total being 125 members and 143 memberships. Two have become advanced members during the year.

The report expresses to the members of the Social Committee, acknowledgments of obligation to them for the great pleasure afforded those who were present at the annual banquet and festival. The success that has attended these social reunions is evidence of their industrious attention to the matter of preparation, and is due to their ability in organization and practical detail.

The membership at date of report is as follows: Total number of members to date, 155; losses by death, 9: losses by non-payment of dues, 21=30; present number of members, 125; total number of second memberships, 19; loss by death, 1, 18; present number of memberships, 143; number of advanced memberships, 35.

A contribution of twenty-five dollars or more constitutes the donor an honorary member of the Association, without participation in its benefits or liability to dues or having the right to vote.

The grade of "advanced members" being a feature not usual in such associations, we append, in explanation of it, the following clauses from the constitution. Article II provides:

SEC. 5. Members who have paid dues for ten consecutive years shall become advanced members, provided their payments amount in the aggregate to one hundred dollars. But those whose aggregate payments do not amount to one hundred dollars by ten years' dues shall become advanced members as soon as that amount is reached.

The dues and payments are fixed by Article V as follows:

SEC 1. Each member of the Association shall, on or before the first banking day of May, August, November and February of each year, pay to the treasurer for one quarter in advance, the sum required by the following scale:

Persons joining under 25 years of age, $6.00 per year; from 25 to 30, $7.50; from 30 to 35, $9.00; from 35 to 40, $10.50; from 40 to 45, $12.00; from 45 to 50, $15.00; from 50 to 55, $20.00; from 55 to 60, $25 00

SEC. 2. Any member who furnishes a satisfactory medical examination may, by paying double the specified rates, be entitled to the benefits of two memberships, but shall have only one vote.

SEC. 3. No assessment shall be made, except as hereinbefore provided.

SEC. 4. When the fund obtained under section 1 shall have accumulated so that the balance on hand shall equal one hundred dollars for every single membership, after paying all losses, appropriations and expenses, the Board of management shall declare the fund to be established; and if said proportion, viz., $100 to each membership, can be preserved without any payments from advanced members, dues shall be collected only from those who are not advanced members; but if in any year the fund shall fall below said proportion of $100 to each membership, advanced members shall be required to pay their dues until such proportion is restored.

The benefits accruing to members are stated in article VI, as below:

SEC. 1. Within thirty days of the death of a member there shall be paid to his family or legal representatives, out of the funds of the Association, the sum of five hundred dollars on each membership represented by him.

SEC. 3. Whenever a member shall claim relief on the ground of old age or permanent disability, and shall produce satisfactory evidence that he is incapacitated for labor of any kind, and has no adequate means of support, the Board of Management shall have the power to appropriate the sum of five hundred dollars for each membership represented by him, in the same manner as is provided in section 1, in case of death, and from such appropriation they may grant an annuity not exceeding two hundred dollars, payable in quarterly installments. Should the claimant die before the said appropriation is exhausted, the remainder shall be paid over as provided in section 1. Whenever, in the judgment of the Board, the necessity for the payment of an annuity shall have ceased to exist, the member shall be duly notified of its decision, and the remainder of the fund shall be held in trust until his death, when it shall be paid as above provided. But no person shall be entitled to receive any interest on the fund so held in trust, nor shall the liability of any member for dues cease by reason of the allowance of his claim, except during the time that the installments on said annuity shall be paid.

SEC. 4. After the establishment of the fund, as provided in article 5, section 4, there shall be paid on the death or permanent disability of an advanced member the sum of six hundred dollars, instead of the sum of five hundred dollars, as provided in section 1.

To an inquiry respecting the practical working of the advanced membership plan, the president replies that "No payments have yet been required from advanced members, and probably will not be for years to come. The financial features of our association have proved entirely satisfactory in their working. Each member knows precisely what he has to pay, and this is liked better than the assessment plan of levying a tax whenever a member dies."

A large number of the banks of Providence have made donations to the funds of this Association; some have given $500 each, while others have made annual contributions of $50. The aggregate of donations is $4,121.25.

THE ORIENTAL BANK FAILURE.

The record of the Oriental Bank Corporation during the past ten years is, to our mind, the saddest in the history of colonial banking. The Eastern banks have at many times been subject to vicissitudes of fortune, and some—like the Agra—have risen out of misfortune into a condition of marked prosperity. But no Eastern bank, and few colonial banks, have ever attained the prosperity reached by the Oriental twenty, or even ten, years ago. The bank received its charter in 1851, and was the first in the field of the Anglo-Indian banks, and in ten or twelve years it maintained a standing which distanced all competitors. The letters O. B. C. represented the embodiment of credit, and to be a trusted official of the bank was to be a man of position. At the beginning of 1866 the £25 shares were worth £55, and although the crisis of that year was followed by widespread disaster in India, the Oriental Bank came through it better than the rest, and its twelve-per-cent. dividends followed one another for many years with almost wearisome regularity. It was not until 1876 that the first change came, and even then, until 1879, the shareholders got ten per cent. But 1879 was a most disheartening year. The depreciation of silver securities could no longer be ignored; the coffee disease in Ceylon had rendered the bank the virtual owners of extensively depreciated properties in that island; the Chili-Peruvian war induced the directors to place their Chilian bonds, which they should never have touched, upon the market at a great sacrifice; heavy liabilities were incurred in the Mauritius, and the South African business was handed over to the Bank of Africa in an effort to contract the field of the company's operations. Since then the bank has been steadily losing caste, and, reviewing the operations even of the past four years, we cannot but think that on many occasions the management has been ill-advised. The decline in the business from year to year has, indeed, been rapid, as the following figures show:

LIABILITIES OF THE ORIENTAL BANK CORPORATION.

	Deposits.	*Bill of Exchange.*	*Notes.*	*Reserve.*
1883	£6,696,938	£1,785,381	£761,109	£13,672
1882	8,245,759	2,683,115	735,527	13,672
1881	8,768,325	2,544,074	645,541	13,672
1880	8,286,219	2,328,068	602,205	13,672
1879	8,981,780	2,210,463	663,760	13,672
1878	11,894,300	6,218,765	776,321	13,672
1877	11,999,406	5,214,193	713,372	325,000
1876	11,791,026	5,687,086	775,824	500,000

That the failure will temporarily inconvenience many colonial and Eastern trade centers can hardly be doubted. It is not only the locking up of £5,000,000 or £6,000,000 of deposits, but the inconvertibility of the notes, the sudden arresting of advances to clients must be a blow and a loss to many a perfectly legitimate trader. It is not surprising, therefore, to find colonial bank shares rather generally affected this week. Our city article contains an official notification, issued yesterday, foreshadowing efforts at the establishment of a new bank, and it would indeed be a matter for regret if there were no salvage from the wreck.—*London Economist*, May 10.

CURRENT EVENTS AND COMMENTS.

RAPID GROWTH OF GRAPE CULTURE.

The increase of grape culture and the development of the manufacture of grape wine in this country are remarkable, and both are certain to become important industries in the near future. Mr. George E. Dewey, of New York, a leading maker of native wines, says: "I have recently been traveling in various grape-growing States, and have been astonished at the increase during the past year of acreage devoted to wines. Of course the official statistics are not yet at hand for the wine production of the past season, but I find from previous data that in the past five years, or less, the increase has been 100 per cent. in some of the States. In California in five years the native wine product has increased from 10,000,000 to 25,000,000 gallons. In New York, where five years ago there were 8000 acres planted in wine-producing grapes, there are now about 15,000 acres cultivated. In Ohio the increase in acreage has been about the same as in New York, and the total figures of the two States are also about the same. The Catawba country has not increased so rapidly as either New York or California. New Jersey grape culture is at a standstill for the present. Native wines are now made of all brands, while a few years ago only the Catawba, which Longfellow called the "drink divine," as old Nicholas Longworth made it, was the only native wine largely sold for table use. Now we have a pure champagne, a mellow port, a dry and a sweet sherry, and a Burgundy with a body and flavor equal to the imported article."

MANUFACTURES OF WOOD.

Perhaps in no branch of American industry, says the *Shipping List*, has greater progress been made during the last thirty years than in the vast and varied manufactures of wood. We have not only distanced all rivals in this branch of industry, but have gained a firm foothold in foreign markets, especially for our agricultural implements, furniture and a variety of labor-saving machines. The perfection to which our wood-working machines have been brought by unrivalled ingenuity has given American manufactures of wood a world-wide reputation. For, as nine-tenths of the cost of articles included under the head of "woodenware" consists in the labor necessary to their manufacture, and as the wages of labor in this country are comparatively high, it could hardly have produced successfully its own woodenware without the aid of machinery. With this aid, however, the home market has not only been supplied by home dealers, but American woodenware has found its way into various foreign markets. For instance, the exports of woodenware for the year ending June 30, 1882, were valued at nearly half a million dollars. The manufacture of furniture increased in value from $17,633,000 in 1850 to $75,539,000 in 1870, while the estimated increase in the last thirteen years has been very large. The growth in the manufacture of agricultural implements has been still greater. With woods of all kinds in abundance and easily accessible, with improved machinery for the purpose, there seems to be no reason why the exportation of woodenware should not yearly increase.

A SUBSTITUTE FOR GUTTA-PERCHA.

At one of the late scientific meetings at Paris, mention was made of a substance having many of the characteristics of india-rubber and gutta-percha, but which is comparatively new to botanists. It is called Balata, and is the milky sap of the bully tree, which flourishes on the banks of the Amazon and Oronoco, in South America. The operation of obtaining the gum is similar in every respect to that employed to procure the two before-mentioned ingredients, that is to say, making an incision in the bark and allowing the sap to ooze out and to either coagulate in a lump, or flow slowly over a clay form so as to produce what is termed a bottle, or any other pattern which may be desired. The new substance resembles gutta-percha so closely in its general properties that much of it is shipped from Guiana and sold yearly for that article, although it has many qualities superior to gutta-percha. It is tasteless, gives out an agreeable odor on being warmed, may be cut like gutta-percha, is tough and leathery, is remarkably flexible, and far more elastic than its rival. It can be softened and joined piece to piece indefinitely at a temperature of about 120 degrees Fahrenheit, but requires a heat of 270 degrees Fahrenheit before it melts, higher than gutta-percha. It is completely soluble in benzole and bisulphide of carbon when cold. Turpentine dissolves it with the application of heat, while it is only partially soluble in anhydrous alcohol and ether. It becomes strongly electrified by friction, and is a better insulator of heat and electricity than gutta-percha, on which account it may find considerable application for electrical and telegraphic uses. Caustic alkalies and concentrated hydrochloric acid do not attack it; but concentrated sulphuric and nitric acids do, just as they act on gutta-percha, which it closely resembles in all other properties.

BEET SUGAR IN GERMANY.

The rapid growth of the German sugar industry of late years has been a standing menace to the producers of cane sugar in more distant countries, especially Cuba. At the same time, the creation of such establishments as the Central Sugar Works at Nipe, in Cuba, with their extensive fields of cane, sufficient for the production of 15,000 tons during the present season, and the promise of double this quantum in the next, show that Cuban planters themselves are aware of the precarious state of their industry and the need of its transformation. There are now in Germany a total of thirty-two factories, of which the Machine Works of Brunswick alone will construct eight, and the Count Stolberg Ironworks four. The beet sugar factories carry their beneficent influences into every country in the least adapted to their reception. The culture of the sugar beet is now so firmly set in the agricultural systems of Northern Europe that it could not be relinquished; where it has once been it must continue to be, at any price. Through it the production of meat has been largely increased, and with it the soil so much enriched and bettered that the choicest cereals—wheat and barley—rarely yield less than thirty-seven, and not unfrequently more than fifty bushels to the acre. The *Deutche Zucker Industrie* says: "With the new factories already mentioned and the extension of those already in existence, if the next crop should be good throughout the German Custom Union, the season of 1884-5 would produce 200,000,000 cwts. of beets and 20,000,000 cwts. of sugar, and this, in our weight would be equal to 11,000,000 tons of beets, and to 1,100,000 tons of sugar."

USES OF STEEL.

At the great Krupp foundry at Essen the product averages 1000 tons of steel per day for each working day of the year. Steel cannon, steel rails, steel car wheels, steel shafts for steamships, all steel parts of locomotives and steel springs are the principal forms in which the metal goes forth to Krupp's agents and customers in every part of the world. The locomotive supply business is an enormous department of the works. Krupp supplies the locomotive workers with every component part of the complete machine, but makes no locomotives himself. Rails and car wheels he makes for all the world, having patents and processes of his own which give his products a special value. In one shop the solid car wheels are compressed into true shape by enormous hammers, which do their work with wonderful rapidity. One of the most interesting processes is the evolution of car tire from a solid block of steel, which, by the use of the hammer and subordinate machinery, is expanded until a ring of the proper diameter and circumference is formed without a weld. In another shop the steel tire is wound and welded around the base of the wheel in the most ingenious manner, which was recently invented by one of the mechanics employed in the works. The rail mills turn out the finished rails with a rapidity that is wonderful to see. These shops are in intimate relation to the Bessemer steel works. Bessemer steel suffices for a multitude of purposes. But, in all steel forgings where much hammering is required, the Martin process steel and the crucible steel are used. The latter goes into locomotive axles, steamer cranks, and the tubes and jackets of the largest cannon. Casting of crucible steel takes place at Essen three times each day.

EQUIPMENT OF A WHEAT FARM IN DAKOTA.

"The amount of machinery necessary to plant and harvest the crops of the North-west," says the St. Paul *Pioneer-Press*, "is enormous. The principal crop of the North-west is wheat, and as nearly all the labor required to seed and harvest it is performed within a few months, usually from the first of May to the first of October—rarely six months—everything must be done with a rush. Farmers who raise nothing but wheat cannot afford to employ help all the year round, and this fact renders it very difficult to obtain the necessary assistance when it is needed during the busy season. Wages are high on account of this fact, and the wheat raiser finds himself compelled to depend upon mechanical help instead of muscle. It is questionable whether it is more profitable. To properly equip a farm of even 160 acres, with all machinery necessary to plow the ground, seed it, harvest and thresh the grain, requires a large outlay of money. The total outlay for waggons, plows, harrows, seeders and harvesters necessary to work a farm of this size is about $700. This is an outlay that must be made before the farmer can realize from his first crop. It is not to be supposed that cash is required to buy all this machinery. The farmer can buy his entire outfit on credit. Mortgages are often taken, but not as a rule. The agents of reapers and harvesters require no security beyond a simple note of hand. Early in the spring a perfect array of "machine men," as the agents are called, invade the North-west to take orders. A farmer can buy a harvester or whatever he needs and have it delivered in his field, set up already to start, even to being supplied with twine for the binder, by simply giving his note of hand, without security, and drawing 7 per cent.

interest. These notes run from two to three years, and are often renewed if the interest is properly paid. Some idea of the amount of machinery sold in the Northwest every year may be gained from the statement that during 1883 nearly 1700 car loads were received at Minneapolis alone, the total number received at St. Paul and Minneapolis reaching nearly 3600."

FRENCH HOLDINGS OF LANDS.

A common objection made by adversaries of the limitation of the right of bequest, and the equal distribution of successions, as established by the French code, is that land would become so subdivided as to render farming on a large scale impossible. Other influences probably check that cause of disintegration, for the law does not appear to have produced the effects apprehended. A general survey of the whole of France has been for some time past going on, and the new *cadastre* for 2014 of the 36,000 communes in France has been completed, and permits of a comparison of the distribution of land in 1883 with that in 1807. It is found that the number of plots of land in those communes, which was 6,655,-275 in the latter year, have since increased, in an interval of seventy-six years, or two generations and a-half, by 464,782—that is to say, less than seven per cent. But in the returns no distinction is made between land occupied by houses and that under cultivation, and if account is taken for ground subdivided for building purposes, it is probable that there has been a very small increase of plots under cultivation. M. Hippolyte Passy, in his researches into the distribution of land in the period of thirty-two years preceding 1853, even came to the conclusion that there had been a diminution in the number of cultivated plots. The only effect of the French system of equal divisions of successions has, therefore, been to check the tendency of land to accumulate in large holdings.—*London Economist.*

CALIFORNIA.

Of some of the principal products of California the following estimates for the present year have been made: Wheat, of course, comes first, and its yield is put at 1,200,000 tons, which will be worth $36,000,000. The mines come next with $20,000,000. The wool crop is next in rank, its amount being estimated at 42,000,000 pounds, worth at least $10,200,000. The fruit and vine interest ranks fourth, with a production of $10,000,000. Cattle for market show $4,000,000, and sheep $1,200,000. Dairy products are estimated at $700,000, and flax, silk, cotton, &c., at $200,000. Unclassified products, such as cashmere, goat-hair, chicory, garden truck, &c., are estimated at $100,000. This makes a total of $82,600,000, or $62,600,000 for agriculture and kindred pursuits. The prosperous condition of the State is further shown by the fact that, notwithstanding low interest has caused the withdrawal of many deposits from banks, there were, January 1, 1883, deposits amounting to $93,042,243, against $86,391,519 at the corresponding date last year. —*San Francisco Bulletin.*

ILLEGAL CERTIFICATION OF CHECKS.

In the case of the officers of the Wall Street National Bank, charged with violation of the National banking law respecting the over-certification of checks, the following decision was rendered on May 27th by U. S. Commissioner Timothy Griffith:

The *United States* vs. *Thomas W. Evans*, *Cornelius T. Simpson* and *John B. Dickson*—The defendants are charged with the willful violation of the provisions of Section 5208 of the Revised Statutes of the United States, and Seetion 13 of an act amendatory thereof, approved July 12, 1882. The section reads as follows: (Section 5208) "It shall be unlawful for any officer, clerk or agent of any National banking association to certify any check drawn upon the association, unless the person or company drawing the check has on deposit with the association at the time such check is certified an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against the association; but the act of any officer or clerk or agent of any association in violation of this section shall subject such bank to the liabilities and proceedings on the part of the Comptroller as provided for in Section 5234."—United States Revised Statutes.

"(SEC. 13). That any officer, clerk or agent of any National banking association who shall willfully violate the provisions of an act entitled 'An act in reference to certifying checks by National banks,' approved March 3, 1869—being Section 5208 of the Revised Statutes of the United States—or who shall resort to any device or receive any fictitious obligation, direct or collateral, in order to evade the provisions thereof, or who shall certify checks before the amount thereof shall have been regularly entered to the credit of the dealer upon the books of the banking association, shall be deemed guilty of a misdemeanor, and shall, on conviction thereof in any Circuit or District Court of the United States, be fined not more than $5000, or shall be imprisoned not more than five years, or both, in the discretion of the court." [Amendment of July 13, 1882.]

At the close of business hours on the thirteenth day of August, 1883, the account of the firm of Cecil, Ward & Co. with the Wall Street National Bank, of which banking association the defendants were the officers—president, vice-president and cashier—was overdrawn in the sum of $97,206.76. The balance to their credit on the books of the bank at the commencement of business was $6,387.81, and they were credited with three deposits during the day of $34,150, $43,312.50 and $8,412.50, and by a loan of $36,000. Including their balance, their total credit that day was $108,762.81.

The overdraft occurred, it appears, from the acceptance of checks aggregating $199,899. To this amount should be added checks coming through the Clearing-house to the amount of $36,032.59, and $100 paid over the counter in cash, in all the debtor side amounting to $226,031.59, as appears by the books of the bank. There were in all seventeen checks of various amounts accepted, among which were two deserving of especial mention; the check to the order of the Hanover National Bank for $65,010.83, and the check to the order of J. B. Hillyer for $59,019.67. It is not claimed that there was money in the bank to meet these checks. They were accepted at the request of Cecil, Ward & Co. to enable them to take up loans at the Hanover Bank and at J. B. Hillyer's. and thereby release certain securities there deposited as collaterals upon the promise that said securities would be brought to the Wall Street Bank and there deposited, or certified check in their stead for the amount of the two checks accepted. These two checks were accepted by the direction of the cashier, Mr. Dickinson. The others were accepted under general instructions by the teller of the bank, Mr. Graff. But for the transaction of those two checks their deposits would have been more than sufficient to cover all the other checks.

It is claimed by the defendant's counsel that they have not violated the provisions of the statute by accepting the checks of Cecil, Ward & Co., which statute (Section 5208) prohibits the certification of checks by National banking associations "unless the person or company drawing the check has on deposit with the association at the time such check is certified an amount of money equal to the amount specified in such check," and argues that an accepted check is not a certified check. The act of July 12. 1882, makes the willful violation of the provisions of Section 5208 of the Revised Statutes a misdemeanor; also any device in order to evade the provisions thereof a misdemeanor.

The counsel maintains that these acceptances were transactions in the nature of loans to Cecil, Ward & Co., and that they constituted a contract on the part of the bank to pay the checks, rendering the bank the original or primary debtor to the holder of the checks. He also argues that the object of the statute is not to prevent banks from incurring debts, but that it is for the protection of the holders of checks. I can not accept that as the true interpretation of the statute. Clearly the object of the law is the protection of these associations; to protect them against the danger of incurring debts and obligations which might render them insolvent. To protect the banks and keep them safe and solvent institutions is the first and primary object of the law, and thereby afford protection to customers and holders of checks.

Upon the theory of the defense the Wall Street Bank incurred primarily a debt or obligation of $199,899 in one day, by accepting the checks of Cecil, Ward & Co., alone. Accepted checks are more obnoxious to the evident intent and spirit of the law than certified checks—they incur obligations by accepting, whether there is money in the bank to the credit of the drawer or not, by certifying only when there are no funds on deposit. The counsel's argument proves too much. The counsel for the prosecution insists that accepted checks are nothing more nor less than certified checks. I cannot entirely agree with that proposition; an accepted check is not a certified check such as defined by the statute. The relations and obligations are different. By accepting, the bank undertakes the payment of the check; by certifying, it undertakes that the amount of the check will be retained to meet it out of the funds on deposit. Successfully to maintain this theory the defense must show that these acceptances are *bona fide*. They cannot make them accepted checks as to the holders, treating them exactly like certified checks as to the drawer of them, and expect to escape that provision with reference to device or evasion of the statute. Were the terms of the statute confined simply to the over-certification of checks it might be urged that accepted checks, being obligations of a different character, were entirely outside its sense and meaning. The statute, on the contrary, is not confined to the subject of certified checks alone, but, construed as a whole, it is a prohibition against the incurring of obligations through over-certification, or by any device to evade it. Any device which incurs such debts and liabilities as are incurred by over-certification is prohibited. The checks accepted by the Wall Street Bank for Cecil, Ward & Co., in the manner they were accepted and treated, are such as to incur the hazardous obligations which the law seeks to prevent and forbid under pain and penalties. That a certified check, unless there is the amount on deposit, is a violation of the statute because it creates unauthorized debts or obligations, cannot be well denied. The facts are indisputable that the bank adopted this mode of accepting checks as a means of avoiding the inconvenience which the statute imposed by prohibiting over-certification. Avowedly they resorted to this course for that purpose. This bank, among others, availed itself of the advice of able counsel as to whether accepting checks was a device to evade the statute within its meaning. A distinguished member of the Bar, whose opinion had been sought, was called as a witness, and testified that he had given such advice, to the effect that the acceptance of a check was not such an evasion as was contemplated. Granting that the acceptance of a check is not an evasion in and of itself, banks must not make it or use it as such. Unquestionably the overdraft in this case occurred through the acceptance of the Hanover and Hillyer checks. Had all the other checks of that day been certified for Cecil, Ward & Co., then the two checks might be regarded as *bona-fide* acceptances, separate and distinct obligations voluntarily assumed for the accommodation of a customer. These two checks were accepted early in the day, and all the other checks were accepted precisely in the same manner, and treated alike in the books of the bank. The bank by its treatment of them obliterated any distinction there might otherwise have been, and consequently all must stand or fall together. All the checks of Cecil, Ward & Co. on the day in question were treated as certified checks on the books of the bank. As each check was accepted the amount thereof was withdrawn from the credit of the firm, and they continued to avail themselves of the advantage to the extent of the funds on deposit, and thereafter charged the amounts of the accepted checks up against the account to meet any deposits that might be made to the exclusion of any outsider who might have an uncertified or unaccepted check. Oh, no! that will never do, and if this does not constitute a device to evade then I cannot imagine what would amount to an evasion of the provisions. The testimony of the employees of the bank abundantly bear me out as to the manner checks were treated, as well as the testimony of the Bank Examiner, Mr. Scriba. The teller, Mr. Graff, stands indicted for the offense with which the defendants here are charged, and I am informed that the Court has suspended action in his case pending proceedings to ascertain the relations of the principal officers of the bank to the transactions in question. Mr. Scriba, the Bank Examiner, during his examination, stated that this was the first case arising under the law in which proceedings had been instituted. I feel the delicacy of my position in having to pass upon the questions involved in the absence of any adjudication. It appears that the defendants, Evans and Timpson, had no knowledge of these transactions with reference to Cecil, Ward & Co., and it has been suggested in the course of this examination that they be regarded as practically out of the investigation. The statute reads: "Any officer, clerk, or agent who shall," &c. The clerks did not adopt the plan of accepting checks in lieu of certifying. What part the cashier may have had in the adoption of it remains to be seen. I do not regard him as necessarily the guilty party or the only offender, simply because he carried out the instructions of the bank or its policy. The device which constitutes this evasion need not to have originated on the day in question when it resulted in the violation of the law. The cause, the device, may have originated long prior. I shall surely hold those who caused the violation. From the evidence before me I cannot avoid the conviction that the mode of accepting was resorted to purposely to evade the law; in other words, that they might in this way give customers credit beyond the amount of their deposit; that is exactly what the law forbids by certified checks, and it forbids it also by resorting to a device to accomplish it otherwise. That the law has been violated I have no doubt. Whom of the defendants should be adjudged the guilty party, and whether one or more, is for the court to determine, and not for me to say. I have come to the conclusion to hold all the defendants, that all questions presented by this case may be fully heard and determined by the court. There have been other cases of this kind, as Mr. Scriba testified, but that as yet no action had been ordered—the Bank of the Republic for one, where the amount was, according to his evidence, not far short of the figures in this case.

The defendants were held to await the action of the Grand Jury upon their own single recognizances of $5000 each. No surety was required, the Commissioner admitting that the case did not involve moral guilt.

BOOK NOTICES.

Historical Summary of Metallic Money. By ROBERT NOXON TOPPAN. Boston: Little, Brown & Co. 1884.

This little work is a brief account of some of the more important facts in the history of coined metallic money in ancient and modern times. It will prove exceedingly useful to a numerous class of readers who have not the time to peruse a more elaborate work on the subject. Within these eighty pages is an exceedingly large and choice collection of facts. We know of no other brochure on the subject containing so much that is authentic and valuable within so small a compass.

Cyclopædia of Political Science, Political Economy, and of the Political History of the United States. By the best American and European writers. Edited by JOHN J. LALOR. Vol. III. Oath-Zollverein. Chicago: Melbert B. Cary & Company, 1884.

This volume completes a very meritorious undertaking. Numbering more than eleven hundred pages, a great variety of topics is handled, and though unequal in ability, all are well selected and contain useful information. Some of the articles possess very great value, and the work as a whole will long remain a convenient and rich field for the economic student. For example, suppose a person wished to get a general knowledge of the "Paris Monetary Conference," where would he look for it? If he turned to the magazines of the year when the conference was held, he would find indeed many papers relating to the subject, but these are mainly an exposition of the views of the writer on the work of that body, and not a history of what was done on the occasion. In the work before us there is an excellent account of that interesting meeting, written by Horace White. Standing near this article is one on "Parliamentary Law," by A. R. Spofford, which is a singularly neat and perspicuous presentation of the subject. Passing over several articles by foreign writers, we find one on "Party Government in the United States," by Talcott Williams, of the *Philadelphia Press*. Though only ten pages in length it contains as much valuable matter as is often found in a good-sized book. It is a piece of admirable compression. F. W. Whitridge contributes an interesting article on "Patents and the Patent System."

The article on the "History of Political Economy" is the work of Prof. James, of the Wharton School of Finance, University of Pennsylvania. Perhaps there is no article in the volume whose preparation was more difficult. To state fairly the teachings of the leading economists of the world, the indebtedness of one economist to another and his influence, was no easy task. Yet, in our judgment, Prof. James has shown much candor and wisdom in dealing with his theme. The history of the "Post Office" and "The Newspaper and Periodical Press" are the titles to a couple of important articles, the former by Arthur T. Hadley, and the other by S. N. D. North.

A very elaborate and noteworthy article on "Literary Property" is from the pen of George Haven Putnam. "Protection in the United States" is written by David H. Mason. Doubtless it will be as satisfactory to the protectionists as it is sure to be condemned by the free traders. When the New York *Evening Post* reviewed the former volume it remarked that an article on this subject was quite unnecessary, while fully recognizing the propriety of inserting an article on the other side of this question. The remark clearly shows how far the judicial quality had been developed in the reviewer. The "History and Political Economy of Railways," and "Legislation, Concerning and Management of Railways in the United States" are the titles to very important articles prepared by Simon Sterne. The same author also contributes another article on "Representation." The subject of "Repudiation" is handled by George Walton Green. The volume is enriched by three articles from the pen of Francis A. Walker—"Public Revenue, "The Wage Fund," and "Wages." These are marked with the care and ability that distinguish all of General Walker's writings. We have not space to enumerate the names of other writers who have contributed to the erection of this goodly edifice of knowledge. David A. Wells may be mentioned, however, who has written on the "Principles of Taxation," and John J. Knox, whose article of twenty-six pages on "United States Notes" is one of the most instructive in the volume. He has also contributed shorter articles that are valuable. All the articles of a distinctly political nature are by Alexander Johnston. Some of them are lengthy, and all display the candor and accuracy for which the writer is well known. In this brief review several names have not been mentioned that are worthy of notice, but we have already gone much beyond our usual limit. The editor merits the sincere thanks of all who are interested in economic science for daring to undertake so great an enterprise, and for the manner in which he has executed it.

McCarty's Annual Statistician. 1884. L. P. McCarty, San Francisco and New York. 8vo, pp. 624.

This is the eighth volume of this manual, and its contents evince marvelous industry. The index of subjects contains thirteen pages of double columns, and the facts given thereunder are said to aggregate 100,000, of which 25,000 are new to this issue. The statistics of each State and territory and of the United States, as well as the country's chronology, are alone enough for a goodly sized book; but there are, withal, voluminous facts respecting all prominent nations of the world—their productions, armies and navies, finances, weights and measures, religious creeds, etc., etc. In the present number are seventy-five pages of new data respecting foreign countries, including eighteen pages devoted to foreign cities and their populations. Japan and Mexico are amply described, and almost any question of general interest respecting those countries may be solved in this work. California is treated to about twenty pages, and her resources and productions fully illustrated. All the public land concessions to railroads, canals, etc., ever granted or now pending in the United States are tabulated. In view of the striking array of facts and figures presented in this book it is remarkable that it has not been more widely known heretofore. It is sold by subscription only.

Longmans' Magazine. London: Longmans, Green & Co. New York: The International News Company.

This bright monthly maintains the interest which marked its initial numbers. Two serial stories appear regularly, but there are also articles of more solid import. In the June number the account of a remarkable Irish Trial, and that of an Ancient Lake Bottom are of especial interest. The typography of this Magazine is excellent, and it is a pleasure to let the eye rest upon its large and clear type.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. CHECKS PAYABLE TO ORDER.

What is the law regarding the indorsement governing a check payable to John Smith or order, and in what does it differ from a check payable to the order of John Smith?

REPLY.—The legal effect of the two forms of expression is the same. *Morse* says, p. 249, that in either case, the check must be paid to John Smith "in person or to one deriving title from him through his indorsement. It is customary to indorse even when the payee makes the presentment and demand, the indorsement then having the effect of a receipt." It is possible that the practice of drawing checks to the order of the payee, instead of to the payee or order, has grown up from the doubt which has been raised as to whether the bank has a strict right to require the payee of a check payable to A or order, to indorse the check when he presents it in person; such an indorsement being a mere receipt, and it being a rule of the common law that a debtor, who makes a payment, has no right to demand a receipt of the creditor who receives the payment. When the check is payable to the order of A, the bank, upon the face of it, appears to have a better excuse for demanding an indorsement. The point is not one of any importance, because the custom of indorsing in either case is universal, and it is laid down by some authorities that the bank has a strict right to demand it. At any rate it has never been decided that there is any legal difference between the two forms of expression.

II. THE FUNCTIONS OF A TELLER.

Is a Teller of an incorporated bank an officer in the eye of the law? Have not decisions been rendered, holding that the certification of a check by a Teller is not binding upon the bank?

REPLY.—The Teller of a bank is an officer recognized by the law. His duties and powers will be found discussed in *Morse on Banking*, pp. 51, 157, 201, 207. It has been held in Massachusetts that a Teller has no inherent power by virtue of his office to certify, *Mussey* v. *Eagle Bank*, 9 Mit. 313. The decisions in New York are otherwise, and *Daniel in Neg. Inst.*, § 1610, lays it down as the result of his investigations that the Teller of a bank has undoubtedly an inherent implied power to certify checks. This is certainly the better doctrine.

III. Check, or Bill of Exchange.

We have, sent to us for collection, the following instrument:

$1200.00. New York, May 16th, 1884.

At ten days' sight pay to the order of John Doe, twelve hundred dollars, value received, and charge the same to account of JOHN SMITH.

To H—— National Bank, H——, Pa.

Is it to be treated as a check or a draft? If it is a check it is entitled to no grace, and if a draft it certainly is entitled to three days' grace. In case of protest should it be treated as a check or a draft?

Reply.—This is a bill of exchange. Daniel says in *Negotiable Instruments*, § 1572, that "the touchstone by which a check is tested" is that it is payable instantly, on demand. This is the general rule, and it is one which is observed by most courts with great strictness. The only exception to it which has been made anywhere is this: If a draft on a banker be dated on one day and payable at a *future day named*, this has been held in Pennsylvania to be a check payable on the day named, without grace. *Champion* v. *Gordon*, 70 Penn. St. 474. This instrument, however, is not payable on any particular day in the future, but ten days after sight, and so is not within the exception made by that decision. Indeed, Sharswood, J., there says: "The ordinary commercial form of a bill of exchange payable at a future day is at so many days or months' notice after date or sight. An order so drawn, whether upon a banker or any other person, ought to be regarded as a bill, with all the privileges and liabilities which by the law merchant are incident to a bill." This instrument is obviously in the ordinary form of a commercial bill, and is precisely within the language of Sharswood above cited. The decision cited from Pennsylvania is condemned by Daniel, and, it is believed, would not be followed elsewhere. His remarks upon the subject will be found very instructive.

IV. Garnishee Process.

Smith deposits in this bank $200, taking a certificate therefor. The next day we are garnisheed on the same. On the day following, Smith in person presents the certificate for payment, which we refuse, giving as reason the garnishment. On this same day Smith disposes of the certificate to Brown, who presents it for payment, and on refusal protests and brings suit. Whom shall we pay?

Reply.—We assume that the certificate issued by the bank was a negotiable instrument, and it is a general rule in these cases that a debtor, who is liable on a negotiable instrument, which is outstanding and not overdue, is not subject to garnishment. The liability of a garnishee is determined as of the time of the service of the process upon him, and if there is a negotiable instrument representing the debt, *then* outstanding and not overdue, it is of no consequence that it is still in the hands of the original holder. The reason is this: the garnishment does not restrain the negotiability of the instrument, and the holder of it may, at any time, until the instrument becomes overdue, assign it to a *bona fide* holder for value, and defeat the attachment. If he could not, the issuer of the certificate might be made doubly liable. This certificate was not overdue at the time of the attachment. A certificate of deposit, not payable at a particular time, is not regarded as overdue until actually presented for payment, or at least until a reasonable time after its date. See *Daniel on Negotiable Insts.* § 1702. Garnishments are generally regulated by statutes peculiar to the different

States, and it is very likely that this case may be affected by some peculiarity of the local law with which we cannot be familiar. On general principles Brown would be entitled to payment, but we recommend the inquirer to consult his local attorney before taking action.

V. Collections under Special Instructions.

A, one of our depositors, hands to us for collection a draft upon his customer in another town, instructing us to send it to B, a banker in that place. When paid, B remits to us his check on New York in payment.

We report to A the payment of his draft, and he draws out the proceeds. But before the check reaches New York in due course, B has failed and his check is protested. Who is to be the loser?

Reply.—A is the loser. The bank which received the draft for collection having transmitted it to B, under the instructions of the depositor, is not responsible to him for B's solvency. If it permitted A to draw against the draft, before the proceeds of B's check on New York were received, this was a mere favor which it was not bound to grant, and it may recover the amount so drawn by A.

VI. Bank Agencies and Small Banks.

I notice that in England, Scotland, France, Germany and Canada, banking is conducted chiefly by means of banks having a head office in one of the large cities, and branches throughout the country, and in some cases abroad.

Why is it that with the large amount of new country, and the opportunities it offers, none of the large city banks here have adopted the system of branches, but each new town is dependent on its own resources for banking facilities?

Another point is: Why is the tendency rather to increase the number of comparatively small banks, in a given place, than to consolidate and enlarge the capital of the existing banks?

Reply.—In the first place, the banks of our large cities are usually able to employ all their capital to good advantage at home. They prefer to have it well in hand, and not subject to any distant control. Furthermore, and this should perhaps be cited as the chief reason, there is not in our own country the thorough training in the art of organization which is to be found in the banking institutions of Great Britain. This feature on British banking—organization—is alluded to forcibly in the recent lecture upon banking, by Mr. George Hague, from which we published some extracts in our last number.

As regards the National banks, the law under which they exist does not permit the establishment of branches or agencies by them. Such, at least, has always been the construction of the Attorney General and the Comptroller of the Currency.

The tendency to divide the banking business of a place among several small banks, rather than one large one, arises usually from the spirit of competition which pervades all our communities. Banking is supposed to be a profitable business, therefore active men want to share in its advantages. In too many places the number of banks diminishes, if it does not destroy, the profit which would be found under the lessened expense if one bank transacted the business instead of two or three smaller ones. Too many untrained and ill-fitted men rush into a vocation which, of all callings, requires experience, prudence, foresight and sagacity.

BANK MANAGERS.

Among the discussions respecting bank management which have been elicited by the recent developments in Wall Street and elsewhere, much has been said in favor of the custom usually followed in Great Britain. The question is presented quite fairly in a late number of the *Journal of Commerce* of this city, whose comments are as follows:

Admirers of the English system of bank management are just now improving the occasion to vaunt its superiority over the American system in certain respects. One of these is the English custom (by no means universal, however) of employing a first-class financier of high character, if such can be found, to do the executive work of the bank under the actual supervision of the directors. This agent of the directors is called the manager. He is a salaried employe who is not a stockholder. If he held stock and were himself a director he would, in theory, be disqualified for the exact position he is engaged to fill. Such a man manages the bank in accordance with his instructions. But he does not manage the directors. Just here, it must be admitted, is a great difference between the English and American methods. There is much to be aid in favor of the former. The English bank manager is chosen on his merits. The American bank president is too often elected not because he is the best available man for the place, but because he is a large stockholder, and is already on the directors' board when the vacancy occurs, or because he is a friend for whom the stockholders or directors wish to provide. It is the principle of favoritism opposed to that of natural selection. He is only nominally subject to the orders of the directors. If he is one of the largest stockholders his associates on the board do not feel free to criticise him. The inevitable tendency is to trust too much to his supposed capacity and integrity. Sometimes the bank president leaves to his co-directors no choice but submission. Knowing personally every stockholder, and gaining their confidence, he wields their proxies at the annual election and chooses the directors that please him. Thus the whole Board become his creatures holding their offices by his will. We can readily see how, under this system, a bank may be robbed of its treasures by a speculating president without the guilty knowledge of any other director. Against such a calamity the English system offers apparently greater safeguards. But in England, too, bank failures occur through the dishonesty of the much-praised managers. A brilliant, unscrupulous man may lull to sleep the suspicions of an English board as effectually as if he owned half the stock of the bank. Eternal vigilance is necessary to be practised wherever money is handled. That board of directors who leave everything to one man—whether that man is an American president or an English manager, whether he owns a majority of the shares or none at all—are guilty of gross neglect, and invite an abuse of their blind confidence which rarely fails to visit them.

AMERICAN NEWSPAPERS IN 1884.—From the edition of Messrs. Geo. P. Rowell & Co.'s *American Newspaper Directory*, now in press, it appears that the newspapers and periodicals of all kinds at present issued in the United States and Canada reach a grand total of 13,402. This is a net gain of precisely 1600 during the last twelve months, and exhibits an increase of 5618 over the total number published just ten years since. The increase in 1874 over the total for 1873 was 493. During the past year the dailies have increased from 1138 to 1254; the weeklies from 9062 to 10,028; and the monthlies from 1091 to 1499. The greatest increase is in the Western States. Illinois, for instance, now shows 1009 papers in place of last year's 904, while Missouri issues 604 instead of the 523 reported in 1883. Other leading Western States also exhibit a great percentage of increase. The total number of papers in New York State is 1523 against 1399 in 1883. Canada has shared in the general increase.

BANKING AND FINANCIAL ITEMS.

Statement of the Comptroller of the Currency on June 1, 1884, showing the amounts outstanding at the dates named, and the increase or decrease of National-bank notes and of legal-tender notes:

NATIONAL-BANK NOTES.

Amount outstanding June 20, 1874	$349,894,182
" " January 14, 1875	351,861,450
" " May 31, 1878	322,555,965
" " at date*	344,367,181
Decrease during the last month	2,078,898
Decrease since June 1, 1883	17,039,072

LEGAL-TENDER NOTES.

Amount outstanding June 20, 1874	$382,000,000
" " January 14, 1875	382,000,000
" retired under Act of January 14, 1875, to May 31, 1878.	35,318,984
" outstanding on and since May 31, 1878	346,681,016
" on deposit with the Treasurer U. S. to redeem notes of insolvent and liquidating banks, and banks retiring circulation under Act of June 20, 1874	39,448,336
Decrease in deposit during the last month	823,888
Increase in deposit since June 1, 1883	573,733

* Circulation of National gold banks not included in the above, $640,519.

CALLS OF BONDS.—The Secretary of the Treasury issued in May two calls of $10,000,000 each for the redemption of three-per cent. bonds issued under the Act of July 12, 1882. The first was on May 3; the principal and accrued interest will be paid on the twentieth day of June. The bonds embraced in this call are as follows, all numbers original and inclusive:

$50—No. 404 to No. 442; $100—No. 3388 to No. 3840, and No. 9474 to No. 9478; $500—No. 1586 to No. 1737, and No. 3982 to No. 3986; $1000—No. 13,356 to No. 14,471, and No. 22,695 to No. 22,732; $10,000, —No. 22,076 to No. 22,953. Total, $10,000,000.

The one hundred and twenty-eighth call was on May 22d, principal and interest to be paid on June 30th, the numbers being as follows:

$50—No. 345 to No. 403; $100—No. 2796 to No. 3387, and No. 9479 to No. 9483; $500—No. 1339 to No. 1585; and No. 3987 to No. 3993; $1000—No. 12,375 to No. 13,355, and No. 22,733 to No. 22,812; $10,000 —No. 21,171 to No. 22,075. Total, $10,000,000.

MR. HEWITT'S BANK PROTECTION BILL.—On May 26th Mr. A. S. Hewitt introduced in the House of Representatives a bill, in the form of an amendment to the National Bank Act, which is designed to prevent improper use of the funds of a bank by its officers, directors, or clerks. It provides as follows:

"No president, cashier, teller, director, or other officer of any National bank shall procure, for his own benefit or for the benefit of any copartnership, association or company of which he is a member, any loan of money from the bank of which he is an officer. In case a loss shall occur to the bank on account of any loan made contrary to the terms hereof, such officer shall be deemed guilty of embezzlement of the sum of money so lost to the bank, and on conviction shall be imprisoned not less than one year or more than five years, and fined in a sum equal to the amount of money embezzled.

THE STOCK EXCHANGE.—The annual election of officers of the Stock Exchange was held on May 12, with the following result: A. S. Hatch, president; James Mitchell, chairman; Alexander Henriques, vice-chairman; D. C. Hays, treasurer; George W. Ely, secretary; W. S. Bull, trustee of Gratuity Fund; William Alexander Smith, J. H. Jacquelin, A. V. De Goicouria, A. M. Cahoone, W. A. Bowron, C. K. Randall, James Seligman, William McClure and William Lummis, governors for four years; James Weeks, governor for three years; J. S. James and E. Groesbeck, governors for two years. Mr. A. S. Hatch, who was unanimously elected to the presidency, resigned the office upon the suspension of his firm. On June 2d, Mr. J. Edward Simmons was elected to the office thus vacated.

THE BANK FAILURES OF MAY.—The past month has been a remarkable one in the banking world, more especially for the revelations of unsoundness which have transpired where the spirit of speculation has prevailed. On May 6th the failure of the Marine National Bank was the first clap of thunder which ushered in the storm in Wall Street, quickly followed by another in the announcement that the banking firm of Grant & Ward had also suspended.

The bank had been under a cloud in financial circles for some little time in consequence of the extensive real estate operations of its president, Mr. James D. Fish. There was, however, not the slightest intimation given to the public of the condition of the bank until the announcement was made that the institution had suspended. The Clearing-house Committee was immediately called together, and an investigation into the affairs of the bank at once begun. The capital of the bank was $400,000, and its liability to depositors over $5,000,000. The National Bank Examiner, Mr. Scriba, was put in charge, and his investigations showed the bank to be hopelessly insolvent. It has since passed into the hands of a receiver, Mr. Walter S. Johnston. The operations of Mr. Fish, the President, in connection with those of Grant & Ward (of which firm he was a member) had been recklessly imprudent, if not criminal. It was found that a large overdraft had been allowed, and loans made to Grant & Ward without security. Their business was largely in the nature of a "blind pool." Under the prestige of the name of General U. S. Grant, the method of the managing partner, Ward, has been to obtain money from all possible sources, mainly on the promise of large returns from profits on alleged Government contracts, which contracts are found to be purely imaginary. High rates of interest were paid, and the liabilities of the firm are said to exceed $15,000,000.

A feeling of great uneasiness prevailed for the week succeeding these events, which culminated in a panic on Wednesday, May 14th. It became known that there had been discovered a defalcation in the Second National Bank through the stock speculations of its president, John C. Eno. These losses were, however, made good by his father and other wealthy directors of that institution, and its business, notwithstanding a run upon it, suffered only temporary interruption. But these startling disclosures unsettled confidence in other institutions, particularly in the Metropolitan Bank, suspicion pointing to the latter because of the known connection of Mr. George I. Seney, the president, with various unprofitable railroad enterprises. On the announcement, early in the morning, of the suspension of Nelson Robinson & Co., in which house Mr. Seney's sons and sons-in-law were partners, a run was made upon the Metropolitan Bank, and it was compelled to close its doors. Then followed in quick succession the suspension of Hatch & Foote, O. M. Bogart & Co., Goff & Randall, J. C. Williams & Co., Donnell, Lawson & Simpson, and Hotchkiss & Burnham. There were exciting rumors of trouble in other banks in the city, and the stock market broke into a wild panic, which did not subside until late in the afternoon, after the announcement that the New York Clearing-house Association had taken action similar to that in 1873, having resolved to pool the assets of the banks and issue certificates representing seventy-five per cent. of the market value of such assets, for use only in settling balances at the Clearing-house. The Secretary of the Treasury also sought to relieve the street by offering to pay the bonds embraced in the 127th call, due June 20, on presentation at the New York Sub-Treasury. On Thursday Mr. George I. Seney resigned from the presidency of the Metropolitan Bank, the institution resumed business, and the only failure was that of A. W. Dimock & Co., who were promoters of the Bankers and Merchants' Telegraph Company. The stock of this concern fell about seventy-five per cent., but the general stock market was not greatly affected by it. In the afternoon of that day, just before the close, the announcement of the failure of Fisk & Hatch had an unsettling effect, and the market was panicky at the end. On Friday the tone was feverish in the morning, but by noon there were indications that the panic was at an end.

Among the suspended firms are several who will doubtless resume business shortly. The resumption of Fisk & Hatch was announced on June 2, and was greeted with cheers on the Stock Exchange. Hotchkiss & Burnham have practically paid off in full, or nearly so. Much regret has been expressed for Hatch & Foote, whose long record as highly honorable business men leads their speedy resumption to be hoped for. Expressions of sympathy and confidence have been universal as regards Messrs. Donnell, Lawson & Simpson. These gentlemen have kept aloof from stock operations, and have been known as conservative and careful bankers, whose name was the synonym of banking integrity, but in helping some of the Western customers whom they have long represented, they were caught by the storm, which proved to be temporarily too severe. They have made a proposition for settlement in full, the response to which has been so gratifying as to warrant the expectation of a speedy renewal of their large and profitable business.

ARKANSAS.—The Hot Springs National Bank closed its doors on May 27th owing to a run on the bank caused by the absence of its president, Andrew Bruon. Its liabilities are $40,000. A warrant was issued for the arrest of President Bruon on a charge of having falsified the bank's accounts. He was arrested at St. Louis on the 28th.

A run followed on the Arkansas National Bank of Hot Springs, which is understood to be in a good condition.

KANSAS.—The Citizens' National Bank of Fort Scott has been authorized and has commenced business with a capital of $100,000. The officers are: John Perry, president; James H. Brown, vice-president, and Charles H. Osbun, cashier; correspondents—American Exchange in Europe, New York; Third National Bank, St. Louis; Armour Bros. & Co., Kansas City.

Anthony.—We omitted to notice in our last number the establishment of a new bank, the Kansas State Bank of Anthony, which has begun business with an authorized capital of $50,000, of which one half is already paid in. The officers are: C. R. Miller, president; D. M. Kirkbride, vice-president, and H. M. Denlinger, cashier. New York correspondent, Importers and Traders' National Bank; Kansas City, Citizens' National Bank. They announce that collections will be promptly cared for.

MISSOURI.—Upon the suspension of its New York correspondent the State Savings Bank of St. Joseph deemed it prudent, for the interest of its depositors and stockholders, to stop business temporarily. Being promptly protected by Messrs. Donnell, Lawson & Simpson, the bank found itself able to pay its depositors in full, and it is probable that it will have resumed business as usual before this shall reach the eye of our readers.

A NOTED BANK ROBBER.—Rufus Minor was arrested in New York on May 27 for complicity in the robbery of $2700 from the Commercial Bank, of Augusta, Georgia, in March last. He was, on June 1st, surrendered to an officer from Georgia. Minor, it is said, "has been arrested a number of times for engaging in bank robberies, but has always escaped punishment. He was one of the men who robbed the Bank of Baltimore of $22,000 on November 25th, 1882, and in the same year he assisted in stealing $71,000 worth of railroad bonds from a safe deposit company in Philadelphia."

MONTANA.—The firm of Donnell, Clark & Larabie, of Butte City, and also of Deer Lodge, Montana, has been succeeded by Clark & Larabie at each place, William A. Clark and Samuel E. Larabie having purchased the interest of Robert W. Donnell in both those banks.

NEW YORK.—The Atlantic State Bank, Brooklyn, suspended May 4th. The report made on May 17 by the Deputy Bank Superintendent, after his investigation, showed that the entire capital of $200,000 had been absorbed and there was a deficiency of $40,012. The liabilities are $1,158,622, of which $724,666 was due depositors, and $231,286 banks and bankers. The assets consisted of loans and discounts $447,007; stocks and bonds $420,886; real estate $25,000; cash items $25,716; total $918,609. There is a disputed account of $235,000 with the Metropolitan Bank of New York. Mr. George I. Seney, who was the largest stockholder of the Atlantic Bank, borrowed the money, and the Metropolitan Bank claims that he borrowed it personally and not for the bank. Freling H. Smith has been appointed receiver.

THE BANK OF DANSVILLE.—Application was made at Rochester, on May 19, for the appointment of a receiver for the property of the late Bank of Dansville. The action was brought by the executors of the will of Conrad Welsh, late of Dansville, against the surviving trustees of the bank. It is alleged that the trustees, contrary to their duties as such, have neglected to convert the property and assets of the bank into money and divide the same among the persons entitled to it, but have suffered some of their number to use the property of the bank in the prosecution of their private banking enterprise in discounting notes and bills, receiving deposits of money, and issuing certificates of deposit, using the name of the Bank of Dansville for such business, and mingling trust funds with their own. It is also alleged that they have wasted property, so that depositors who present their checks are not paid. The application was granted by the court, and Reuben Whiteman, a wealthy retired business man of Dansville, was appointed receiver.

The bank formerly did a very prosperous, legitimate banking business at Dansville, but a few years ago it took the necessary legal steps to close up as a State bank. It has since continued to do business under the same name without responsibility of State or National law. It has been for some months practically in a state of suspension.

NEBRASKA.—The Commercial National Bank of Omaha has been organized, having a capital of $250,000, with authority to increase, and opened for business on May 1. The officers are—Ezra Millard, president; William G. Maul, vice-president; A. P. Hopkins, cashier, and Alfred Millard, assistant cashier. The new bank solicits accounts and correspondence, and promises careful and prompt attention to all business.

PENNSYLVANIA.—Among the most disastrous failures of the past month is that of the Penn Bank of Pittsburgh. On May 21 its doors were closed, the president stating that its assets were ample and its suspension only temporary. On Friday, 25th, it resumed business, but only to close again the next day. Examination of the books and assets showed a condition of utter rottenness. The funds of the bank had been used for years in oil speculations, on which losses had steadily resulted. Fictitious accounts and overdrafts had been used to conceal these defalcations. It is thought that depositors will not receive five cents on the dollar.

Another disgraceful failure is that of the Erie County Savings Bank, at Erie. Its president, Adam Brabender, had enjoyed a good reputation, but the craze of oil gambling made him an absconding defaulter. The bank suspended May 19, and John C. Brady has been appointed receiver. It had a capital stock of $150,000, and the deposits were reported to be $360,000. The available assets are only about $50,000.

TEXAS.—The Merchants & Planters' Bank of Sherman has rounded up a successful career of six years by embracing the advantages of the National system. It is now the Merchants and Planters' National Bank, with a capital authorized of $1,000,000, of which $600,000 is paid in. The value of the established business was shown in the price of the new stock, the last 2000 shares being placed at $132 per share of $100. The premium of thirty-two per cent. goes to the shareholders of the old bank. The old management continues throughout, the officers being C. C. Binkley, president; R. A. Chapman, vice-president, and Tom Randolph, cashier. New York correspondent, the National Park Bank. They will pay special attention to collections in all parts of the State. The new bank starts off with unusual advantages, and has every prospect of a successful and profitable career.

VIRGINIA.—On May 19th the Planters and Mechanics' Bank of Petersburg supended in consequence of heavy runs made upon it. The directors made, on the 20th, a deed of trust to McIlwaine & Gilliam of the assets of the bank to secure its creditors without priority. The bank is believed to be solvent, its liabilities being about $200,000.

Richmond.—At the annual election of officers of the Richmond Stock Board on May 18th, John L. Williams was elected president, W. R. Quarles, vice-president, and G. L. Barker secretary for the ensuing year.

CANADA.—The annual meeting of the Bank of Montreal was held on June 2d. The report showed an annual dividend of ten per cent., $250,000 added to the rest, bringing it up to $6,000,000, and $275,000 carried forward to the contingent fund. According to the annual statement of 31st May 1883, the bank had a rest of $5,750,000, and a contingent account of $322,194, showing that the net earnings for the year amount to $1,403,000, or 11¼ per cent.

MEXICO.—The National Bank of the Monte de Piedad, in the City of Mexico, closed its doors on April 30th. For several days there had been a run on the bank in expectation that the Government would "demand assistance" from it. Such a demand, for a large sum, was made on the above date, and the bank to protect its legitimate creditors immediately closed its doors. It has ample means to pay its depositors.

'MEXICO.—The fusion of the National and Mercantile Banks has been completed, and the new National Bank has been established. Its charter is for fifty years; its notes are the only ones to be accepted by the Government, and it has a monopoly of circulation by means of the tax on the circulation of other bank notes imposed by the National banking law. The bank is exempt from all taxes, except those on real estate, and stamps are only required in its dealings with the public, business with branches and agencies being unstamped. It takes the place of the Monte de Piedad as a place of deposit of the pledges of good faith for contracts with the Government and of judicial money to be deposited with banking institutions. It will also be intrusted with the transactions of the interior and foreign debt of the country.

AMERICAN ENERGY.—The news of the closing of the Oriental Bank and its branches had scarcely been announced in London before the American Exchange in Europe had perfected new arrangements for the encashment in India, China and Japan of its credits and circular notes. Within forty-eight hours of the stoppage of the bank the continuance of the excellent system of the American Exchange was uninterrupted. The following named are its correspondents in the East:

The Bank of Bengal—In India at Agra, Akyab, Allahabad, Benares, Cawnpore, Dacca, Hyderabad (Deccan), Lahore, Moulmein, Nagpore, Patna, Rangoon.

Hong Kong and Shanghai Banking Corporation—In China at Amoy, Foochow, Hankow, Hong Kong, Shanghai, Tientsin. In India at Bombay, Calcutta, Saigon, Singapore. In Japan at Hiogo, Yokohama. In the Malay Archipelago at Batavia (Java), Manila (Luzon), Yloilo (Panay).

The Agra Bank (Limited)—In India at Agra, Bombay, Calcutta, Kurrachee, Lahore, Madras, Shanghai.

OBITUARY.

GENERAL SOLON D. HUNGERFORD, for over half a century a prominent banker in this State, died suddenly at Adams, N. Y., on May 12th, in his seventy-sixth year. He was born at Watertown, and at the age of nineteen entered the Jefferson County Bank, where he remained for about nine years, until he was elected Cashier of the Lewis County Bank, Martinsburg. In 1845 he established the Hungerford's Bank, at Adams, and conducted it successfully, for several years under a National charter, up to the time of his death. He also established the bank of S. D. Hungerford, at Canton. He founded also the Hungerford Collegiate Institute, at Adams, and devoted to it much time, attention and money. His interest in agricultural matters was marked, and his Valley Park farm, with its herd of Ayrshire cattle, are among the finest in the State.

ALEXANDER FARNUM, President of the Rhode Island Hospital Trust Company, died at his home in Providence on May 11th. The sense of loss in his death, and the appreciation of his faithful and efficient services, are evinced by the resolution of the Board of Directors, which says of Mr. Farnum: "For nearly seven years he has held the foremost place in this institution, and he has discharged all his duties with marked ability, fidelity and efficiency. His genial spirit, his true courtesy and his real kindness won for him a warm place in all our hearts; his wide reading, his accurate knowledge and his brilliant conversation excited our admiration; his love of justice, his clear judgment, and his sterling integrity commanded our respect. These sentiments were shared by all who knew him, and by the entire community. While we mourn his death, we rejoice in the record of his life."

AUGUSTUS ELY SILLIMAN, for many years a prominent banker in this city, died on May 30th, at No. 56 Clinton Street Brooklyn, aged about 70 years. Mr. Silliman was born in Newport, R. I. He entered business life in the Merchants' Bank, in Wall Street, with which he remained for forty years, being its president for nearly twenty years until 1868, when ill health forced him to resign the office. Mr. Silliman was known as a conservative and careful business man, and maintained a reputation of the highest order. He was one of the committee of six bank presidents who devised the plan which formed the Clearing-house in 1853. Mr. Silliman was well known in social as well as business circles for many years, but recently his health rarely allowed him to leave his home, He was a man independent in his opinions, absolute in truthfulness and sincerity, and a gentleman of warm affections, polished manners and large culture.

COAL IN ILLINOIS.—The Government geologist of Illinois reports that State now the second in rank as a coal-producing State, having 36,000 square miles of coal fields, and that the mining industry has enabled the State to compete successfully with New England water powers in manufacturing. The product increased 400 per cent. from 1867 to 1880, when the census reported it to be 6,089,514 tons, but the State geologist thinks the "stripping" on the outcrops of the thinner seams, of which that report made no account, would carry the total up to 6,250,000 tons. The Rock Island county supply has been about exhausted, and resort must be had to the counties further east and south for supplying that region. The Springfield deposit, as it is called, holds out better than any other. From Bloomington to Carlinville, along the Chicago and Alton Railroad, coal has been found at every point where boring has been carried to the proper depth. There are seven shafts in operation on this seam within two miles of the State capital and about the same number in Sangamon County.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from May No., page 890.)

State.	*Place and Capital.*	*Bank or Banker.*	*Cashier and N. Y. Correspondent.*
ALA....	Birmingham...	First National Bank......	Hanover National Bank.
	$250,000	Wm. Berney, *Pr.*	Wm. J. Cameron, *Cas.*
CAL....	Redding.......	Bank of Shasta Co.......	....
	$12,600	C. C. Bush, *Pr.*	F. Grotefend, *Cas.*
DAK....	Hurley.........	Turner Co. Bank...	....
	$20,000	Edward May, *Pr.*	Augustus May, *Cas.*
" ..	Tyndall........	Albright, Smith & Co....	....
D. C....	Washington....	Jacob Rich..............	... .
FLA....	Key West......	Bank of Key West.......	Imp. & Traders' Nat'l B'k.
	$50,000	George Lewis, *Pr.*	Geo. W. Allen, *Cas.*
IDAHO..	Eagle City.....	Ainsworth & Co.........	....
ILL....	Belvidere......	Second National Bank....	....
	$75,000	H. C. Fuller, *Pr.*	I. Terwilliger, *Cas.*
" ..	Marseilles......	Exchange, Bank (Chapple & Co).	....
IOWA...	Algona........	First National Bank......	....
	$50,000	A. A. Call, *Pr.*	Frank R. Lewis, *Cas.*
" ..	Aurelia........	Farmers & Merchants' B'k.	Chase National Bank.
	$15,000	Oran E. Yocum, *Pr.*	John T. McCall, *Cas.*
" ..	Boone.........	Boone County Bank......	Chemical National Bank.
	$100,000	Richard J. Hiatt, *Pr.*	Oscar Schleiter, *Cas.*
" ..	Decorah.......	Citizens' Savings Bank....	....
	$10,000	C. W. Burdick, *Pr.*	L. L. Cadwell, *Cas.*
" ..	DeWitt........	First National Bank......	....
	$50,000	N. A. Merrell, *Pr.*	J. H. Price, *Cas.*
" ..	Missouri Valley.	First National Bank......	....
	$50,000	Orson B. Dutton, *Pr.*	J. G. Dutton, *Cas.*
" ..	Odebolt........	Exchange Bank..........	....
		Geo. J. Low, *Pr.*	W. F. Berg, *Cas.*
" ..	What Cheer....	First National Bank......	....
	$50,000	Chas. H. Keck, *Pr.*	Theo. Robison, *Cas.*
KAN....	Anthony.......	Kansas State B'k of Anthony.	Imp. & Traders' Nat'l B'k.
	$50,000.	C. R. Miller, *Pr.*	H. M. Denlinger, *Cas.*
" ..	Cherryvale.....	Farm. & Citizens' Bank...	Fourth National Bank.
	$10,000	Jas. Y. Finley, *Pr.*	C. L. Berry, *Cas.*
" ..	Fort Scott.....	Citizens' National Bank..	American Exch. Nat'l Bank.
	$100,000	John Perry, *Pr.*	Chas. H. Osbun, *Cas.*
" ..	Hutchinson....	First National Bank......	....
	$50,000	Samuel W. Campbell, *Pr.*	Eugene L. Meyer, *Cas.*
" ..	Leavenworth...	Metropolitan Nat'l B'k....	....
	$100,000	R. P. Clement, *Pr.*	....
MD.....	Baltimore......	Henry V. Ward & Co....	Whitehouse & Co.
" ..	Rockville......	Montgomery Co. N. B....	....
	$50,000	Jos. D. Baker, *Pr*	....
MASS....	Leominster....	Leominster Nat'l Bank....	....
	$150,000	Hamilton Mayo, *Pr.*	A. L. Burditt, *Cas.*
MICH...	Bay City.......	Bay Co. Savings Bank....	....
	$50,000	Alex. Falsom, *Pr.*	John Mulholland, *Cas.*
MISS....	Meridian	Meridian National Bank..	Seaboard Bank.
	$100,000	W. H. Hardy, *Pr.*	J. H. Wright, *Cas.*
MONT ..	Dillon.........	Dillon National Bank.....	Hanover National Bank.
	$50,000	John W. Lowell, *Pr.*	Justin E. Morse, *Cas.*
NEB....	Fremont.......	Far. & Merch. Nat'l B'k .	....
	$60,000	W. E. Dorsey, *Pr.*	C. H. Toncray, *Cas.*
" ..	Nebraska City..	Farmers & Traders' B'k...	Chemical National Bank.
	$50,000	James Sweet, *Pr.*	Robert P. Draper, *Cas.*

State.	*Place and Capital.*	*Bank or Banker.*	*N. Y. Correspondent and Cashier.*
NEB.	North Bend	Bank of North Bend	Kountze Bros.
	$50,000	L. H. Rogers, *Pr.*	C. M. Williams, *Cas.*
″	Plattsmouth	Citizens' Bank	Chemical National Bank.
	$37,500	John Black, *Pr.*	W. H. Cushing, *Cas.*
″	Scribner	Scribner State Bank	Hanover National Bank.
	$11,000	John L. Baker, *Pr.*	John Barker, *Cas.*
N. Y.	Herkimer	First National Bank	Imp. & Traders' Nat'l Bank.
	$50,000	Henry Churchill, *Pr.*	A. W. Haslehurst, *Cas.*
″	Homer	Homer National Bank	....
	$75,000	Geo. W. Phillips, *Pr.*	Jas. H. Tripp, *Cas.*
″	Marathon	First National Bank	....
	$50,000	James H. Tripp, *Pr.*	L. Adams, *Cas.*
″	Mechanicsville	First National Bank	United States National Bank.
	$50,000	John C. Greene, *Pr.*	Stephen C. Bull, *Cas.*
″	Plattsburgh	Merchants' Nat'l Bank	Continental National Bank.
	$100,000	Alfred Guibord, *Pr.*	John M. Wever, *Cas.*
″	Syracuse	Bank of Syracuse	Chatham National Bank.
	$125,000	M. C. Palmer, *Pr.*	F. C. Eddy, *Cas.*
OHIO	Cincinnati	Fidelity Safe Deposit & Trust Co.	....
	$50,000	Julius Dexter, *Pr.*	....
″	″	P. J. Goodhart & Co. (brokers).	P. J. Goodhart & Co.
″	Ada	Bauman's Bank.....E. E. Bauman, *Cas.*	Third Nat'l B'k.
″	Flushing	First National Bank	....
	$50,000	Jacob Holloway, *Pr.*	Frank M. Cowen, *Cas.*
″	Montpelier	Montpelier Banking Co.	Chase National Bank.
	$85,000	Jas. Draggoo, *Pr.*	M. E. Griswold, *Cas.*
″	Newark	People's National Bank	Imp. & Traders' Nat'l B'k.
	$150,000	Gibson Atherton, *Pr.*	John H. Franklin, Jr., *Cas.*
OREGON	Ashland	Bank of Ashland	....
	$50,000	W. H. Atkinson, *Pr.*	E. V. Carter, *Cas.*
″	McMinnville	Bank of McMinnville	....
		D. P. Thompson, *Pr.*	John Wortman, *Cas.*
″	Portland	Portland National Bank	....
	$150,000	Wm. Reid, *Pr.*	Fred Ward, *Cas.*
″	″	Ainsworth & Co.	....
PENN.	Lincoln	Lincoln National Bank	....
	$60,000	Sam'l Nissley, *Pr*	W. J. Snavely, *Cas.*
TEX.	Abilene	First National Bank	....
	$50,000	C. W. Merchant, *Pr,*	O. W. Steffens, *Cas.*
″	Decatur	Decatur Bank	....
	$25,000	H. Greathouse, *Pr.*	Jos. M. Bowmar, *Cas.*
WAS. T.	New Tacoma	Merchants' Nat'l B'k	....
	$50,000	W. J. Thompson, *Pr.*	N. B. Coffman, *Cas.*
″	Whatcom	First Bank of Whatcom	(L. G. Phelps & Co).
WIS.	Ashland	Ashland National Bank	....
	$50,000	Allen C. Fuller, *Pr.*	Jas. H. Gregory, *Cas.*
″	Darlington	Bank of Darlington	(H. S. Magoon).
″	Durand	Bank of Durand	Chemical National Bank.
	$25,000	A. W. Hammond, *Pr.*	A. J. Fowler, *Cas.*
″	Clintonville	Bank of Clintonville	Gilman, Son & Co.
	$15,000	Geo. W. Jones, *Pr.*	R. G. Gibson, *Cas.*
″	Manitowoc	Manitowoc Savings B'k	Central National Bank.
	$25,000	John Schuette, *Pr.*	Jos. Staehle, *Cas.*
″	Stoughton	Dane County Bank	Chemical National Bank.
	$30,000	O. M. Turner, *Pr.*	O. N. Falk, *Cas.*
″	Watertown	Assistants' Bank, (Amos Baum).	Chase National Bank.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from May No., page 888.)

No.	Name and Place.	President.	Cashier.	Capital.
3171	First National Bank, Mechanicsville, N. Y.	John C. Green,	....	$50,000
3172	Merchants' National Bank, New Tacoma, WASH TER.	W. J. Thompson,	N. B. Coffman,	50,000
3173	Dillon National Bank, Dillon, MONT.	John W. Lowell,	Justin E. Morse,	50,000
3174	Merchants' National Bank, Plattsburgh, N. Y.	Alfred Guibord,	John M. Wever,	100,000
3175	Citizens' National Bank, Fort Scott, KAN.	John Perry,	Chas. A. Osbun,	100,000
3176	Meridian National Bank, Meridian, MISS.	W. H. Hardy,	J. H. Wright,	100,000
3177	First National Bank, Flushing, OHIO.	Jacob Holloway,	Frank M. Cowen,	50,000
3178	First National Bank, Greeley, COL.	John M. Wallace,	B. D. Harper,	80,000
3179	Metropolitan National Bank, Chicago, ILL.	E. G. Keith,	Henry A. Ware,	500,000
3180	First National Bank, Hutchinson, KAN.	Sam'l W. Campbell,	Eugene L. Meyer,	50,000
3181	Red Cloud National Bank, Red Cloud, NEB.	Levi Moore,	Robt. V. Shirey,	50,000
3182	First National Bank, DeWitt, IOWA.	N. A. Merrell,	J. H. Price,	50,000
3183	First National Bank, Herkimer, N. Y.	Henry Churchill,	Alex. W. Haslehurst,	50,000
3184	Portland National Bank, Portland, OREGON.	Wm. Reid,	Fred Ward,	150,000
3185	First National Bank, Birmingham, ALA.	Wm. Berney,	Wm. J. Cameron,	250,000
3186	Homer National Bank, Homer, N. Y.	Geo. W. Phillips,	Jas. H. Tripp,	75,000
3187	Montgomery Co. National Bank, Rockville, MD.	Joseph D. Baker,	....	50,000
3188	Farmers & Merchants' Nat'l B'k, Fremont, NEB.	Geo. W. E. Dorsey,	C. H. Toncray,	60,000
3189	First National Bank, Missouri Valley, IOWA.	Orson B. Dutton,	J. G. Dutton,	50,000
3190	Second National Bank, Belvidere, ILL.	Allen C. Fuller,	Irving Terwilliger,	75,000
3191	People's National Bank, Newark, OHIO.	Gibson Atherton,	John H. Franklin, Jr.	150,000
3192	First National Bank, What Cheer, IOWA.	Chas. H. Keck,	Theo. Robison,	50,000
3193	First National Bank, Marathon, N. Y.	J. H. Tripp,	Lyman Adams,	50,000
3194	Metropolitan National Bank, Leavenworth, KAN.	R. P. Clement,	....	100,000
3195	First National Bank, Abilene, TEX.	C. W. Merchant,	Otto W. Steffens,	50,000
3196	Ashland National Bank, Ashland, WIS.	Allen C. Fuller,	Jas. H. Gregory,	50,000
3197	First National Bank, Algona, IOWA.	Ambrose A. Call,	Frank R. Lewis,	50,000
3198	Lincoln National Bank, Lincoln, PA.	Sam'l Nissley,	W. J. Snavely,	60,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from May No., page 892.)

	Bank and Place.	Elected.	In place of
N. Y. CITY.—	Metropolitan Nat'l Bk.	Henry L. Jaques, *Pr.*	Geo. I. Seney.
" "	Second National Bank.	Jas. A. Trowbridge, *Pr.*	John C. Eno.
COL.	Nat'l State Bank, Boulder.	C. D. Barnes, *Cas.*	C. L. Spencer.
"	State National Bank, Denver.	Wm. M. Oakley, *Ass't C.*	....
"	First Nat'l Bank, Silverton.	John K. Maugham, *V.Pr.*	....
CONN.	Nat'l Pahquioque B'k, Danbury.	A. N. Wildman, *Pr.*	W. P. Seeley.*
DAK.	First National Bank, Canton.	O. S. Gifford, *V. Pr.*	....
		H. Anderson, *Ass't. C.*	....
"	First National Bank, Larimore.	F. E. Wolcott, *V. Pr.*	C. C. Wolcott.
		C. C. Wolcott, *Cas.*	Chas. A. Bowne.
ILL.	Third Nat'l B'k, Bloomington.	John Gregory, *V. Pr.*	....
"	Merch. Loan & Trust Co., Chicago.	Frank C. Osborne, *Cas.*	H. E. Lowe.
"	Galesburg N. B'k, Galesburg.	Arthur A. Smith, *V. Pr.*	....
"	National City Bank, Ottawa.	Edwin C. Allen, *Pr.*	Lester H. Eames.
		Thos. D. Catlin, *V. Pr.*	Edwin C. Allen.
IND.	St. Joseph Valley B'k, Elkhart.	Norman Sage, *Pr.*	A. M. Tucker.
"	New Albany Banking Co., New Albany.	I. S. Winstandley, *Pr.*	J. B. Winstandley.
		C. J. Frederick, *Cas.*	I. S. Winstandley.
"	Commercial Bank, Oxford.	Z. Dwiggins, *Pr.*	R. S. Dwiggins.
		W. J. McConnell, *Cas.*	Z. Dwiggins.
IOWA.	Bank of Allison, Allison.	J. W. Ray, *Cas.*	I. E. Lucas.
"	Bank of Aurelia, Aurelia.	B. R. Eldridge, *Pr.*	L. M. Yocum.
"	Farmers' Loan & Trust Co. Iowa City.	L. Parsons, *Pr.*	D. W. C. Clapp.
"	Citizens' Bank, Mount Ayr.	D. Dunning, *Pr.*	....
"	Merch. Exch. N. B., Muscatine.	T. N. Brown, *Cas.*	F. R. Lewis.
"	Muscatine Sav. B'k, Muscatine.	S. M. Hughes, *Cas.*	F. R. Lewis.
KAN.	First National Bank, Abilene.	W. R. Dryer, *V. Pr.*	C. B. Hoffman.
		Theo. Mosher, *Cas.*	W. R. Dryer.
"	People's Nat'l B'k, Burlington.	M. A. Crouse, *V. Pr.*	....
"	First National Bank, Clyde.	W. F. Cowell, *Ass't C.*	E. Crandall.
KY.	First Nat'l B'k, Harrodsburg.	H. C. Bohn, *Cas.*	J. M. Curd.
"	Bank of Kentucky, Louisville.	E. W. Hays, *Ass't. Cas.*	....
"	Exch. & Dep. B'k, Owingsville.	T. H. Brown, *Cas.*	J. C. Lee.
LA.	Merchants' Bank, New Iberia.	Chas. Fontelieu.	J. Vuillemot.
MAINE.	Orono National Bank, Orono.	Albert White, *Cas.*	E. P. Butler.
"	" Savings Bank, "	Albert White, *Tr.*	E. P. Butler.
MASS.	Maverick Nat'l Bank, Boston.	J. W. Work, *Cas.*	J. J. Eddy.
"	Danvers Savings Bank, Danvers.	Augustus Mudge, *Pr.*	I. H. Putnam.
		I. H. Putnam, *Tr.*	W. L. Weston.
"	National Bank of Fairhaven.	C. H. Morton, *Pr.*	L. S. Judd.
		C. D. Hunt, *V. Pr.*	C. H. Morton.
"	Holyoke Sav. Bank, Holyoke.	Geo. W. Prentiss, *Pr.*	....
"	Merchants' Nat'l B'k, Lowell.	W. W. Johnson, *Cas.*	Chas. W. Eaton.
"	Nat'l B'k of So. Reading, Wakefield.	Cyrus G. Beebe, *Pr.*	Lucius Beebe.*
"	Watertown Savings Bank, Watertown.	Geo. E. Priest, *Tr.*	T. G. Abbott.
"	Five Cts. Sav. B'k, Worcester.	D. S. Meninger, *Act'g Pr.*	C. Harris.
"	People's Sav. B'k, Worcester.	S. R. Heywood, *Pr.*	L. J. Knowles*.
MICH.	Seligman's Bank of Commerce, East Saginaw.	Thos. F. Ray, *Cas.*	E. H. Doyle.
"	Three Rivers Nat'l Bank, Three Rivers.	W. S. Millard, *Cas.*	O. F. Millard.
MINN.	Lumberman's Nat'l Bank, Stillwater.	R. S. Davis, *Cas.*	H. W. Cannon.
		I. E. Staples, *Ass't Cas.*	R. S. Davis.

	Bank and Place.	*Elected.*	*In place of*
Mo.	German-Amer. B'k, St. Louis	Chas. E. Kircher. *Cas*	John Dierberger.*
"	Bremen Savings B'k, "	J. C. Gerichton, *Cas*	Chas. E. Kircher.
"	Miners' Bank, Joplin	S. C. Henderson, *Pr*	P. Murphy.
		T. A. McClelland, *V. Pr*	S. C. Henderson.
"	Lawrence County Bank, Pierce City.	H. Forsythe, *Pr*	L. L. L. Allen.
		L. L. L. Allen, *V. Pr*	....
Mont.	Gallatin Valley N. B., Bozeman.	Lester S. Wilson, *V. Pr*	....
"	First National Bank Butte City.	S. T. Hauser, *V. Pr*	....
		A. J. Davis, *Ass't Cas*	....
Neb.	Fremont National Bank, Fremont.	Lewis M. Keene, *Pr*	A. P. Hopkins.
		Hy. Fuhrman, *V. Pr*	L. M. Keene.
		J. Grunkranz, *Ass't Cas.*	....
"	Bank of Salem, Salem	Benj. Gist, *Pr*	A. B. Coffroth.
		A. B. Coffroth, *Cas*	D. B. Snyder.
"	Saunders Co. Nat'l B'k, Wahoo.	C. L. Mielenz, *Ass't Cas.*	J. M. Marsh.
N. J.	Bloomsbury Nat'l Bank, Bloomsbury.	Chas. Alspaugh, *Pr*	H. R. Kennedy.
N. Y.	Union National Bank, Albany.	H. A. Newton, *Ass't C.*	J. F. Batchelder.
"	First National Bank, Binghamton.	F. T. Newell, *Pr*	Abel Bennett.
		John Manier, *Cas*	Geo. Pratt.
"	Binghamton Savings B'k, Binghamton.	H. Dusenbury, *Pr*	Chas. W. Sanford.
"	First National Bank, Camden.	A. T. Van Valkenburgh, *V.P.*	....
"	Lake Shore Nat'l B'k, Dunkirk.	M. L. Hinman, *V. Pr*	....
"	Nat'l Exchange B'k, Lockport.	A. Chesborough, *V. Pr*	....
"	First National Bank Plattsburg.	B. D. Clapp, *Cas*	Alfred Guibord.
		Chas. A. Baker, *Ass't C.*	....
"	Vilas National Bank, Plattsburg.	F. M. Vilas, *V. Pr*	....
		E. F. Lee, *Cas*	J. M. Wever.
Ohio	Hillsborough Nat'l B'k, Hillsborough.	John A. Smith, *Pr*	Benj. Barrere.
"	People's Bank, Logan	R. D. Culver, *Cas*	A. D. Houston.
"	New Vienna B'k, New Vienna.	J. M. Hussey, *V. Pr*	....
"	Exchange Bank, Plain City	Isaac Leonard, *Pr*	Luther Lane.
	Pomeroy National Bank, Pomeroy.	John McQuigg, *Cas*	J. S. Blackaller.
		E. M. Nye, *Ass't Cas*	John McQuigg.
"	First Nat'l Bank, St. Clairsville.	David Brown, *Pr*	D. D. F. Cowen.
Oregon	Portland Savings B'k, Portland.	R. L. Durham. *Cas*	W. V. Spencer.
Penn.	First National Bank, Allegheny.	Jas. McCutcheon, *Pr*	T. H. Nevin.*
		A. B. Nevin, *Ass't Cas*	....
"	First National Bank, Du Bois.	L. P. Seeley, *V. Pr*	....
		M. W. Wise, *Cas*	J. E. Long.
R. I.	Nat'l Exchange B'k, Newport.	Sam'l Carr, *Pr*	John C. Braman.*
Tex.	Exchange Bank, Dallas	R. A. Ferris, *Cas*	J. N. Simpson.
"	Rockdale Bank, Rockdale	J. E. Longmoor, *Mgr*	C. E. Wynne.
Va.	Rockingham B'k, Harrisonburg.	W. J. Dingledine, *Cas*	W. R. Warren.*
Was. T.	Second National Bank, Colfax.	L. T. Bragg, *V. Pr*	....
"	Columbia Nat'l Bank, Dayton.	D. C. Guernsey, *Cas*	N. P. Hall.
W. Va.	National Bank of Kingwood.	Jas. C. McGrew, *Pr*	Wm. G. Brown.*
		Chas. M. Bishop, *V. Pr.*	J. C. McGrew.
Wis.	Jefferson County Bank, Jefferson.	R. W. Clark, *Pr*	Chas. Stoppenbach.
		Wm. P. Forsythe, *Cas*	Edw. McMahon.
"	Manufacturers' N. B., Neenah.	S. B. Morgan, *Cas*	R. P. Finney.

* Deceased.

The Banker's Almanac and Register, second edition of 1884, will be ready July 1st. Price $3. Notice of changes of officers, capital, etc., not already forwarded to this office should be sent in at once. The present is an advantageous time for the cards of banks and bankers, which will be received up to June 20th. The terms are $100 per page for one year.

DISSOLUTIONS, CHANGES, ETC.

(Monthly List, continued from May No., page 891.)

N. Y. CITY.............. Marine Nat'l B'k; failed and receiver appointed May 13.
" " .... Bogart & Co.; suspended and assigned.
" " .... J. L. Brownell & Co.; failed May 21.
" " .... Dimock & Co., assigned.
" " .... Donnell, Lawson & Simpson; suspended May 8.
" " .... Fisk & Hatch; suspended and assigned May 13.
" " .... F. W. Gilley & Co.; suspended May 15.
" " .... Goffe & Randall; suspended May 7.
" " .... Grant & Ward; failed and assigned. Receiver appointed.
" " .... Hardy & Co.; suspended May 16.
" " .... Hatch & Foote; suspended and assigned May 13.
" " .... Hotchkiss, Burnham & Co.; suspended May 16.
" " .... Kendall & Waller dissolved; succeeded by B. F. Kendall & Co.
" " .... I. B. Newcombe & Co. dissolved; new firm under same style.
" " .... Jas. O'Connor, Son & Co. dissolved; W. Scott O'Connor succeeds.
" " .... C. J. Osborn & Co. dissolved; succeeded by E. S. Chapin & Co.
" " .... W. B. Scott & Co; suspended May 19.

ALA.... Birmingham... National Bank of Birmingham; succeeded by First Nat'l B'k.
" .. " ... City Bank of Birmingham; succeeded by First National B'k.

ARIZ... Phœnix........ First National Bank; changed to Valley Bank of Phœnix.
" .. Tombstone .... Hudson & Co., bankers; assigned May 10.
" .. Tucson........ Hudson & Co., bankers; assigned May 10.

ARK.... Helena........ Phillips Co. Bank (C. A. Walterhouse); now Sliger & Co., proprietors.
" .. Magnolia...... J. G. Kelso, banker; failed May 2.

COL.... Central City... Hanington & Mellor; succeeded by J. Mellor & Co.
" .. Denver......... Denver Bank went into voluntary liquidation May 1.

DAK.... Columbia...... Bank of Columbia (Wm. Davidson); now Davidson & Marshall, proprietors.
" .. Grand Rapids.. B'k of Grand Rapids (C. T. Ingersoll); closed by attachment.
" .. Wolsey........ Bank of Wolsey (G. C. Jones); now Easton, Vance & Co.

D. C.... Washington... Middleton & Co.; assigned May 31.

GA..... Atlanta........ John H. James; suspended May 5.
" .. Augusta....... Rhind & Bell (Stockbrokers); failed May 30.
" .. Savannah...... Chas. Olmstead & Co. dissolved; Chas. H. Olmstead, H. H. Hull, and F. S. Lathrop continue old style.

ILL..... Chicago........ Preston, Kean & Co. continue bond business; banking department succeeded by Metropolitan National Bank.
" .. Quincy......... Union Bank of Quincy; suspended May 14.
" .. Utica .... H. S. Gilbert & Co.; succeeded by James Clark.

IND..... Anderson...... Madison Co. National Bank; succeeded by Madison Co. Bank.
" .. Laporte .... City Exchange Bank; assigned May 17.

IOWA... Calliope .... Bank of Calliope (Ross & McKibben); now James Ross.
" .. Denison........ Crawford Co. Bank; suspended May 26.
" .. Hartley........ People's Bank (Patch Bros.); now Patch & Colby.
" .. Hopkinton..... Farmers' Exchange Bank; succeeded by Doolittle & Son.
" .. Laporte City... City Exchange Bank (C. Searing); suspended May 14.
" .. Schaller........ Schaller Bank (Schaller & Early); suspended.
" .. What Cheer.... What Cheer Bank; now First National Bank.

KAN.... Baxter Springs. Baxter Bank (H. R. Crowell); suspended May 26.
" .. Burlington..... Wm. H. Shea; succeeded by People's National Bank.
" .. Fall River ..... Fall River Bank; changed to Bank of Fall River.

KY..... Louisville...... Western Financial Corporation; now Bank of Commerce.

MD..... Baltimore ..... Ferguson & Ward dissolved; Henry V. Ward & Co. succeed.
" .. " ..... Johnston Bros. & Co.; dissolved, and retired from business.

MASS.	Boston	F. A. Hawley & Co.; failed May 15.
MICH.	Bellevue	Bellevue Bank (Longyear & Klocksiem); now Longyear & Harton, proprietors.
"	Coopersville	W. A. Fallas & Co.; changed to Conklin & Watson.
MISS.	Kosciusko	A. C. Jobes; succeeded by C. C. Kelly & Co.
MO.	Bolckow	Bolckow Savings Bank (Jos. H. Ward); succeeded by Geo. L. Wilfley & Co.
"	Lee's Summit	R. B. George & Co.; succeeded by Bank of Lee's Summit.
"	St. Joseph	State Savings Bank; suspended and assigned May 15.
"	St. Louis	Tracy & Co.; now Tracy & Bell.
MONT.	Butte City	Donnell, Clark & Larabie; succeeded by Clark & Larabie.
"	Deer Lodge	Donnell, Clark & Larabie; succeeded by Clark & Larabie.
"	Dillon	B'k of Southern Montana; changed to Dillon National Bank.
NEB.	Alexandria	Thayer Co. Bank; now State Bank of Alexandria.
"	Carleton	Exchange Bank (Saylor & Lichty); closed May 29.
"	Elk Creek	Bank of Elk Creek (Jos. Duncan); Russell & Holmes now proprietors.
"	Fremont	Merchants' Bank; now Farmers & Merchants' National Bank.
"	Humphrey	Drebert & Briggle; now Citizens' Bank.
"	Kearney	Buffalo Co. Bank (Wiley Bros.); now Wiley & Gamble.
"	Lincoln	Marsh National Bank; now Capital National B'k of Lincoln.
"	Red Cloud	State Bank; now Red Cloud National Bank.
"	Table Rock	Bank of Table Rock (Forbes & Jones); now Wheelock & Forbes, proprietors.
N. J.	Newark	Newark Savings Institution; suspended May 16.
"	Princeton	Princeton Nat'l B'k; went into voluntary liquidation, May 17.
N. MEX.	Deming	Commercial Bank; now First National Bank.
N. Y.	Albany	John F. Smyth; assigned May 8.
"	Brooklyn	Atlantic State Bank; failed, receiver appointed.
"	Dansville	Bank of Dansville; receiver appointed.
"	Marathon	Tripp & Adams; succeeded by First National Bank.
"	Red Creek	W. G. Wood, banker; succeeded by Green & Wood.
"	Westfield	First National Bank; now National Bank of Westfield.
"	"	Exchange Bank (L. F. Phelps); assigned May 22.
N. C.	Henderson	Wm. H. S. Burgwyn & Co.; now Bank of Henderson.
OHIO	Uhrichsville	Farm. & Mechanics' Nat'l B'k; reported suspended May 29.
OREGON	Roseburgh	W. S. Humphrey; now Humphrey & Flint.
PENN.	Reading	Jacobs & Rhodes dissolved; F. S. Jacobs succeeds.
"	Bradford	Exchange Bank (Huff Bros. & Co.); suspended May 29.
"	"	Tuna Valley Bank; suspended and assigned May 15.
"	Erie	Erie Co. Savings B'k; suspended May 19, receiver appointed.
"	Greensburg	Union Deposit Bank; suspended May 29.
"	Harmony	Harmony Savings Bank; failed May 30.
"	Pittsburgh	Penn Bank suspended May 26.
TENN.	Maryville	Farmers' Bank; has gone into voluntary liquidation.
TEXAS.	Alvarado	Cotter, Barnes & Co.; changed to Cotter, Trulove & Co.
VA.	Charlottesville	Brennan & Co.; suspended.
"	Petersburg	Planters & Mechanics' Bank; suspended May 19.
WAS. T.	New Tacoma	Bank of New Tacoma; changed to Merchants' Nat'l Bank.
WIS.	Durand	Pepin County Bank; succeeded by the Bank of Durand.
"	Green Bay	Strong's Bank; suspended May 26.
"	Oconomowoc	H. R. Edgerton; succeeded by H. K. Edgerton & Son.

THE FIRST THROUGH INTERNATIONAL TRAIN from Mexico to Chicago was run over the Chicago, Burlington & Quincy Railroad and its connections. The Burlington, therefore, enjoys the distinction of being the pioneer line from Mexico to the Lakeside City. It is also the only line under one management from Chicago to Denver, and runs a through train daily between those points in addition to its regular through trains between Chicago and Omaha and Chicago and Kansas City.

DAILY PRICES OF STOCKS AND BONDS, MAY, 1884.

Government Bonds.—Closing Prices at the New York Board during May.

	Interest Periods.	1	2	3	5	6	7	8	9	10	12	13	14	15	16	17	19	20	21	22	23	24	26	27	28	29	31
4½s, 1891......reg.	Quarterly Mar.	113¼	112¼	112⅛	112¼	112⅛	112⅛	112⅛	112⅛	112	111⅞	111⅞	111⅝	111¾	108½	110	111½	111½	111½	111	111⅛	111½	111¾	111½	111¾	111⅜	111½
4½s, 1891.....coup.		113⅜	113¼	113¼	113⅜	113¼	113⅛	113⅛	113⅛	113	113	112⅞	112⅝	112⅝	108½	111½	112	113	112½	112¼	112¼	112½	113	113	113	113	112½
4s, 1907........reg.	Jan.	123⅜	123	123⅛	123¼	123¼	123¼	123	123	123	123	122⅞	122⅝	122½	116	118⅜	120	120½	120½	120¼	120	120⅞	120¾	120½	120⅜	120½	120¾
4s, 1907......coup.		123¼	123	123⅛	123⅛	123¼	123¼	123	123	123	123	122⅝	122⅝	122½	116	118⅞	120¼	120½	120¾	120¼	120	120⅞	120½	120½	120¼	120⅜	120⅝
3s, option U. S.reg.	Feb.	100¼	100¼	100¾	100¼	100¼	100¼	100½	100½	100½	100½	100½	100¾	100½	—	100	99	99	99	99½	100	100½	100½	100¾	100¾	100⅝	100⅝
6s, cur'cy, 1895.reg.		129	129	129	129	129	129	129	129	129	129	129	129	129	120	121	120	120	120	120	120	125	125	125	125	125	125
6s, cur'cy, 1896.reg.	Jan.	131	131	131	131	131	131	131	131	131	131	131	131	131	120	121	121	121	122	122	122	127	127	127	127	127	127
6s, cur'cy, 1897.reg.	&	133	133	133	133	133	133	133	133	133	133	133	133	133	120	122	122	122	124	124	124	129	129	129	129	129	129
6s, cur'cy, 1898.reg.		136	136	136	136	136	136	136	136	136	136	136	136	136	120	124	123	123	126	126	126	131	131	131	131	131	131
6s, cur'cy, 1899.reg.	July.	138	138	138	138	138	138	138	138	138	138	138	138	138	120	125	124	124	128	128	128	133	133	133	133	133	133

New York Stock Exchange.—Daily Highest Prices for May.

RAILROAD STOCKS.	1	2	3	5	6	7	8	9	10	12	13	14	15	16	17	19	20	21	22	23	24	26	27	28	29	31
American Tel. & Cable Co.	—	—	—	58	56	—	55	—	—	—	54½	53	50¼	50	50	54	52	52	—	50	49	49⅛	51	—	—	49¾
Bankers & Mer. Telegraph.	119½	119⅜	119½	119¼	119¼	119¼	119⅜	119⅜	119½	119⅜	119⅜	119¼	63	50	50	50	50	46	—	—	—	—	—	—	—	—
Canadian Pacific............	47½	47½	47½	47¼	48⅛	48¼	48	48½	48¼	47¾	47¼	45	47	47⅜	47¾	46¼	46¾	46	46	—	46	45¾	47	47	45¾	45¾
Canada Southern............	47¾	46⅝	46½	44¾	44⅜	44	42½	42½	41¾	41½	41¼	39	38½	38½	39¼	39¼	39	38½	37	36¾	38⅜	38	39½	39	39½	39⅝
Clev., Col., Cin & Ind......	—	52	—	52	51	47	45	47¾	44	41	40⅞	39	38	36	40	40⅛	40	39	39	38	37½	40	40¾	41½	40¾	41
Chicago & Northwest........	113⅞	112¾	113¼	112⅝	112⅞	111⅝	110¼	110½	109⅛	108¼	109½	106¾	105½	103¾	105	104¾	103¾	103	102¾	100½	97⅞	96½	100½	99⅛	99⅞	100¾
Do. pref...	142	141	—	141	142	140⅝	140½	140	138	135¼	133¾	130	130½	130	133	133	132¾	132	130	125½	125	124	129¾	129	128	130
Chicago, Mil. & St. Paul....	84	83	83¾	83⅝	84	82	81⅞	81⅞	81⅜	79¼	77	72¾	71¼	70⅝	72⅝	72⅜	71⅛	69⅛	69¼	68½	68½	69⅜	73⅛	71⅝	72⅛	74½
Do. pref.	—	113	112⅞	113	—	113	112½	—	112	—	109	105	106	109	107½	108½	109	109	108	107	106	105½	108	107½	107½	—
Chicago, St. Louis & Pitts..	—	—	—	—	—	—	—	9½	9	—	8½	—	—	—	—	—	—	—	—	—	—	—	9	—	—	—
Do. pref.	—	—	—	—	—	—	27½	—	—	—	—	—	21	—	25	—	—	—	—	—	—	—	—	—	23	—
Chicago, St. P., M. & O. M.	32	31½	31⅝	31½	31½	30¾	30¾	30¼	30½	30¼	30⅛	28	27	26½	27¾	28½	27	27⅛	27½	25¾	25½	25⅝	26⅝	26½	26⅞	27¼
Do. pref.	94½	93½	94⅛	94	93¾	92¾	92½	93¼	92¾	91¾	91¾	90	90	89	89⅞	90	88¼	89	88¼	86½	86½	88¼	90	89¼	89¼	90
Chicago, R. I. & Pac.......	118½	119	119⅛	119	118½	118	118¼	118¼	118	117½	116¼	115	116	115¼	115¾	115½	114¾	115	115½	114	112	111	113	112	111¾	111⅜
Chicago, Bur. & Quincy.....	123	122⅜	122¾	123¾	123¼	122¼	122⅞	122¼	121¾	121	118	116	116	118⅛	118	117¾	117	116⅜	116	115¼	112	112½	114¾	113⅞	114¼	114
Chicago & Alton............	138	—	138	—	139	—	138	—	136	—	133	132	132	132⅛	133	132½	132½	130	—	130	129	126	130	129¾	128½	128
Chesapeake & Ohio.........	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8	8	8	8	7½	8	7	7¾	8	8	8¾	9½
Do. 1st pref..	—	21	—	—	22	—	21½	—	25½	20½	19½	—	16⅛	15¼	16⅛	17	—	15	—	14¼	14½	14½	16	—	16	17
Do. 2d pref..	—	—	—	—	—	—	—	—	—	—	—	13	—	—	—	11	8½	8	9¾	—	—	—	10	—	10	11

New York Stock Exchange.—Daily Highest Prices for May.—Continued.

RAILROAD STOCKS.	1	2	3	5	6	7	8	9	10	12	13	14	15	16	17	19	20	21	22	23	24	26	27	28	29	30
Central Pacific	52	50½	49½	48½	48¼	47⅜	47½	47⅛	46	43¼	41½	39¼	42¼	43	46½	45	43⅞	43	42¾	41½	41⅞	43	44½	43	43	44¼
Colorado Coal & Iron	13	—	—	—	—	—	—	—	—	—	11	—	—	12	11½	12½	12	11⅜	11	10¾	—	11	11½	11½	—	—
Delaware, Lack. & West.	119⅜	118⅜	119	118¼	118⅞	116⅞	115⅛	114⅞	114¼	114	114⅛	112¼	113	112	112	111¼	109	106½	106	104	97⅜	97⅜	103¾	101½	102	103½
Delaware & Hudson Canal	105¾	104⅝	105¼	105½	104¾	104⅛	103⅞	—	104	103¾	104	102¼	103	102	102½	103	102	101	100½	95	93	95	97	95⅜	96	94¾
Denver and Rio Grande	13⅛	13	13	13⅛	13¼	12½	13⅛	12½	11⅜	11½	11½	11⅛	11½	12	12¾	12	11⅜	11	10½	10⅜	10½	10¾	11⅜	11	11⅝	11½
East Tenn., Va. & Ga.	6½	6⅛	6⅜	—	6	5¾	—	5⅞	5¾	5⅝	5½	5	4¼	4⅛	5	4⅞	4⅞	4¾	4½	4½	4½	—	4¾	4⅝	4⅛	—
Do. pref.	—	—	11½	—	11⅛	—	—	—	—	10½	9⅞	—	7⅝	8	8	9¼	8½	8½	—	7½	8	8	8	7½	7⅜	7½
Erie	18⅞	18½	19	19⅛	19½	18	16⅞	16⅜	15	14⅝	14¾	14	15⅛	15¾	17	16½	15⅞	15	15¼	14⅞	15	15⅛	16	15¼	16⅜	16
Do. pref.	48¾	—	48½	49	50½	48	46	40	37	36	35	—	—	34	34	36½	35½	—	34½	33⅛	—	33	36½	35⅜	—	34¾
Homestake Mining	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9	—	—	—	—	—	—	—	—	—	—	—
Houston & Texas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Illinois Central	127½	128¾	129	128	128	127	125⅝	125½	125⅛	124	124	122	122	121	123½	123¾	123	123	123	122	120½	117	121	120	119½	120
Indiana, Bloom'n & Western	15¼	16	16	16½	15½	14½	15	15	14½	14¾	14	12	13⅛	12½	13	13½	12⅞	12¼	12⅛	11⅛	11	12	12⅛	12½	—	12½
Louisville & Nashville	46½	46	46⅜	47	47⅜	45⅞	46½	46⅜	46	45⅝	44⅝	39	38¼	35½	35¼	33½	32	31½	31⅞	32	31¾	31¾	33½	33	33½	37¼
Louisville, N. Alb. & Chic.	—	—	—	—	—	—	—	—	18	—	—	—	14½	15	15	20	—	—	—	—	—	—	—	—	—	—
Lake Shore	97⅜	96¼	96⅞	95⅞	96¼	95⅜	95	95½	94⅞	94⅛	93⅞	92¼	92½	89½	89⅞	88¾	86⅜	85¼	85⅝	85	84½	84⅞	87	86	85¾	85½
Lake Erie & Western	15	—	—	—	—	—	—	—	12½	10	10	9½	—	10	10	11	—	11½	11	11	10½	—	11	10½	—	11
Long Island	72	72½	—	—	72	72	72	71½	71	70¼	70	67	68	66	66	67⅛	67½	66	66	65¾	64	67	68½	69	66½	67½
Michigan Central	82	80	82	80	80	79⅞	78½	78¾	78½	77	76⅛	70	71¾	70	—	78	74	73	70	70	68	69	70	70	67½	66⅞
Mil. L. Sh. & West.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Do. pref.	—	37	—	—	—	—	35	35	36	35¼	35⅛	—	—	—	33	34	—	—	33½	33½	—	33	34⅛	—	—	—
Morris & Essex	—	—	—	—	—	—	—	—	—	—	—	—	—	125	122	—	124½	—	—	—	—	—	—	—	—	—
Missouri Pacific	82	81	81⅞	82¼	81⅜	80	80½	80½	80	81¼	80¼	78	73	70¼	72¾	72	70⅛	67	66½	66¾	67⅝	70⅝	74⅛	74	76½	81⅝
Missouri, Kansas & Texas	15¾	15½	16	17⅜	17¼	16⅝	17	16⅜	15⅝	15¾	15	13⅛	14¾	15½	16	15¾	15½	15⅜	15¾	15¼	15¼	15½	16	15¾	15¾	15¾
Manhattan Beach Co.	20	—	19¾	—	—	—	18	18½	—	18	—	—	17	12½	17	—	—	17	17	17½	17½	—	—	—	—	—
Manhattan Elevated	48	51	51⅛	57	55⅛	—	53	—	—	49	48	46	47	43½	47	50	—	—	—	—	50	—	49	48	—	—
Do. 1st pref.	—	—	—	93⅛	—	—	—	—	90	—	—	88	—	—	89	—	90	—	—	90⅛	90	90	—	—	90⅜	—
Metropolitan Elevated	101½	101	—	101	102	102	—	102	—	101½	100	99	99	93	93	93	96	94	—	90	—	—	—	—	—	—
Memphis & Charleston	37	—	—	36	35	35	35	34	34	34	34	30	—	26	27	31	28	27	26	—	—	25	25	—	—	—
Mobile & Ohio	—	—	—	—	—	—	—	—	—	10	—	9⅜	—	—	—	—	—	8¼	8¾	—	8⅛	—	9½	—	—	—
Minneapolis & St. L.	—	13	13	13	13	12¾	—	—	11¼	—	—	12	12	11⅛	12⅛	—	15	13	12½	12	12	12⅛	13	13	14	—
Do. pref.	27½	—	27	27	—	25½	23½	24	—	23½	—	18	21	20	—	—	21	20	21	—	20	22⅛	21	—	22½	22
Mutual Union Tel.	—	—	—	—	—	—	—	—	—	10½	11⅛	11½	—	11	—	—	—	—	—	—	—	—	—	—	—	—
N. Y. Chic. & St. Louis	7½	7⅝	7¾	7¼	7½	—	—	7¾	7⅜	7¼	—	7	6¼	6	7½	8	—	7¼	7⅜	7¼	—	6¾	7⅛	7⅛	—	7
Do. pref.	16	—	—	—	—	15½	14	—	13½	13	13⅛	12	—	12½	13	—	—	—	—	12½	12	—	—	—	—	—
N. Y. Central & Hudson	114½	114	114	113½	113½	112⅞	113	113	112⅛	112⅜	111¼	109½	110¼	110¾	114	112½	111½	111	111	110⅛	109⅛	108½	110	109¼	106½	106
New Jersey Central	80	79⅜	80¾	80¼	79⅛	78¼	76	76½	79½	81	78	75½	76	74½	75	73	71	69½	65	56	53	54	61	60⅞	59½	58¾
N. Y. Lack. & Western	—	—	—	—	90	90	—	89⅛	—	90	—	87½	—	—	88	88½	—	—	—	—	—	—	—	—	85½	85½
Norfolk & Western....pref.	—	—	38	37½	—	37	37	—	36	—	33	30⅛	31½	31	30½	34½	34⅝	32	—	30½	31½	31	32¾	—	—	31¾

Northern Pacific	23¾	23¼	23¾	25⅜	24⅞	24	24¼	24¼	23¼	23⅛	22⅞	21	21¾	22½	22¼	22⅜	21⅝	21½	21⅜	20½	19½	20	21½	21	20½	21¼
Do. pref.	50¾	52¼	53⅞	54⅜	54⅜	52⅝	53¼	53⅝	52⅞	53⅜	52¼	49	49	49	50¼	49⅞	49¼	47¾	46⅞	46½	43⅝	46	48¼	47½	47¼	48½
Nashville, Chat. & St. L.	50½	—	50	—	—	—	—	—	48	—	46	45	42	41	41¼	42	39½	39	40	38¼	38¾	39½	40½	38½	—	42½
N. Y., Ontario & Western	8½	9½	10	10¼	10	10	—	10¼	10	9¾	9½	8½	9⅜	9⅞	10¼	—	9½	10	10	—	9¾	9	10	10	—	—
Ohio & Mississippi	20¼	21	20⅞	22½	23	22	22½	21¾	21½	20½	—	17¼	19¼	22½	23	21	20¼	20	21¼	19¼	19	21⅜	21⅞	20¾	—	21⅞
Oregon Navigation	75	76½	79⅞	81⅜	81	77	—	78¼	78	77	—	75⅝	72	71⅜	71	79¾	79	76	76	75¼	75	74	75	73	73	74
Oregon & Trans-Continental	19⅛	19½	19⅝	19¾	19½	18⅛	18⅜	18½	17¾	17½	16⅜	13	14¼	13½	15	15	14½	14¼	14½	13⅝	13¾	14	14⅝	14	14	14⅜
Ohio Central	2¾	2¾	2¾	—	—	—	—	2¼	2⅜	2⅜	2⅜	2¼	2	2	2⅛	2¼	2⅛	2	—	2¼	2	2¼	—	2⅜	—	2¼
Pacific Mail	46⅛	45½	45¼	46	46¼	44½	44⅜	44⅞	44	44	44⅛	41	39	37	40¼	40	39	39½	39	36½	37½	38	39¼	38½	42⅛	42¾
Philadelphia & Reading	44	43	43⅞	43	42¾	41	36⅝	35⅝	36½	35⅞	36⅛	34¼	35¼	33½	34⅛	32½	31½	30⅛	29⅜	26	27	28	31⅝	29⅝	29	28
Pullman Palace Car Co.	112	109½	—	110⅜	110⅜	109¼	109½	109	109	108	107	105	103½	105	104½	103½	103½	101½	102	101	97	97½	101⅛	100½	101	102½
Peoria, Decatur & Evansville	—	14¾	—	14½	14⅛	14	14	14	13⅛	13½	13⅝	11½	12	11½	11⅜	12	11	—	—	—	—	—	11¼	11	—	—
Richmond & Danville	—	52⅛	—	—	52	—	—	51	50¾	50	—	45	—	—	—	—	—	—	40	—	—	—	—	—	—	—
Richmond & Allegheny	—	—	—	—	—	—	3¾	—	—	—	—	—	—	—	—	—	—	—	—	—	2½	—	—	—	—	—
Richmond & West Point	—	26	—	—	27	—	25½	25	—	24¼	23⅛	—	18	16½	20	22	18	18	19½	18	19	19⅜	21½	20⅝	20	—
Rochester & Pittsburg	9⅝	9⅛	9⅛	9	8¾	8⅜	8¼	7¾	7	6⅞	6¾	6	7	6¾	7⅝	8⅛	8⅛	7½	7½	7	7	7¼	7⅛	7½	7½	7¾
St. Louis, Alton and T. H.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	22	—	—	—	—	—	—
Do. pref	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis & San Fran.	—	—	23½	24	—	—	—	—	—	—	21¼	—	—	—	19	20	—	19	18	—	—	—	—	—	—	—
Do. pref.	44	—	—	45⅞	43	43	—	—	42	—	40¾	—	—	39	40	41	—	39	37½	—	36½	34	37¾	36	—	—
Do. 1st pref.	88	88	—	—	89	—	86¾	87	86	86	81½	81	77½	75	80	82	80½	—	80	75	75½	—	81	—	—	—
St. Paul, Minneap. & Man.	93	92¾	93	92¾	93	92⅜	91¼	91⅞	91	91	87	85	89	88	89⅛	90	90	87½	88	87	87	87½	90⅜	90	89	88
Texas & Pacific	15⅜	15¼	15⅝	16½	16⅜	15¾	16	15¾	15¼	15⅛	14½	12⅛	12	13	13⅝	14¾	13½	13⅛	13	12⅜	13⅛	13½	14¼	13½	13½	13¾
Union Pacific	64¼	61¾	60	60⅞	61	57¾	57¾	57¼	55½	52	50	45¼	45	45	45⅜	45¼	44⅜	43½	39¾	37¾	40½	41⅛	42⅞	41½	40¾	44
Western Union Telegraph	63¼	61½	61½	61¾	61½	60⅜	61½	61½	61	61⅛	60	54	54⅞	55½	57⅝	57½	56¾	55⅜	55⅝	53¾	55	55⅝	59¼	58⅜	58¼	60½
Wabash Pacific	9¼	9⅛	9	9½	9⅝	9½	9¼	8½	7¾	8¼	7	6	7	7¼	8	8⅛	8	7⅝	7⅝	6¼	6¾	6¼	6⅞	6¾	6⅝	6¾
Do. pref.	16	16⅛	16½	17¼	17¼	16⅝	16½	15¼	14¾	14⅜	13⅞	12¾	14	14⅛	16⅛	16¼	14⅝	13⅝	13½	13	12¾	13	14	13	13	13¾
MISCELLANEOUS—																										
Express—Adams	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	129	—	—	—	—	—
American	—	—	—	—	—	96½	—	—	—	—	96½	92¼	92	89	91	91	—	90	—	—	89	88½	90	90	90	—
United States	—	—	—	—	—	—	—	—	—	—	—	—	—	—	45	51	51¼	—	52	—	52	—	—	—	—	50
Wells-Fargo	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	100	100	—	—	—	100	—	—	—
Ches. & Ohio, series B.	—	100¾	101⅜	—	101⅞	101¼	102½	102	100½	100	99	98	98	92½	97	96	95½	93⅛	91	90	90	90	91⅜	92½	91½	—
Denver & Rio Grande 1st	—	94½	96	98	97½	—	—	98	97	—	—	—	—	—	—	—	—	—	—	—	—	95	—	97	—	—
Lehigh & W. B. con. ass.	—	104½	—	—	—	—	—	105	—	—	—	—	—	—	100	—	—	101½	—	95	95	—	95	96½	97½	97¼
Metropolitan Elevated 1st	105¼	105½	105	105	104¾	105	102½	102½	100½	102	102	102	102	101¾	102	103	103	102½	102	102	101¾	101	101	100⅞	101	101
Mo., K. & T. con. ass.	—	107½	107½	—	107½	107½	—	—	106	106	105½	—	104½	—	—	107	105½	105	105	105	—	104	104¼	—	104¾	—
Mo., K. & Texas 2d	—	—	—	—	—	—	—	—	—	—	—	—	—	—	60	—	—	60	—	—	—	—	—	—	—	—
N. Y., Chi. & St. L. 1st.	107⅝	107¾	107½	107⅞	107⅞	107¼	106¾	106	105½	106	105⅛	105	104	103½	104	105	104	104	—	104	103⅜	103	103	102½	103	102¾
N. Y. Elevated 1st	—	120½	—	—	—	—	120½	120	—	—	—	—	—	—	—	118	118	—	—	118⅛	—	—	—	—	118½	—
N. Y., L. E. & W. 2d con.	83¾	84	84⅜	84⅞	86	83	77¼	76	70	69	69	63	63½	65	68	67¼	65⅛	63½	63⅛	62	56¾	59	61	59¼	58½	59⅞
N. Y., W.S. & B. 1st.	54¼	53¾	54⅛	56⅛	56⅞	55⅛	54⅛	53⅜	53⅞	53⅜	51⅞	58¾	50¾	50⅛	52½	51½	50	58¾	48¼	46⅝	57¼	46	45¾	44	45⅞	45¼
Union Pacific 7s. L'd G.	—	—	—	—	—	—	—	—	107⅛	—	—	—	—	106¾	—	106¾	—	—	106¾	106¾	—	—	106	—	—	—
Union Pacific 1st.	113⅝	113¾	—	113½	114¼	114¼	114¼	—	114½	114¾	114½	—	—	113½	113	113	114	113⅛	113½	113¼	112½	—	112½	112½	112½	112
Union Pacific S. F'd	112		111	111	—	111¼	—	—	111	—	—	—	109	105	108	108	108	109	108	105	105½	105	104	105	105½	—

WHEN NO FIGURES ARE GIVEN THE PRICE REMAINS THE SAME AS LAST QUOTATION.

NOTES ON THE MONEY MARKET.

A FINANCIAL AND COMMERCIAL REVIEW.

The month just ended has been a black one in financial circles, and might be appropriately called the Black May. Wall Street stock houses and bankers throughout the country have been on the verge of violent panic all the month, and have only escaped by make-shifts that appear little more than delays of the inevitable. The biggest operators have been the weakest and in the most trouble, and have only been able to keep their heads out of the water by the banks baling them out. It is doubtful if there was more than one large speculative holder of stock in the country who could have kept afloat had it not been for the banks.

Heavy and numerous failures followed each other in rapid succession after the temporary lull that succeeded the collapse of Grant & Ward and the Marine Bank. A score of Wall Street houses closed, and with them came the collapse of the Second National, Metropolitan and Newark Savings Banks. At this juncture the largest houses and stock operators, as well as a large number of banks, were rumored to be in trouble, as some undoubtedly were. To save a wild and general panic the Clearing-House appointed a committee to advance loans to weak banks on approved collaterals, whenever unable to make good their balances in the Clearing-House. This checked the break in stocks for a time, gave more confidence and averted panic. The decline in stocks, however, did not cease, for the banks were caught with large loans on stocks which the borrowers could not take up nor protect. Hence the next stage was heavy selling of securities of all kinds for what the shorts would pay to cover their contracts. Day after day breaks of three to six per cent. or more followed each other, with few failures, which proved that the sales were by the banks who were obliged to keep the big operators from failing openly in order to save panic, even if they had to sell out their collateral for what they could get. This process continued until fully $25,000,000 had been advanced by the loan committee of the Clearing-House to banks in the Association. At this time some of the stronger banks became alarmed, and threatened to advance no more, as the country banks were drawing down their balances to a very low limit, and many were withdrawing them wholly in view of these continued loans of the Clearing-House.

At that point we were hovering again on the verge of panic, which threatened to be a bank panic. The big bears of the stock market who had relentlessly followed their advantage on the down grade to the utmost, then became alarmed lest Gould, Sage, Field and company could not any longer take the stocks they had sold them. They therefore turned about, covered their shorts, went long of the market, and bulled stocks in order to let these big operators get breath and the banks get out. They could thus at the same time make the small shorts, who had followed their lead downward and taken profits out of them, cover and help the market up when it would be a safe short sale for themselves again.

This brings us near the close of the month, when the market began to sag back again, the short interest having nearly covered, and the small bears turned bulls, in imitation of Cammack, Smith and Woershoffer, the ruling Triumvirate of Wall Street. At the close, therefore, the small-room traders have got the floating stocks that came out of the once "strong boxes" of big operators and banks, except what had gone to Europe on the break. This latter amount had been quite large during the first part of the panic, on the idea that they were cheap, and that the depression was only temporary on the failure of a few stock houses. When our banks began going, however, and such houses as Fisk & Hatch, the demand ceased, and the London market has since followed our own more closely. The Continent also took a good load of our cheap as well as some good stocks until the price of foreign exchange, against shipment of these stocks, fell below $4.80 and not only stopped all shipments of gold, but threatened to start it this way, as there was very little demand for bills from importers.

Meantime we had, as a consequence of these failures, and the general distrust and withdrawals of money from banks, a very tight money market, even two per cent. a day on Government bonds, as collateral, not bringing out enough money for the wants of legitimate business for a few days. Runs on banks followed in this and other cities, and some failures of country banks resulted from their losses by suspended banks here, in which their balances were tied up. This renewed the demand by banks throughout the country for their Eastern balances, and a steady and rapid outflow of currency, to the West especially, continued until our New York bank reserves ran far below the legal limit on the third week of the month.

Government bonds suffered with all other securities on realizations for cash, and on the failure of the large Government bond dealers Fisk and Hatch. Every other class of bonds has been subject to the same break from the same cause.

The markets for raw material have all been severely depressed by this stringency in money, and the high carrying rates which have checked or broken the manipulation that was going on in produce, and distributed stocks in hands of more people who could command their own funds to carry it and take it out of the hands of the cliques. This has been healthy, yet trade has been paralyzed by such conditions. Neither shippers nor speculators have dared or cared to do much, and trade has been reduced to a very small volûme in everything for the speculative account, while our exports have not been increased to any extent by the decline.

Hence it will be seen that the markets outside of Wall Street have all depended upon the money market and the financial situation. Industrial matters have been in a manner affected by the same cause, yet not to any general extent, as there has been no general shutting down of manufactures anywhere, although there have been some lockouts, and some strikes upon the attempt to reduce wages.

The last bank statement showed a gain of about $4,000,000 in reserves, which no one can account for. The truth is that the statement shows nothing, for the reason that it omits wholly the loan certificates issued by the

Clearing-house to the associated banks. These are supposed to be in the neighborhood of $20,000,000 to $25,000,000. They might as well have issued no statement at all as the one they did, except for effect on stocks. Until the loan certificates are included it means nothing, and its effect on the stock market was misleading.

The threatened general suspension of work in the iron regions on June put has been averted by the reconsideration of the manufacturers' demand for a reduction in wages. But the suspension in the coal regions is greater than was expected, and also in the cotton mills East. Yet the net result of either will not show much improvement or change.

Crop prospects are, however, all that could be desired here and abroad, and if times are to continue hard, we have now the promise of abundant harvests, and cheap food for man and beast. This is the next best thing to good times, for if we have less money to spend we can buy more with what we have. With the abundance to be harvested that is now promised, the country can not do otherwise than improve in all branches of business. Three months more will decide this, and by that time Wall Street ought to be liquidated, and down to hard pan. Till this is done, there is not much encouragement to bull other markets, although most of them are on a legitimate basis of supply and demand. The tendency, notwithstanding, is downward, until financial affairs are more settled, which can not be in a day, or week, or month, for the late shaking up must be followed by a gradual settling down. Should our next crops be as abundant as now seems likely there will be no cause for higher prices when finances do get better. Indeed the new crop basis should be lower than the old upon the prospects now existing. Hence the conservative course is to prepare for lower financial and commercial markets, rather than higher.

Manufactured goods are about as low as they can well go, as most are below cost of production and must do better when trade revives generally. These ought, therefore, to be the safest property into which to put such money as investors are afraid to put out or to leave anywhere now.

Real estate in this vicinity has already halted before the inevitable reaction from the boom it has had in the face of depression everywhere else. It must have its turn yet, and hence this lull before the drop.

A despatch from Chicago on May 31st said that the banks of that city had refused to loan on wheat, which is the best value of anything on the grain or provision list, and it is stated in other dispatches that they have refused to renew their loans after June 1st to both the largest carriers of grain and provisions in that city.

In New York notices for the delivery of cotton and other speculative merchandise on June 1 have also been free, and the whole stocks of these staples are now likely to come on the markets, unless the banks recede from their position. This action would force the stock into the hands of capitalists who have the ready money to pay for it, and hold it until the exporters want it, or it is taken for home consumption. Meantime there will be a break in prices to tempt these capitalists with a safe investment and good interest, or the bulls must buy the futures from them at an unusual premium over spot prices that shall be equal to current and prospective high rates of interest, incident to a tight money market. Hence the outlook for better prices for anything is gloomy for the near future, unless the late severe frost shall prove to have done the growing crops serious damage.

The reports of the New York Clearing-house returns compare as follows:

1884.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.	Surplus.
May 3...	$341,990,500	$55,997,100	$28,112,800	$333,215,600	$14,417,500	$806,000
" 10...	333,424,100	58,841,700	28,069,300	329,822,200	14,190,200	4,455,450
" 17...	326,639,800	56,314,100	26,113,100	317,200,700	14,190,200	3,127,025
" 24...	313,178,000	45,510,000	22,026,700	296,575,300	14,316,800	*6,607,125
" 31...	309,648,800	45,985,600	24,129,100	288,361,100	14,372,800	*1,975,625

* Deficiency.

The Boston bank statement is as follows:

1884.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
May 3	$143,956,800	$6,143,200	$4,554,100	$94,133,800	$23,827,600
" 10	142,570,900	6,238,600	4,724,300	94,170,900	23,305,400
" 17	141,709,900	6,243,300	4,560,200	90,638,500	23,411,700
" 24	139,708,600	6,558,700	4,583,200	86,125,900	23,508,400

The Clearing-house exhibit of the Philadelphia banks is as annexed:

1884.	Loans.	Reserves.	Deposits.	Circulation.
May 3........	$79,175,125	$20,083,011	$72,427,991	$8,491,911
" 10........	79,059,417	20,238,843	72,548,973	8,496,612
" 17........	78,826,129	19,434,822	71,981,381	8,475,186
" 24........	77,684,663	18,528,024	69,906,687	8,488,326
" 31........	76,872,745	19,029,914	68,898,797	8,437,615

Our usual quotations for stocks and bonds are enlarged elsewhere to embrace a greater number and each day of the month. The rates for money have been as follows:

Quotations:	May 5.	May 12.	May 19.	May 26.
Discounts....................	4 @ 4½	4 @ 4½	——*	——*
Call Loans....................	2 @ 2½	2 @ 2½	6	2 @ 1½
Treasury balances, coin....	$128,015,595	$125,593,453	$129,000,663	$128,212,951
Do. do. cur.....	$10,369,631	$10,017,979	$10,747,625	$10,572,978

* Rates for commercial paper are entirely nominal, in consequence of the demand for money on call.

Foreign Exchange has ruled lower with the declining markets and strong demand for money. The rates have varied as follows: London, 60 days—the first half of the month opened steadily at 487¼@487½, and declined towards the close to 483½@484; 3 days sight—opening price 489½@489¾, closing at 485¼. Paris, 60 days—opened at 517½@516⅞, and closed at 521½@520⅝; 3 days—opened at 515@514⅜, and closed at 519⅜@518¾. Berlin, Reichmarks, 60 days—opened 95⅛@95¼, and closed at 94¾@94⅞; 3 days—opened at 95⅞@96, and closed at 95¼@95⅜. Amsterdam, Guilders, 60 days—opened at 40⅜@40¼, and closed at 40⅛@40¼; 3 days—opened at 40⅞@41, and closed at 40⅜@40½.

A proposed change in the National banking law is announced as we go to press. A bill was introduced in the House on June 2d by Mr. Buckner, to amend the revised statutes in regard to National banking associations as follows: No certificate of increase of capital stock shall be issued by the Comptroller of the Currency until he is satisfied that the increase is needed by the business of the association, and is not made to pay existing liabilities, or to avoid assessment on the stockholders to make good any impairment of the capital stock of the association. The making of loans or discounts by an officer of the bank without the authority of the directors is added to the list of misdemeanors enumerated in section 5209, punishable by imprisonment not less than five nor more than ten years. In the reports of their condition the banks are by this bill required to state separately, under the head of resources, the loans and discounts considered to be good, those suspended, overdue and doubtful, and those overdue and upaid more than six months. The Comptroller is authorized to call for a special report at any time upon the written request of stockholders representing one-fifth of the capital stock of the association.

A bill has been also introduced in the United States Senate by Mr. Cullom, which provides that no president, cashier, teller, or other chief executive officer of any National banking association having a capital stock of $200,000 or more shall "deal, trade, or otherwise engage in speculation in stocks, bonds, or other securities, or in grain, provisions, produce, or oil, on margins, on his own individual account, or for his own individual account, or for his own personal profit, either directly or indirectly, or have any partnership or other financial interest in the operations of any private banking or brokerage firm or business."

DEATHS.

BEEBE.—On April 15, aged seventy-four years, LUCIUS BEEBE, President of the National Bank of South Reading, Wakefield, Mass.

BRAMAN.—On April 17, JOHN C. BRAMAN, President of the National Exchange Bank, Newport, R. I.

BROWN.—On April 19, aged eighty-four years, WILLIAM G. BROWN, President of the National Bank of Kingwood, W. Va.

FARNUM.—On May 11, aged fifty-four years, ALEXANDER FARNUM, President of the Rhode Island Hospital Trust Co., Providence, R. I.

HOILES.—On May 14, aged sixty-five years, CHARLES HOILES, of Hoiles & Sons, Greenville, Ills.

HUNGERFORD.—On May 12, aged sixty-six years, S. D. HUNGERFORD, banker, of Adams, N. Y.

McLEAN.—On April 13, aged sixty years, CHARLES R. McLEAN, President of the First Ward National Bank, Boston, Mass.

NEVIN.—On April 30, aged sixty-nine years, T. H. NEVIN, President of the First National Bank, Allegheny, Pa.

PAYNE.—On May 2, E. W. PAYNE, President of the Medicine Valley Bank, Medicine Lodge, Kan.

SILLIMAN.—On May 30, aged seventy years, AUGUSTUS ELY SILLIMAN, formerly and for many years President of the Merchants' Bank of New York.

SMYTHE.—On May 14, HENRY AUGUSTUS SMYTHE, formerly President of the Central National Bank, N. Y. City.

WARREN.—On May 1, aged sixty years, W. R. WARREN, Cashier of the Rockingham Bank, Harrisonburg, Va.