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AND

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VOLUME THIRTY-FOURTH,
OR,
VOLUME FOURTEENTH OF THE THIRD SERIES.

FROM JULY, 1879, TO JUNE, 1880, INCLUSIVE.

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OF THE

BANKER'S MAGAZINE AND STATISTICAL REGISTER,

FROM

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THE



BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XIV, }
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JULY, 1879.

No. 1.

THE CONVENTION OF BANKS AND BANKERS.

The American Bankers' Association has issued its announcement of the annual Convention of bankers and bank officers for the current year. The meeting will be held at the Town Hall, Saratoga, on Wednesday, the 6th of August, and it will probably close on the following Friday. Some surprise has been expressed that Saratoga has been again chosen, as the Convention last year was held there; and the expectation seems to have been generally entertained that either Chicago, or some other Western city, would be selected this year. The circular before us explains the matter. It begins by stating that after a large correspondence with banks and bankers in various States, the Executive Council found that, while quite a number of Eastern banks favored Chicago, those in the Southern and Western States were almost unanimous in desiring to meet at Saratoga. As to the reasons assigned for preferring Chicago, they were chiefly the desire to oblige the West; but the West itself seemed to prefer Saratoga, so that the Executive Council "in deference to the expressed views of so large a majority, were reluctantly driven to the conclusion that the banks must defer to another year the pleasure of meeting in convention elsewhere." There are many reasons for believing that at this torrid season Saratoga will be found more attractive than any other city, except, perhaps, New York, and as it seems important that the attendance should be large from all

parts of the country, a better choice could probably not have been made.

With regard to the speakers the committee give but few details. We are informed, however, that leading bankers from Canada and Europe, as well as from some of our Western and Southern cities, are expected to address the Convention. Among the new features of the circular we observe that a series of ten-minute speeches are proposed "on the Reminiscences of Banking and Bankers," and that "special efforts will be made to promote social feeling, and to make the delegates to the Convention better acquainted with each other." On this and other subjects the circular says :

The work to be done by the Convention is of vital importance to every individual who is connected with the banking business, either as an officer, a shareholder, a director, or a dealer. This year it is particularly desirable to have a full attendance from all parts of the United States. The time has arrived when banks and bankers are compelled by the force of circumstances to act together, and to seek a closer union, which we desire to be conducive alike to the prevention of panics, the revival of business, the improvement of public and private credit, the stability of our financial system, and the general prosperity of the country. We shall prepare and lay before the Convention a report on bank taxation showing what has been done at Washington to liberate the banking business from part of the burdens of taxation. The duty and the interest of bankers and bank officers in these matters are so plain, and the relief of the banks and of the commercial public has so close a relation to the financial and industrial interests of the country, that a conspicuous place will, no doubt, be given to the subject in the programme of our Annual Convention. More full details will be announced as to the topics and speakers when the Committee of Arrangements have completed their plans. Addresses will probably be given upon the obligations of the country to the banks for the success of resumption, and for the saving effected by the refunding of the public debt upon our Clearing-House system, and the history and development of banking in the United States and abroad, and upon other subjects illustrating the present economic state and prospects of the nation, the growth of wealth and productive power, the influence of sound banking upon credits and productive wealth, the methods and principles of currency reform, and the financial evils which threaten the foundations of banking stability and thus injure the industry, commerce and material progress of the country. We desire to call special attention to this interesting feature of this year's sessions. Moreover some practical questions as to the usury law will probably receive attention, with the judicial and legislative proceedings on the subject in various States during the year, and the changes in the status of the banks and bankers as resulting therefrom.

It will thus be seen that the discussions of the Convention are likely to have special interest, and if they cannot claim the charm of novelty, they will at least be practical and useful. Indeed, it is difficult to conceive that we can have a gathering of energetic, grave business men from all parts of the

country who are so well informed upon the topics with which bankers are conversant,—the state of credits, the movements of business, the waning profits of banking, the decadent rates of interest, the losses and savings of the industrial and frugal classes, the financial progress of the country, before and since the war,—without the suggestion of valuable hints and important information. There are several points towards which the discussions are likely to turn this year. First, the success of resumption, which is largely due to the efforts of the banks and to the efficiency of our banking system. The obligations of the nation to our banks being thus augmented, the claims of the banks for relief from their ruinous tax burdens are entitled to receive a new consideration on this ground. Secondly, it is to the banks that the reduction of the debt is largely due, and to a great degree it is by their agency that we have effected so gratifying a diminution of the burdens of interest, formerly so oppressive to the country and its fiscal resources. To these and other topics we hope the Convention will add a thorough investigation of the facts developed in the earlier and more recent banking failures in this country and in England.

In all these discussions due prominence should be given to the importance of those safeguards of banking which are the most important in giving stability to the movements of trade and to the revival of industry, and especially showing how these parts of the banking mechanism are in danger of being undermined by heavy taxation. Among these safeguards we must place in the front rank an ample capital. Last year at the Convention a timely address was given on this subject by Mr. J. D. Vermilye, Vice-President of the Association for New York. By interesting statistics he showed very clearly how excessive taxation is undermining the safeguards of the banking system in the City of New York. The period covered by these statistics was over six years, during which time thirty-one banks decreased their capital, the total reduction amounting to \$19,979,000. Beside this, there was a decrease in surplus amounting to \$10,773,500. The total decrease of capital and surplus was thus more than thirty millions. Several other banks of this city have since made a similar reduction of capital. Among the sources of special strength in our banking system, especially since the war, has always been recognized the ample capital which has been invested in the banks as compared with the liabilities which these institutions have to carry. It is clear that a decrease of capital to such a vast amount may seriously derange the equilibrium of the whole banking fabric, and must be regarded with much apprehension. Hence it follows that in proportion as excessive taxes have caused the evil, such taxes are menacing the future prosperity and strength of our banking and financial system, and inflict evils which

should ensure their early repeal. On the general subject of bank taxation, outside of these specific facts, much interesting information will no doubt be elicited with a view to renewed efforts for the relief of the banks from part of their present taxation, and for the prevention of any further addition to their intolerable burdens.

TAXATION OF NATIONAL BANKS.

For the year 1877, the National banks, with a capital of \$485,250,694, paid an aggregate of \$15,731,877 of taxes divided as follows:

U. S. taxes.....	\$6,902,573
Local taxes (State, county, and municipal).....	8,829,304

The California banks paid no local taxes, except on so much of their capital as is invested in real estate. But on \$475,667,771 of capital stock, out of a total of \$485,250,694, local taxes were assessed.

Dividing the country into geographical sections, the following table exhibits the amount of National banking capital in each, and the percentages of taxation upon capital:

	<i>Capital.</i>	<i>Per cent. of taxes to capital.</i>	
		<i>U. S. taxes.</i>	<i>Local taxes.</i>
New England.....	\$167,788,475	.. 1.1	.. 1.7
Middle States.....	182,885,562	.. 1.7	.. 1.9
Southern #	32,212,288	.. 1.3	.. 1.4
Western # and Territories..	102,364,369	.. 1.4	.. 2.1

In this table, New York, New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia are called Middle States; the two Virginias, the two Carolinas, Georgia, Florida, Alabama, Louisiana, Texas, Arkansas, Kentucky, and Tennessee (Mississippi having no banks), are called Southern States; and the remainder are included under the head of Western States and Territories.

That this taxation is, in the aggregate, excessive, seems to be agreed. And it cannot be doubtful that it is one of the most considerable of the causes to which the fact must be attributed, that the National bank-note circulation has not only not increased with the increasing population and business of the country, but had been decreasing for three or four years prior to last November. Some persons would say that it is the local taxation which is the excessive part, and so it is, if the National taxation is to remain on the present footing. But it is equally true that it is the National taxation which is the excessive part, if the local taxation is to remain on the present footing. The taxes of neither class would, of themselves, be complained of. It is the conjunc-

tion of the two kinds of taxation which is the grievance, and which has not only arrested the normal development of the system, but threatens, as we shall presently endeavor to point out, some unfortunate changes hereafter in the location of National banks.

When the banks of New York City first called public attention to the heavy taxation under which they are suffering, and which they said would compel a large withdrawal of the capital invested in them, as the event has since verified, it was to Albany and not to Washington that they applied for the relief, so manifestly needed not only by themselves, but by the commercial and other public interests identified with their own. And it was not until after the appeal to Albany had failed to meet with any response, that an appeal was made to Washington. We doubted then, whether the first repulse at Albany was not too hastily accepted as final, and this doubt has not diminished since the entire failure, after a persistent trial, of the effort to obtain a reduction of the National taxes.

The arguments against the repeal, or decrease, of the taxes imposed by the United States, are plausible, and some of them appeal with great force to the interests and sensibilities of sections of the country whose weight in Congress is very great. It is urged that these taxes are the estimated value of the privileges given to the banks; that the nation which grants the privileges ought to have the price for them; that the effect of taking off the National taxes will only be to give to localities the opportunity of levying still higher taxes; and that the possible and probable change of National into local taxes, is against the interests of those States in which there are few, or no banks. We greatly fear that these and similar arguments, aided by the blind and unreasoning hostility to banks which exists in some quarters, will continue to render futile any effort at obtaining relief in Washington. If there is any hope at all in that direction, it is probably that of obtaining a reduction of the tax on the amount of the National bank circulation. In pressing that point specially, aid may possibly be obtained from the interests and opinions in favor of an expansion of the circulating medium. Most of the enemies of the banks are in favor of an abundant money, or, as they express it, of a "money adequate to the wants of trade." As under existing laws there can be no increase of paper, except by the increase of bank notes, some of these persons may forego the gratification of their ill-will, and consent to the removal, or reduction, of a tax which tends plainly to contract the currency.

The table printed above showing the per cent. of local taxation, in the four principal geographical divisions of the country, gives no idea of the enormous disparity in that tax-

ation, comparing particular States and particular cities with each other.

Thus, the average for the Middle States is 1.9 per cent., but for the State of New York it is 2.3 per cent., while for the State of Pennsylvania it is only .7 per cent. Comparing cities it is only $\frac{1}{2}$ per cent. in Philadelphia, while in New York City it is 2.9 per cent. and in Albany, it reaches the great figure of 3.2 per cent. In the City of Washington, where taxation in general is much complained of, it is only .7 per cent.

So far as these local taxes are municipal, as they mainly are, it cannot be for the interest of the States to permit an injury to be done to their general commercial interests, by an excess of municipal taxation upon the banks, resulting from the superior political weight of other interests at particular points. And certainly it is not for the interest of particular localities, in the most selfish view, and aside altogether from considerations of fairness, to drive capital away from banking by excessive taxation. It is true that money operations tend to center where trade centers, but it is also true that trade tends to center where banking facilities are most abundant. The two things act and re-act upon each other.

The tendency must be, if the present vicious system of excessive taxes upon the banks is continued, to cause them to be located, not where they are most wanted, and not where they will be surrounded by influences likely to ensure their good management, but in the places where the taxation is now the least, or in places where arrangements can be made with the taxing authorities to have it light. Whenever, by a turn in business affairs, the employment of National note currency becomes profitable again, we may see speculative parties hunting for nominal head-quarters for new banks, in out-of-the-way localities where local assessors will stipulate in advance that they will be indulgent, just as rich men in some parts of the country fix their legal domiciles in towns which will bid for them by offers of the lowest rates of taxation. It would be a strange spectacle, but it is by no means an impossible, or even an altogether improbable, result, to see the National banking capital of the City of New York disappear under the pressure of an annual local tax of 2.9 per cent., to re-appear in some towns in New Jersey not important enough to be named on ordinary maps. Even if the controlling politicians of the City of New York could find satisfaction in such a result, it is not to be presumed that the legislators at Albany would passively permit it to be consummated.

MUNICIPAL INDEBTEDNESS.

The great recent increase of municipal indebtedness in this country is attracting much attention, but by no means more than it deserves. At the last two meetings of the American Bankers' Association it was earnestly discussed, and the necessity of remedial measures was acknowledged.

A few months since this magazine published a statement of the constitutional and legislative measures adopted in the several States within a few years past, to prohibit or limit the incurring of debt by counties, cities, and towns. In some States, in cases where new debts of that kind are permitted, with more or less of restriction, provision is made for paying them off within reasonable periods by sinking funds, or annual reductions in some form. But in respect to debts contracted before the restraining or prohibiting action of the States, no provision has been made requiring them to be paid off. The most notable exception is the case of the Massachusetts law of 1875, which compelled the liquidation, not only of future debts, but of debts existing at the date of the law. The legislators of that State intended to cover the whole ground and deal with the whole evil, and their well-considered action is a model which ought to be followed everywhere.

The statement of the debts of 130 of the principal cities of the country in the ten years from 1866 to 1876, adopted as correct in the address of Mr. James Buell before the Bankers' Convention of 1877, has been frequently published, and we reproduce it here :—

The municipal debt of 130 cities was found to be in the year 1876, \$644,378,663; in 1866, \$221,312,009. The assessed value of the property of the same in 1876, was \$6,175,082,158; in 1866, \$3,451,619,381. Annual taxation of the same in 1876, \$112,711,275; in 1866, \$64,060,914. Population of the same in 1876, 8,576,249; in 1866, 5,919,914. Increase in debt 200 per cent., in taxation, 83 per cent., in valuation, 75 per cent., and in population only 33 per cent. The municipal debt alone of 130 cities, representing a population of only 8,576,249 exceeded in 1876 by over \$128,000,000 the county, town and city indebtedness of the entire country in 1870. In six years the indebtedness of these cities had exceeded, by over \$316,000,000, the bonded and floating indebtedness of all the towns and cities in the United States, which in 1870, according to the census, amounted to \$515,800,000.

In an article prepared for the *Princeton Review* by Robert P. Potter, of Chicago, the complete official returns of city, town, and county indebtedness in 1878, in eleven States, are aggregated and compared with previous returns. These States are New York, Massachusetts, Illinois, Ohio, Wisconsin, Minnesota, Kansas, Missouri, Connecticut, Georgia, and

Rhode Island. In these the total aggregate local debt in 1878 was \$546,285,528, and in 1870 it was \$286,179,060. The assessed valuation of property in these States was \$7,172,148,179 in 1870, and \$9,333,696,515 in 1878.

The returns from the other States are not complete, but from the most exact information possible to be obtained, Mr. Potter estimates that the total local debt of the country at the close of the year 1878 was \$1,051,106,112, exclusive of State debts.

It would seem that this local indebtedness has been increasing even faster than the National indebtedness has been diminishing. State indebtedness has diminished, however, and there may also be pointed out as encouraging circumstances, that the wealth and capacity of the country to pay debts have been on the increase within ten years, and that the rates of interest upon debts are being reduced. But it is also undoubtedly true that the purchasing power of money has been much appreciated within the same time, so that debts, nominally the same, are really much heavier and more burdensome.

No subject demands more earnest attention than this from the statesmen, bankers, and business men of the country, and indeed from every class and interest in it. Public debts augment taxes. They depress the prices of real estate by the double process of increasing the charges upon it, and of increasing the current rates of interest by locking up loanable capital in public securities. They are evils in all their aspects, and they are not evils of which we can be relieved without submitting to sacrifice. Economy in public expenditures is essential, but that alone is not sufficient. Severe taxation must be borne as a less burden than a permanent, or still worse, an increasing, public indebtedness.

BANK CIRCULATION.

We are indebted to the courtesy of the Comptroller of the Currency for the accompanying statement, which shows that the National banks in operation on the 4th of last April were entitled to call for circulating notes to the amount of \$389,372,916, but had actually applied for and received only \$313,045,346. There was thus not called for \$76,327,570, or one-fifth of the circulation they had the right to demand. Evidently, in the present condition of business, the privilege of furnishing currency cannot be very profitable when the banks decline to so great an extent to exercise it. It is not the case of persons refusing to form new banks, from which they may be dissuaded by many reasons not connected with the want of profit in issuing currency. But it is the case of

THE NATIONAL BANK CIRCULATION.—ISSUED AND UNISSUED.

[PREPARED BY THE COMPTROLLER OF THE CURRENCY.]

STATEMENT showing by Geographical divisions the amount of CIRCULATING NOTES to which, under the provisions of Section 5,171 of the *Revised Statutes*, the NATIONAL BANKS in operation on April 4, 1879, WERE ENTITLED, and also the total amount of notes which has been actually issued to them :

Geographical division.	For banks with capital not exceeding \$500,000. Circulation 90 per cent. of capital.		For banks with capital exceeding \$500,000, but not exceeding \$1,000,000. Circulation 80 per cent. of capital.		For banks with capital exceeding \$1,000,000, but not exceeding \$3,000,000. Circulation 75 per cent. of capital.		For banks with capital exceeding \$3,000,000.* Circulation 60 per cent. of capital.		Totals.	
	Capital.	Circulation.	Capital.	Circulation.	Capital.	Circulation.	Capital.	Circulation.	Capital.	Circulation.
Eastern States.	\$ 95,211,416	\$ 85,690,274	\$ 44,275,000	\$ 35,420,000	\$ 24,879,650	\$ 18,659,737	—	—	\$ 164,366,066	\$ 139,770,011
Middle "	102,623,136	92,360,822	28,872,560	23,098,048	25,720,700	19,299,525	\$ 13,200,000	\$ 7,920,000	170,416,396	142,669,395
Southern "	29,294,700	26,365,230	1,000,000	800,000	—	—	—	—	30,294,700	27,165,230
Western " Pacific States & Territories.	71,574,200	64,416,780	9,700,000	7,760,000	2,450,000	1,837,500	—	—	83,724,200	74,014,280
	4,060,000	3,654,000	750,000	600,000	2,000,000	1,500,000	—	—	6,810,000	5,754,000
Grand Totals.	\$ 302,763,452	\$ 272,487,106	\$ 84,597,560	\$ 67,678,048	\$ 55,050,350	\$ 41,287,762	\$ 13,200,000	\$ 7,920,000	\$ 455,611,362	\$ 389,372,916
Total amount of circulating notes issued to above described banks to April 4, 1879.	.....								
Remaining notes to which above banks are entitled, but which have not been called for.	.....								
										\$ 76,327,570

* All existing National banks with capital exceeding \$3,000,000 each are located in New York City.

banks already in existence and operation, with their working machinery organized and running, which take out only four-fifths of the currency they might take out if they chose, and for no other possible reason than that they do not see their way clear to gaining any advantage by it. If others can see exorbitant profits in it, evidently the banks themselves do not see them, and they are certainly likely to be as well informed about it as the rest of the world. Profits which they cannot see do not exist. There is manifestly no ground for what is the chief popular prejudice against the National banks, that they gain largely from what is strangely called the monopoly of issuing notes for circulation, although it is free and open to everybody who chooses to organize under the National banking law, and deposit government bonds as security. People do not complain if the National banks make profits out of their discounts, or by making loans, because that is equally done by State banks and by private bankers. The thing which has been made odious to many by persistent clamor is the function of furnishing currency, and not because the currency furnished is not safe and acceptable, but because there has been believed to be an undue gain in it, in the nature of a special privilege, royalty, or monopoly. The statement we now present from the office of the Comptroller of the Currency effectually disposes of all ideas and suggestions of that kind.

This lack of profit, about which there is thus shown to be no reasonable doubt, arises from the heavy taxation on circulation, in connection with the low rates at which money must be loaned, if it is loaned safely. The taxation would not be excessive, and would not prevent the banks from applying for much more circulation, if business was brisk and if the market was full of good commercial paper, which the holders would offer for discount on the terms they would gladly have accepted six or eight years ago. But the taxation has been kept up, when the circumstances which originally justified it have ceased to exist.

The persons and classes in this country who desire, for various reasons, an expansion of the volume of money, have a very great, and, perhaps, a controlling influence with Congress. It is remarkable that it has not occurred to them that they could effect their object, directly and speedily, by co-operation in a repeal, or reduction, of the tax on the circulation of the National banks. We are quite aware that they would prefer to effect their object in other ways, but they must see that none of those other ways are open to them, except at the end of, and by the means of, the successful issue of a protracted and doubtful political contest. But they want immediately and without delay the relief of a money, more abundant, and expanded to the proportion of what they call "*the wants of trade.*" Why should they reject

the present enjoyment of such a money when they have nothing to do to obtain it, except simply to withdraw their opposition to a reasonable measure of relief to the National banks in the matter of the taxes on their circulation? We do not expect to convert these persons into friends of the present National banking system. But so long as the system exists, and until they can succeed in overthrowing it and substituting something which they would like better, why may they not fairly endeavor to get the most out of the system, in the line of their own views and theories about the volume of money?

These persons propose, and hope at some time to carry through, the retirement of the bank notes and the substitution of an equal amount of greenbacks. They ought to see that in the event of the success of such a policy, the larger the volume of the bank notes, the more greenbacks will be issued in their place.

GERMAN SILVER AND FOREIGN EXCHANGES.

One of the most important events of the past few weeks has been the suspension, which may possibly prove indefinite, of silver sales by the German Government. The result, as anticipated, has been a very large rise in the gold valuation of silver.

The purpose of Bismarck to suspend these sales was first announced May 17. Two days later, the London agents of the German Government posted a notice that they would sell no more until further orders. The matter very soon assumed the much larger proportions of a general belief which temporarily prevailed in financial quarters in Berlin that Bismarck intended to restore the double standard. The fact of this general belief there is given in the London *Times* of June 13, on the authority of Lord Odo Russell, the British Ambassador at Berlin. The *Times* of that date, speaking from the point of view of London opinion, said: "This news may be quite correct, for the economic vagaries of the German Government in all directions are unknown quantities, and we may be prepared to accept the perpetration of any folly after what the past few years have revealed. Still, it would be well to receive this news with caution for more reasons than one. The belief of financial men in Germany is hardly sufficient ground on which to come to the conclusion that silver will be remonetized forthwith. As a whole, however, the tendency of the extracts contained in the parliamentary paper, where this letter appears, is to show that a recovery in the value of silver is quite probable; that Ger-

many will cease to sell till the price rises again is also very likely, for the loss so far has been rather severe. She is, besides, behindhand with her silver [subsidiary] coinage, quite apart from any question of a double standard, and in the end may not have much more to sell. The production of silver, moreover, has been far less in proportion to gold than is popularly supposed. All this fully justifies the opinion that the depreciation of silver has been unduly great."

It very soon appeared that the public at Berlin had jumped very hastily at the conclusion that Bismarck, because he had suspended the sales of silver, had made up his mind to reverse the policy of demonetizing it. The following dispatch from Berlin, dated June 19, appeared in the London *Times* of the next day :

In the Reichstag to-day Herr Delbruck presented an interpellation in regard to the Government discontinuing the coinage of silver. He said it was necessary clearly to define the situation, especially as in the debates of the British Parliament the question whether Germany intended to modify the law fixing upon a gold standard had been treated as an open one. Prince Bismarck replied that he did not know the views of the Federal Government, but he himself did not think it expedient unnecessarily to commit himself to an expression of opinion upon a question of such moment. He thought the interpellation had not been well considered; but treating the matter from a business point of view, he could assure the House that neither the Federal Council nor the Prussian Ministry had mooted the question of a modification of the gold-standard law. The suspension of the silver sales was a measure of expediency, adopted pending an increase of value. Any doubt respecting the stability of German coinage legislation was wholly unwarranted. He had never discussed the question with the Minister of Finance. The gentleman from whom Lord Odo Russell, the British Ambassador, had derived his information, that "the German Government is preparing to introduce and adopt a double standard as in France," must have been better informed than the Imperial Government.

This is a distinct negative of the statement that any decision had been made, or even discussed, to change the gold standard policy of 1871, and it is an equally distinct declaration, so far as Bismarck is personally concerned, that he does not mean to commit himself as to the future. For the present, he will not sell silver, and for the sufficient reason that he expects an increase in its value. There can be no doubt that Germany has needlessly depressed it by precipitating sales at the wrong time and under a foolish panic. But the man to blame for that is not Bismarck, but Söetbeer, who has been the evil genius of the whole operation of German currency reform. He put out a manifesto last fall that low as silver was it would go lower, and that although Germany was selling at a great sacrifice, there would be a worse sacrifice in holding it. The truth is Söetbeer, and in fact all Europe, had then adopted and have only lately given up the idea that the coinage of silver in the United States would be arrested by the present Congress.

The conclusion of the whole matter is, that Germany is for the present out of the market as a seller of silver, and is not at all likely to resume sales until its gold price rises materially.

The Berlin letter published in the London *Times* of June 13, as telegraphed to this country and extensively republished here, contained the following :

"The German Government has £10,000,000 (\$50,000,000) of silver in hand, which will increase during the suspension of sales."

This prodigious mistake may have arisen from an error in the telegraphic transmission hither of the article in the *Times*.

On the 24th of May the London *Economist* made the following statement :

"There was a stock of silver of about £150,000 in the hands of the German Government on the 1st of January, 1879. Since that time the work of withdrawal has continued, as also the sales by the German Government."

The *Economist* gives no authority for this statement. Considered as a guess, it is more probably a little below the mark than a little beyond it. The German Government makes no open official statements on the subject, and as to the mere whispers and givings out of hangers-on about the German public offices, they deserve little attention. We have solid ground enough in the nature and surroundings of the case to be satisfied that the German Government holds no considerable amount of silver, withdrawn and not sold. It is, in the first place, short of money, paying interest all the time on treasury notes, and in no condition to lock up funds, in mere wantonness, in silver or in anything else. In the next place, it is always sure of getting silver from the Imperial bank to meet the emergency of a tempting silver market. And finally, abstracting large amounts of silver from the monetary circulation and locking it up, is an absurdity of which the German Government ought not to be suspected. The operation in which it has been engaged is a change of the metallic currency from silver to gold, and any tolerable management of such an operation, having in view the steadiness of the monetary volume, requires that withdrawals of silver should be followed without much delay by its sale for gold. Without doubt, that has been all along the course of things, and we may dismiss as idle, come from what source it may, the statement that the German Government has now, or ever had, any such sum as £10,000,000 locked up in withdrawn and unsold silver. The amount of silver still in circulation, or held by the Imperial Bank is undoubtedly £10,000,000, and according to most of the accounts, even more than that.

As the London journals properly point out, a suspension by Germany of silver sales means a suspension of gold pur-

chases to the same extent, which will give relief to the straitened gold market.

All accounts agree, that it is the free-trade party which is in favor of the currency changes inaugurated in Germany in 1871, and that the Protectionist party, as a body, are opposed to those changes, which included a suppression of small notes (below \$25) as well as the substitution of silver for gold. For the time being, the Protectionist party is in a majority in the Chambers. It may be that if they do not think it worth while to restore silver they may restore the circulation of small notes, which would liberate a certain amount of metallic money for the use of other nations.

In Great Britain failures continue on a great scale, not only among the producers of cotton and iron goods, but among merchants in all branches of trade, foreign and domestic. The *London Times* says that many real failures are not openly announced, because the banks, unwilling to admit their losses, choose rather to arrange a "*private forced liquidation*" of their insolvent debtors. All the British banks are carrying masses of paper which will never be paid, unless there is some recovery from the extreme depression of the general range of prices of commodities in the British markets. Innumerable bankruptcies, staved off so far in the hope of such a recovery, are inevitable at last unless it comes, and unless it comes soon, and many of the banks must go down with their debtors. The general feeling of the British public is exceedingly despondent, and the more so as so many hopes and assurances of improvement have been held out within two or three years, and have all failed. This feeling is well expressed in the following from the London correspondence (May 24) of the *Financial Chronicle* of this city :

"As soon as a tendency to improvement manifests itself, failures of some importance crop out, and a return of confidence is thus very seriously delayed. So protracted a crisis has not been known before, as it may be traced back to October, 1873."

Attention here and in Europe is directed to the falling off in the production of the gold and silver mines in the United States. During the fiscal year ending June 30, 1879, as compared with the preceding fiscal year, this falling off is said to be estimated by the Mint Bureau at thirty million dollars, about equally divided between the two metals. The statements of that Bureau are made for fiscal years. Those of Wells, Fargo & Co. are made for calendar years, and, as will be remembered, the estimate made in their January circular, was, that there would be a falling off in 1879 as compared with 1878 of ten million dollars. It happened that the fiscal year just ended commenced just about the time that the production of the Comstock Lode was substantially suspended, and it has remained in that condition until the present time.

We do not believe that on a comparison of calendar years, the falling off will be greater than the estimate of Wells, Fargo & Co., but that is serious when it is added to the falling off from 1877 to 1878, of about the same amount. The situation is, that when the Comstock mines were at their maximum yield, they furnished forty per cent. of our supplies of the precious metals, and it takes a great many rich mines to compensate for their temporary unproductiveness. It is the settled opinion at San Francisco that their production will be resumed again and before a great while, but as to how long it will then continue there is less unanimity of belief.

There were some exports of gold to Europe during June, but not on any scale to excite alarm or even regret. If the entire production of our gold mines, after supplying consumption in the arts, is exported, it will be in the normal course of things, and even then the aggregate of our metallic money would be increased to the export of the coinage of silver dollars, which, under existing law, must be about \$26,000,000 annually. The United States is the principal producer of the precious metals, the yield being nearly one-half of the product of all the mines in the world. It is neither possible, nor desirable, to prevent their outflow from this country. The tendencies to an equable diffusion of the money metals throughout the commercial world are irresistible.

In the present case, it is not an adverse balance of the general foreign trade which causes the export of gold. On the contrary, the excess of merchandise exports over merchandise imports, although not so large as it was a few months ago, is still very large. It is more than sufficient to meet the foreign interest account of the country, and the excess beyond that must be received in American securities of some kind hitherto held abroad. Some persons, in view of the considerable sales to foreigners of the new government fours, think that there are more securities being sent to Europe than are received from that quarter, but this is plainly an error. We cannot, at one and the same time, have a large favorable balance of foreign trade, and also be exporting both securities and gold and silver. It is known that the prices of American railroad shares and securities, which may not be too high, but are generally much higher than they have been, are drawing them from European holders. It is also believed that more of the called 5-20 and 10-40 bonds were held abroad than is consistent with the treasury estimates of last November and December, that the whole amount of the Government bonds then held abroad did not exceed two hundred, or two hundred and fifty million dollars. On the eve of resuming coin payments, it was quite allowable to sustain.

public confidence by putting our foreign indebtedness at the lowest possible figure.

Whatever the actual amount of our Government and other securities held abroad may be, it is satisfactory to know that it is being steadily diminished. This country is now too old and too rich to be a borrower of foreign capital on any terms. The position of lender is much more desirable, and the time is not far distant when New York will be one of the great markets in which securities from all quarters of the globe will be sold.

What is called the difficulty in the Indian exchanges, has brought out proposals without number of quack remedies. The first was that of bringing up the value of the rupee, by limitation of coinage, to its old ratio to the gold sovereign of ten for one. The last is a proposal, somewhat incomprehensible, made in the British House of Commons by a Mr. Lowe, who offered to bet his life on its perfect success. Some conjectures as to what he means may be based on the following account of it in the *London Times*, of May 29th :

No doubt Mr. Lowe felt he was saying something paradoxical, or he would not have talked of carrying "his life in his hands," but still there is a difficulty in thinking that he proposed, as a solution of the exchange difficulties of India, the institution of a paper currency based on an imaginary issue of gold. Yet this seems to have been his recommendation: Convert the present rupee coinage into a token coinage, and for this purpose restrict its employment as a legal tender in discharge of debts to a certain limited amount, just as we restrict silver to the limit of forty shillings. Silver being thus discarded, what is to take its place? It is here that Mr. Lowe becomes somewhat obscure. The legal tender of the future is to be paper, and this paper is to be somehow redeemable in gold; but how the paper is to be issued, and where the gold is to be found in which it is to be redeemed, does not clearly appear. Mr. Lowe's language, indeed, points to the conclusion that gold need not be provided, as he was understood to take credit for avoiding the necessity of this costly operation. But what would be the result? The paper would be issued by the Government in payment of its debts and current expenses, but, unless it could be exchanged for gold on demand, it would surely become depreciated. As Lord George Hamilton put it, no one would believe in notes representing gold unless the Government had gold corresponding to the notes in some satisfactory proportion. If Mr. Lowe does not mean to land us in a world of inconvertible and depreciated paper, he must intend to provide a gold currency sufficient to keep his notes at par; and this would seem to be his real notion, as he talked of establishing a standard of value identical with that prevailing in this country. The operation thus described would, however, be exceedingly large in its dimensions, as it would really amount to the establishment of a gold currency; and, moreover, it would fail to relieve the Indian Government from their difficulties, if it did not add to them. Silver, being demonetized, would naturally become more depreciated than ever, and the ratio of value of silver to gold would be diminished in an aggravated fashion.

GOLD MINING IN THE UNITED STATES.

We have, in this country, two known sources of a large supply of gold.

The first is the famous gravel formation running north and south in California, which has been traced continuously for fifty miles, and has been found at isolated spots for four hundred miles, and which is generally believed to be the bed of an ancient river. Its present yield is about \$12,000,000 per annum. Its maximum possible yield is supposed to be about \$15,000,000, at which rate it is supposed that it will continue to yield for fifty, or a hundred years, and perhaps longer.

The second source of a large supply is the Comstock lode, which has yielded \$15,000,000 in a year, and may do it again. The continued yield of the Comstock Lode depends upon successive discoveries of great ore-bodies, or bonanzas. A substantial continuity of such discoveries has been the realized fact since 1863, and just now, according to the prevailing opinion of those who should know best, a new ore-body in the Sierra Nevada and the contiguous mines at the northerly end of the Comstock Lode, is about to take the place of the ore-body of the California and Consolidated Virginia mines, which is generally supposed to be substantially worked out.

We may thus expect an annual gold supply of (say) \$15,000,000 for an indefinite period from the California gravel formation, and an equal supply for one, two, or three years, and perhaps a great deal longer, from the Comstock Lode. The remainder of our supply is at present in amounts which, as compared with these very large supplies, are comparatively small.

The gold yield of Montana for the year ending on the 30th day of June, 1878, was \$2,260,511, and is expected to be for the year ending June 30, 1879, \$3,500,000, of which three-sevenths are expected from placer mines and four-sevenths from quartz mines.

For the year ending on the 30th of last June, 1878, the gold yield from some other regions was as follows, according to the figures given in the Mint Bureau report :

Colorado.....	\$3,336,404	..	Dakota (Black Hills).	\$3,000,000
Idaho.....	1,150,000	..	Oregon.....	1,000,000
Utah.....	392,000	..	New Mexico.....	500,000
Arizona.....	500,000	..		

Accompanying the last annual Mint Bureau report is a letter from L. L. Robinson, from Contra Costa County

(Cal.), dated September 9, 1878, giving an account of the gold gravel formation, of the principal points of which we proceed to present a summary.

In July and August, 1878, a law suit was on trial, and a multitude of witnesses were examined, at Marysville, the parties being the owners of agricultural lands damaged by the *debris* of the hydraulic mines on one side, and the owners of those mines on the other. Among other things, testimony was taken as to the yield of that class of mines, with a view to show their importance in a public point of view. The result on that point was a range between eleven and thirteen million dollars annually. Mr. Robinson says:

"It is, in my opinion, highly probable that this yield will slowly increase during the next five years until it will reach \$15,000,000, beyond which it will not increase; but this yield, when increased, will continue for fifty years or more thereafter."

Elsewhere, in reference to the probable continuance of the yield of these mines, Mr. Robinson says that it may be relied upon "for the next three or four generations."

If it was a mere question of obtaining capital and labor for the exploitation of these mines, they could be worked out very quickly, and the present "gold famine" be ended, for a time at least. But it is a question of water, and that must be obtained from the summit of the Sierra Nevada, as this gravel bed lies high above the level of the country in the vicinity of it. To obtain this water requires works which can only be constructed at a great expenditure of time and money. Periods of seven and ten years were required in the case of two companies. The expenditure of one single company has been \$4,000,000. Mr. Robinson further says:

"The scarcity of reservoir sites in the high Sierras will forbid any important increase in this class of mining."

The suits of the owners of agricultural lands affected by the immense mass of *debris*, which is a consequence of the method of working the hydraulic mines, are still pending upon the questions of law which are involved. It is the opinion of some persons that they will finally be decided in favor of that class of owners of agricultural lands who obtained their titles prior to the working of these mines. Even if that proves to be so, it may be safely assumed that some compromise and adjustment will be reached, by which the mining will still proceed. An interest so great will find some means of maintaining itself. But to whatever extent it is burdened with the necessity of making compensation for injuries to farming lands, will the rapidity of its development be retarded.

As already noticed, the Comstock Lode differs entirely from the California gravel formation, in the vital particular that the continuance of its yield is wholly uncertain. The

importance of that fact, in any calculation about the future of gold, will be apparent, if it is considered, that when the yield of the bonanza of the Consolidated Virginia and California mines was at its average the Comstock Lode produced, in round numbers, one-sixth of all the gold produced in the world, and one-third of all produced in this country. For the present, hopes are high and seem well justified that new bonanzas are on the point of supplying the place of the lost one, but it cannot be forgotten that the explorations have already attained great depths, and that the difficulties of working the Lode are, therefore, greatly multiplied.

On the whole, the conclusion as to the probabilities seems to be justified, that the annual gold production of about \$45,000,000, which has been shown during the past three or four years in the United States, will not be exceeded hereafter. If this turns out to be true, it is to other-quarters and not to this country, that we must look for that increase of the yield of gold, which is called for by the constant advance in the population, wealth and commercial exchanges of the world.

GAMBLING SPECULATIONS.

The press is everywhere discussing the alarming degree to which gambling speculation has become an element in the transaction of business. It is no longer confined to stocks, but extends to every species of merchandise. Buyers' and sellers' options are as familiar features in the produce exchanges as in the stock exchanges. Contracts are entered into for the sale of, or right to purchase, wheat, cotton, and petroleum, with no expectation of actually handling those commodities, but to be settled at last by the payment, or receipt of differences, just as freely as similar contracts in respect to Erie and N. Y. Central shares and Government bonds. There is no doubt that the evil "has increased, is increasing, and ought to be diminished." The aspects in which it is mischievous are almost innumerable. It diverts to the occupation of gambling, which is essentially unprofitable in a public point of view, an incalculable amount of time, energy, and talent. It demoralizes the community with the idea of lucky strokes and sudden gains, and thereby saps the foundations of industry, economy and sound thrift. Not only does it cause innumerable bankruptcies by the losses in it, which can never be less than the gains, but it is the most potent cause of the embezzlements, defalcations, and breaches of trust, of which we hear every day. Men, whose repute in the community has been untarnished down to the very

moment of their downfall, are suddenly discovered to have been long honeycombed by insolvency, and to have converted to their own uses the property of widows and orphans, and of confiding institutions and clients. No explanation is more frequent than that of losses in what are called "operations"—meaning by that, gambling ventures in some particular stock, or species of merchandise.

It is said by some, that enormous and undeniable as the mischief is, it is irremediable; that man is essentially a gambling animal; and that legislation can do nothing which will prevent, or sensibly diminish the practice of that vice. It is also said that speculation is, with all its evils, a steady influence in the markets, rather than a disturbing one, and that the modern movements in financial and commercial affairs, would be impossible without it.

It is true, in a certain sense, that speculation is a legitimate result of the human intellect and character. It is the glory of man, and the most conspicuous line of distinction between him and the brutes, that he "looks behind and before" and forecasts the future from the past. He is in the right exercise of his noblest powers, when he looks forward to the changes which will result from causes which he sees in operation, and forecasts the relative rise, or decline, in the various exchangeable values which constitute the general wealth.

It is also true that speculation, when it is limited to the actual purchases of merchandise, or stocks, which may be made upon speculative grounds and with speculative views, gives steadiness to the markets. If there were no purchases of cotton in Liverpool from day to day, except the spinners who want it for consumption, and the merchants who want it to ship to foreign ports, the price would fluctuate more than it does. Whatever degree of irregularity there is in those two demands for cotton, is remedied more or less by those who will buy it to hold and sell again, if they think the price is abnormally low. Houses in cities and towns would often sink to ruinous figures, if there were no other customers for them than those who need houses at the moment, and if there were no speculators to step in and carry such property until a better demand sets in. If there were no other purchasers for investment stocks and securities, than those who look only to present income, and will not look ahead to the prospects of the future, such stocks and shares as might be at the moment non-paying would have no price. It is the fact that such other purchasers are found in men of speculative tempers and tendencies, which steadies the market for them, and secures a price corresponding in some degree to a fair expectation of their future productiveness.

It is not difficult to see the distinction, even if it is diffi-

cult to formulate it in exact words, between legitimate and useful speculation, and the mere gambling, or betting, which forms so considerable a part of what is now politely spoken of as business. A bet on the price, at a future day, of wheat, or cotton, or of a particular stock, differs in no essential respect from a bet on a horse race, or a game at cards, or on the state of the weather a week ahead. Nor does it differ in any essential respect from the purchase of a lottery ticket.

It may be true that the human propensity to gamble is too strong to be eradicated, and that it is idle to expect to entirely prevent its practical manifestations. There are many things which point to such a conclusion. Gambling has existed in all ages of the world, and in all states of the human race, from that of the savage who, having lost everything else, will stake his wife, and finally himself, on the throw of a die, to that of the Parisian exquisites, male and female, who become periodically mad in the orgies of the Bourse. There are other vices besides gambling, which have always flourished, and will probably continue to do so, until the arrival of the millennial days. But moralists and law-givers persevere in discountenancing vices, even where they do not hope to banish them, and they have never made an exception of gambling. There are plenty of statutes against it, and there is no reason why they should not be so extended as to embrace that particular form of gambling which consists of betting on the future prices of commodities or stocks. It could not be prevented altogether, because it can be concealed from observation, and because, if the sanction of the right of legal enforcement is withdrawn from contracts involving that species of gambling, they may still be practically enforced by a false code of honor among the parties to them. But the law, in addition to withdrawing all protection from such contracts, can hinder and obstruct them in many ways. For example, newspapers can be restrained by penalties from publishing daily accounts of them, and thereby dignifying them as legitimate transactions.

California, in its Constitution, recently adopted, has invested the legislature with the most plenary authority to act repressively against the stock gambling which has been so conspicuously injurious to that young and interesting State. If the actual legislation shall be in harmony with the manifest views of the framers of that constitution, the country will have a trial of the efficacy of law in the premises.

Much can be done, outside of law, and especially by banks and trust companies, which are charged with such delicate and responsible duties, as custodians of the property of others. No prudent banker would retain a clerk, or cashier, known to be in the habit of frequenting the faro table. The prudence is not less clear of discharging from such employ-

ments persons known to be in the habit of betting on stocks. The temptation to embezzlement in order to conceal losses, or to obtain means in the hope of retrieving losses, is as great in the one case as in the other. The infatuation of the habit of gambling is as strong in the one case as in the other. Of the two forms of the vice, it is stock gambling which the managers of banks and trust companies ought most watchfully to guard against, because their employees are most likely to be led into it. The danger is comparatively small of their becoming *habitués* of gambling houses. It is great, that they may fall into the snare of operations in the stock market, carried on constantly by those with whom they associate, and to which they are in many ways incessantly invited.

HANDWRITING AND COUNTERFEITING.

The titles to money and property of all kinds depend so largely upon the genuineness of the signatures to documents, that no inquiry can be more interesting than one relating to the degree of certainty with which genuine writings can be distinguished from those which are counterfeited.

A writer in the *American Law Register* (R. U. Piper) makes some points on this subject which we confess are rather disturbing. His fundamental proposition is, that the judgment of experts is of no value when based, as it ordinarily is, only upon an inspection of an alleged counterfeit, either with the naked eye or with the eye aided by magnifying glasses, and upon a comparison of its appearance with that of a writing or signature admitted or known to the experts to be genuine of the same party. He alleges, in fact, that writings and signatures can be so perfectly imitated, that ocular inspection cannot determine which is true and which is false, and that the persons, whose signatures are in controversy, are quite as unable as anybody else to decide that question. Nevertheless, the law permits experts to give their opinions to juries, who often have nothing except those opinions to control their decisions, and who naturally give them in favor of the side which is supported by the greatest number of experts, or by experts of the highest repute. Decisions upon such testimony the writer in the *Law Register* regards as no better than, if quite as good as, the result of drawing lots. Of course, he cannot mean to include, under these observations, that class of counterfeits which are so bunglingly executed, as to be readily detected by the eye, even of persons not specially expert. He can only mean to say that imitations are possible and even common, which are so exact that their counterfeit character is not determinable by inspection, even when aided by glasses.

At first blush this is certainly a most unsatisfactory view of the case, and the more correct it looks likely to be, the more unsatisfactory. Courts may go beyond inspection and apply chemical or other tests, but such tests cannot be resorted to in the innumerable cases of checks and orders for money and property which are passed upon every day in the business world, and either accepted as genuine, or rejected as counterfeit. But the real truth is, in fully ninety-nine cases out of a hundred, that no check or order is paid merely upon confidence in the genuineness of the signature, and without a knowledge of the party to whom the payment is made, or some accompanying circumstance, or circumstances tending to inspire confidence in the good faith of the transaction. In that aspect, the danger of deception as to the genuineness of signatures loses most of its terrors.

It is one of the recognized rules of courts to treat, as admissible testimony, the opinions of experts, whether the whole or any specified portion of an instrument was, or was not, written by the same hand, with the same ink, and at the same time, which question arises when an addition to, or alteration of, an instrument is charged. But this writer in the *Law Register* says, that it is very easy to so prepare ink that it may "*appear to the eye to be of the age required,*" and that no chemical reagents now known will give any information in regard to the age of writing. But in many cases they will detect the kind of ink employed, and have been successfully employed to show the falsity of testimony that the whole of a writing in controversy was executed at the same time and with the same ink.

Mr. Piper lays great stress upon the ability of determining the genuineness or falsity of a writing by what he calls its "*anatomy*" or "*skeleton.*" He says that some persons in making successive strokes make the turn from one to another sharply angular, while others make it rounded or looping. Writings produced in both ways appear the same to the eye, but under a magnifying glass the difference in the mode of executing is shown. As illustrating that point he makes the following statement in respect to a case involving the genuineness of the alleged signature of an old man, whose handwriting was fine and tremulous:

"On making a magnified copy of this signature, I found that the tremulous appearance of the letters was due to the fact that they were made up of a series of dashes standing at varying angles with each other, and further, that these strokes thus enlarged were precisely like those constituting the letters in the body of the note, which were acknowledged to have been written by the alleged forger of the note. Upon the introduction of this testimony the criminal withdrew the plea of not guilty, and implored the mercy of the court."

As one means of determining whether the whole of a writing was executed at the same time, and with the same ink, or at different times and with different inks, he says, that the

photographic process is very effective, because it not only copies the forms of letters, but takes notice of differences in the color of two inks which are inappreciable by the eye. He states that

"Where there is the least particle of yellow present in a color, the photograph will take notice of the fact by making the picture blacker, just in proportion as the yellow predominates, so that a very light yellow will take a deep black. So any shade of green, or blue, or red, where there is an imperceptible amount of yellow, will print by the photographic process more or less black, while either a red or blue, varying to a purple, will show more or less faint, as the case may be."

As to deception which the eye will not detect, in respect to the age of paper, he says :

"I have repeatedly examined papers which have been made to appear old by various methods, such as washing with coffee, with tobacco water, and by being carried in the pocket near the person, by being smoked and partially burnt, and in various other ways. I have in my possession a paper which has passed the ordeal of many examinations by experts and others, which purports to be two hundred years old, and to have been saved from the Boston fire. The handwriting is a perfect *fac simile* of that of Thomas Addington, the town clerk of Boston two hundred years ago, and yet this paper is not over two years old."

The most remarkable case of deception to the eye, even when aided by magnifying glasses, is in determining, when two pen strokes cross each other, which stroke was made first. Mr. Piper does not explain how this deception is possible, but that it occurs as a matter of fact he shows by an account of a very decisive experiment. Taking ten different kinds of ink, most commonly on sale, he drew lines with them on a piece of paper in such a way as to produce a hundred points of crossing, and so that a line drawn with each kind of ink passed both over and under all the lines drawn with the other inks. He, of course, knew in respect to each point of crossing which ink was first applied, but the appearance to the eye corresponded with the fact in only forty-three cases. In thirty-seven cases the appearance was contrary to the fact, and in the remaining cases the eye was unable to come to any decision.

By wetting another piece of paper with a liquid compound acting as a solvent of ink, and pressing it upon the paper marked with lines, a thin layer of ink was transferred to the wetted paper, and that showed correctly which was the superposed ink at every one of the one hundred points of crossing.

Many cases have occurred in signatures written with different inks, where some letters in one cross some letters in another, in which it becomes important to decide the order of sequence in the writing. It is also frequently important when the genuineness of an addition, as of a date, is the thing in dispute.

It is stated that in the French courts, in a case involving the question of a forgery, every experiment necessary to bring out the truth is permitted, even if it involves the destruction of the disputed document, a certified copy of it being first taken.

The writer in the *Law Register* is somewhat severe upon courts and lawyers for permitting experts to give their opinions based only upon ocular inspection. We can hardly see that this censure is quite deserved. The courts only rule that such testimony is admissible, and it clearly is so, upon the principles which permit persons to testify as experts in other matters. Those whose business it is to be constantly comparing handwritings, and to decide upon their genuineness, are experts on that subject, and their opinions as such are admissible as testimony, but the weight of such testimony is to be passed upon by juries. Courts would be censurable if they excluded other testimony tending to show that the opinion of an expert, favorable or unfavorable to the genuineness of a signature, was given upon ocular inspection merely, and that it was in fact a mistaken opinion. But the writer in the *Law Register* does not show that courts have ever excluded such opposing testimony, and indeed, in many cases cited by him, it appears that they have admitted it. Clearly the fact that a disputed signature resembles or does not resemble a signature of the same party, admitted to be genuine, is a pertinent fact to go to a jury for what it is worth. Courts would do wrong, without doubt, to exclude other testimony tending to establish the belief that the appearances in the supposed case were deceptive. But there is not, so far as we know, any rule of law or practice of courts under which there is any such exclusion.

No subject can be more important and interesting to merchants, and especially to bankers, than that of the reliability of the tests of the genuineness of written papers. While it is true that in most cases there is some earmark, besides the appearance of a signature, whereby to determine the genuineness of a document; it is also true that in many cases, and frequently in cases of great magnitude, payments are made on no other basis than the appearance of a writing. The most common class of these last cases is where A has been long known to be an indorser for B, and where the connection between the two which leads to these endorsements is well known. There is nothing in the appearance in the market of a note of B endorsed by A, that is, in any degree calculated to excite suspicion or to put a proposing purchaser upon inquiry. If the indorsement of A resembles his usual handwriting, it is almost always accepted as genuine, and if losses result from its proving to be counterfeit, they are set down to the score, not of imprudence, but of unavoidable misfortune

In modern times the telegraph gives facilities for promptly ascertaining the genuineness of a signature of a party at a distance, before making a payment on the strength of it. Thus, as the ingenuity of rogues constantly takes new forms, the ways and means by which they can be baffled in their enterprises are constantly being multiplied. In respect to forgeries, the proportion of successful ones to the mass of business transacted is, we should judge, rather diminishing than increasing.

PHILADELPHIA BUILDING SOCIETIES.

The press of Philadelphia publish from time to time very interesting accounts of the progress and management of the building societies, which are much more numerous and important in that city than anywhere else in this country. Their existence and activity have had a good deal to do with the fact, so fairly a matter of boast with Philadelphians, that in no great town in the world is so large a proportion of the people well housed.

In substance, such a society is an association of persons agreeing to contribute certain sums at stated periods, until the aggregate reaches a certain figure from the contributions themselves and from the profit, or interest, resulting from their employment in loans. These loans are made on mortgage and in aid of building or purchasing houses, and by preference to the members of the association. As between members who may desire loans, the loans are determined in favor of the members offering the highest premium for them at an open bidding.

Of course, the practical working of such associations requires many detailed regulations. The members who are able to make their contributions regularly, are protected against loss to themselves and unequal advantages to others, by a system of properly graduated fines imposed upon those who are tardy in their payments. Equitable provisions are also made, whereby those who are unable to complete their contributions may withdraw their funds with an allowance of moderate interest upon them.

These building societies are, in fact, Savings institutions, but with the addition of new and very important features. Members who choose to do so, can deal with them simply as Savings institutions, and merely receive interest on their deposits, and without taking loans from them for purchasing or building houses. A considerable portion of the members do, in fact, make that choice. But they are unlike ordinary Savings institutions in the particular that their funds are by preference appropriated to loans in aid of building or purchasing houses, and that the preference in making such loans

is given to the members of the association. It is true of too many of the Savings institutions that they are gotten up for the object of giving to their managers the control of money to loan, and that the governing consideration in the loans which are made is the convenience or advantage of these same managers. In these building societies, on the contrary, the priority in borrowing their accumulated funds is given to their own members, who are thus enabled to borrow on better terms, or obtain loans which they otherwise would not perhaps be able to effect at all.

The loans being made upon open bidding, can be watched by all parties in interest, and are likely to be more safe than loans made in private by boards of directors, or committees of such boards.

As a matter of experience over a long period of time, the operations of the Philadelphia building societies have been singularly successful. They have been more so than any equal number of other institutions dealing in money. We have now before us in the Philadelphia *Ledger* of May 17, an account of one society which paid profits ranging from six to ten per cent. per annum, to members withdrawing before the completion of their contributions, and profits of twelve per cent. to the members who completed them. As the profits depend, other things being equal, upon the rate of interest obtainable upon loans, it is, of course, not to be expected that building societies in Philadelphia, or anywhere, can hereafter yield profits such as these to persons investing in them. But they seem to afford, in the publicity of their proceedings, and in the vigilance of the private interests concerned in watching them, as efficient guarantees for good management as can be hoped for in any business operation. And, aside from this utility as a depository of savings, they induce and facilitate efforts of persons of moderate means to become the owners of the houses they live in.

The scale of contributions to these societies can be as moderate as those who get them up may prefer, and is often as low as one dollar per month.

In respect to New York City, lots on Manhattan Island are too high-priced for the kind of houses the construction or purchase of which is intended to be aided by such societies. There is, however, abundant room for their operations in Brooklyn, Westchester County, and the New Jersey towns adjoining New York, and the societies to make such operations can be organized, either in those places or in New York city, or in both. The present tenement houses, into which its laboring population is crowded, are hotbeds of disease, crime, and death. All measures of relief from them should be encouraged, whether more numerous, small, cheap, and comfortable dwellings in the suburbs, or improved tenement houses in the city on the plan carried out in London under the Peabody Building Fund.

REFUNDING IN 1881.

In two years we shall have reached the period when nearly one-half of the National debt of the country will be redeemable, and will therefore be refunded in some form, inasmuch as the present rates of interest upon it are far higher than the condition of the credit of the country will then compel it to pay. Two years is none too long a time for a public and thorough discussion of the principles upon which the continuation of so large a portion of the National indebtedness should be permitted. The subject is too wide-reaching in its bearings upon the rates of interest, upon the value of fixed property, upon the burdens of taxation, and upon the national power and prestige, to be left to be settled at the last moment by a hap-hazard vote in Congress, without debate, or by a mere acquiescence in some executive project, based perhaps upon the peculiar views of a single man, or of the special advisers of a single man.

In respect to the recent refunding operations, much as there was in them which was gratifying to national pride and relieving to the taxpayers, they present some features which should be avoided in the future.

They were in the first place, except in respect to the refunding of the 10-40 loan, carried on under the authority of an Act passed on the 14th of July, 1870, when the circumstances were much different from what they now are, and when it was thought necessary to acquiesce in terms, certainly difficult to be reconciled with the national dignity, and already seen to be embarrassing to the exercise of the control of the nation over a matter of vital domestic concern. We refer now to the extraordinary provision in the Act of July 14, 1870, which practically hampers the constitutional power of Congress to coin money and regulate the value thereof. That Act precludes the payment of the principal or interest of the public debt, except in coins of the standard existing at that date, so that if it becomes necessary, as many persons believe that it will, to change our present mint ratio of gold to silver, it may be claimed that after the change, either the gold coins or the silver coins, or both, if an alteration is made in the weight of both, cannot be used in dealing with the public creditors. We are aware that on one construction of that Act, which commends itself to many minds, such a claim could be resisted, but nobody can deny that it would rest on very strong grounds and would be most troublesome. It is believed that to the eminent statesmen who concurred in the majority report of the U. S. Monetary Commission, instituted in 1876, the special clause of the Act of July 14,

1870, here referred to, was one of the chief embarrassments in their deliberations upon the ratio between gold and silver proper to be recommended to Congress. That the clause is an affront to the national honor is plain. It is capable of no other construction than as implying the necessity of a precise security against the commission by the nation of some fraud upon its creditors, and to that end of suspending for a long period the nation's control of its own mint laws. Neither England, nor France, nor any other respectable Power, ever submitted to such an affront, or would ever do so.

By the lapse of time, from 1870 to 1877-8-9, that is to say, by the lapse of from seven to nine years, the actual negotiation became a very different thing from what was contemplated by the framers of the Act, in the vital particular of the time when the debt should be redeemable after being refunded. All the aspects of the National debt were fully discussed in Congress in 1870, but most fully in the Senate. The chief point of debate was, of course, the time within which its final and complete extinguishment should be provided for. All parties then agreed that a permanent debt was abhorrent to American traditions. A few Senators, and only a few, led by the late Mr. Sumner, maintained that its payment might properly be extended over thirty years, but the overwhelming majority of the Senate thought otherwise; and the Act in the form in which it was first passed in that body limited the term of the new bonds to a maximum of twenty years. The subsequent change to thirty years was made in the House. A last change, almost equally great, to nearly forty years, has resulted from the fact that the power to issue the new bonds was most unwisely left without any limit of time, and under the actual administrative construction of the Act, whether correct or incorrect, the thirty years are made to run, not from the date of the Act, but from or near the date of the bonds, whereby the final extinguishment of the debt is postponed to a period far beyond what was contemplated by anybody in 1870.

There is another respect in which a change, which has occurred by the lapse of time, materially affects the character of the recent refunding operations. The Act of July 14, 1870, not only fixed thirty years as the maximum term of the new bonds, and with the manifest purpose of limiting the duration of the debt to thirty years from the date of the Act, but also carefully provided a sinking fund which would infallibly pay off the debt within that period. Since 1870 the sinking fund has been abolished, not by Congress, but by the action of successive secretaries of the Treasury, including the present one. This executive repeal of a law has been so long known, that it may now fairly be said to have been acquiesced in by the legislative branch of the Government, and, in fact, propositions to destroy the sinking fund by law, have received large support in Congress for several years past. But at any

rate, with or without the acquiescence of Congress, instead of a sinking fund, which in 1870 existed by law, and was made practical by an efficient revenue, we have in 1879 no sinking fund, the legal authority of which is recognized, and no surplus public income to give vitality to such a fund.

It may also fairly be claimed that, although in the recent refunding operations, the secretary of the Treasury proceeded under a law old enough, considering the nature of the subject matter of it, to be treated as obsolete, he was sustained not merely by the passive acquiescence of Congress, but by its active co-operation. When he applied last winter for new authority to issue bonds under the Act of July 14, 1870, for the purpose of paying off the 10-40 bonds, it was promptly given to him. Under all the circumstances, he was well entitled to feel that he was acting in harmony with the will of the nation and of the representatives of the nation, and certainly nobody can or will dispute that, on that line of action, he acquitted himself with ability and success. We have not the slightest disposition to criticise either him, or Congress, as to what is past. The great refunding operation to be made in 1881 is the point to which the public attention is invited thus early, to the end that everything about it may be maturely considered. The provisions of so old an Act as that of July 14, 1870, should be adapted to the vastly different situation of to-day, and no law should be hurried through Congress at the last moment without debate, and on the mere motion of financial committees, and without accompanying reports in which everything shall be fully explained.

In the case of a debt of (say) \$100,000,000, freshly incurred or refunded, with the definite and fixed purpose of paying it off within fifty years, the expedient which would probably and perhaps most naturally suggest itself would be that of the issue of fifty classes of bonds, of \$2,000,000 in each class, and payable successively in from one to fifty years. That would be a simple and a direct mode of accomplishing the object, but it is subject to the objection that it does not diffuse the burden of the debt equally over the different years. The payments of principal would be the same in each year, but the payments of interest would be excessive in the earlier years. That objection would, of course, be most effective with those who could justify themselves in believing that the supposed debt was of such a nature that a liberal share of it should be passed over as a burden upon posterity.

The sinking-fund policy for the supposed debt of one hundred million dollars would have the merit of calling for an equal payment in each of the fifty years. The amount to be annually paid would be the interest on the entire debt, with the addition of such a sum as would, if applied every year to the purchase of the outstanding evidences of the debt, purchase them all within fifty years. On the plan of a sinking fund, interest is paid until the whole operation is

finally completed, as well upon the evidences of the debt, after they are purchased in, as when they are outstanding. The theory of sinking funds is mathematically sound, and they have often worked well in practice, but very rarely where their maintenance depends upon the same legislative power which establishes them. They have worked well in New York and some other States, which have placed such constitutional safeguards around sinking funds, that legislative bodies could not tamper with them. In some States, notably in Massachusetts, they have been scrupulously respected without such safeguards. On the great scale of National debts they have proved an entire failure in Great Britain and the United States.

Before Pitt's day, as well as during his day and since, the British never paid attention to the law of their sinking funds when it became inconvenient to do so. They are already talking of a suspension, which means an indefinite suspension, of a paltry sinking fund of a quarter of a million sterling, established in lieu of all previous ones within less than half a dozen years. In the prosperous times which followed, and were caused by the extraordinary outturn of gold from California and Australia, they believed that the revenues were to continue forever elastic, and reduced their taxes instead of reducing their debt, which has now become so onerous from the increased value of money, that it is probably no longer in their power to reduce it. In our own case it is shown by experience that no sinking fund, resting upon a mere law, which Congress can repeal at pleasure, or can, by mere acquiescence, allow executive officers to disregard, is any security at all for the extinguishment of a debt. It has been tried and found wanting. A new experiment of that kind is now proposed by a representative in Congress (Mr. Wood, from the city of New York), in the shape of setting apart \$100,000,000 for the service of the National debt, to be applied first to the interest and the excess to the principal. Any such new sinking fund is a formal abrogation of the old one. If the old one can be abrogated so can the new one. It is the case of a debtor proposing to settle an old debt by a new note, without any new security, at fifty cents on the dollar. The proposition of Mr. Wood is, under the surrounding circumstances, an idle one.

If the refunding operation of 1881 is to be conducted on the plan of making provision for the payment of the National debt at any definite time, near or remote, either the new bonds must be divided into classes payable successively, one class in each year, or must be issued for annuities, either terminable at fixed periods or granted upon lives. And it will probably be expedient to issue both kinds of bonds because, although the annuity form has advantages, the demand for annuity bonds may not be large enough to absorb the great quantity to be issued. If the refunding two years hence should be carried out entirely on that principle.

Mathematically, to borrow on annuities, payable at fixed terms, is the same thing to the borrowing party, as to make a loan with a sinking fund. If such a fund is respected the borrower pays a fixed sum, equal in each year, and for a certain number of years, and the debt is then discharged. He does precisely that, no more and no less, if he gives and performs an obligation to pay an annuity for a certain number of years. In both cases he pays the annual interest on the whole sum borrowed and some excess beyond that. In the case of annuities, this excess is received immediately by the lender, until his claim is satisfied. In the other case, the excess goes to some form of sinking fund commissioner, who buys up portions of the debt from year to year until the whole is bought up. The burden to the borrower is the same in either case, but an annuity terminating after a fixed time is a self-executing sinking fund. There is no machinery about it liable to get out of gear, and inasmuch as the borrower must either pay the obligated annuity, or commit an act of undisguised repudiation, he escapes the temptation of the easy opportunity which there always is to trench on a sinking fund. As Christians we pray daily not to be led into temptation. As legislators, and as the advisers of legislators, let us not lead ourselves, or others, into temptation.

The case of an annuity terminating with a certain number of lives, or with a single life, is reduced by the laws of averages applied to human life, to the same thing as an annuity terminating after a specified number of years.

Loans upon annuity bonds have been long familiar in the administration of the British national debt, and in former times constituted a much more considerable part of it than they now do. Nearly all the reductions of that debt within this century have been brought about under the annuity plan, which has been as successful to that end, as the sinking fund plan has been unsuccessful. The British Government has issued annuities in both forms, upon lives and for fixed terms of years. The French also use the annuity form in many of their corporate and municipal loans.

It is not doubtful that the demand for annuities in this country is already so large, and would become so much larger as the public become more and more accustomed to them, that the credit of the United States would command great sums in that way, at a cheaper rate than in any other form of loan. Exactly how many annuity bonds the market would bear without overstocking can be ascertained only by a trial. But to whatever extent our National debt can be thrown into that form, the final extinguishment of so much of it will be reasonably assured, and the credit and value of all the remainder of it will be so much enhanced.

GEO. M. WESTON.

FINANCIAL CONDITION OF INDIA.

An article on this subject by Professor Fawcett, in the February number of the *Nineteenth Century*, gives the facts of the situation with great clearness.

In the India fiscal year ending March 31, 1877, the actual net revenue was £ 37,417,569, obtained at an expense of £ 7,186,057, out of a gross revenue of £ 44,603,626.

Of this net revenue, all except £ 504,208 was obtained from land rents, opium, salt, excise, customs and stamps, and three-fourths was obtained from land rents, opium, and salt. These three chief sources of revenue exhibit no signs of growth, as will appear from the following statement :

	<i>Annual average for five years ending 1872.</i>		<i>Annual average for five years ending 1877.</i>
Land revenue.....	£ 17,991,951	..	£ 18,526,451
Opium "	6,720,672	..	6,388,555
Salt "	5,466,370	..	5,735,936
	£ 30,178,993	..	£ 30,650,942

The salt tax, being 2,000 per cent. on the prime cost of an absolute necessary of life, may well be described as "onerous," but that, from a governmental point of view, is not the worst of it. Prof. Fawcett says :

Taxation on salt has reached that point when it produces a most serious effect in checking consumption. This is particularly the case in the poorest parts of India, such as Madras.

The opium revenue cannot be increased, and the whole of it is precarious, because depending upon the ability of England to compel the government of China to admit the introduction of an article which it would prefer to prohibit.

Of the land revenue, Prof. Fawcett says :

This revenue is usually a rent paid to the Indian Government in silver, and there cannot, from the manner in which it has been settled, be any material increase in its amount for a considerable number of years. Over a large portion of the most fertile districts of India, the land revenue is permanently settled; the Government having commuted it for a fixed annual rent-charge to be paid in silver. Of the entire land revenue, about one-fifth is derived from the permanently-settled districts, and therefore, as far as this portion is concerned, it is incapable of any augmentation. In the North-west Provinces, and in other parts of India, what are known as thirty-years settlements prevail. Until the expiration of this period, it is, of course, impossible that there can be any increased assessment. From time to time, as these thirty years settlements fall in, the land can be re-assessed; but many who are most competent to express an opinion, confidently assert that the agricultural classes in India, except in the permanently settled districts, where an increase in the land revenue cannot be obtained, are not in a condition to bear a heavier assessment.

In the opinion of Prof. Fawcett, no other existing revenue is capable of improvement, while that from custom duties is rather liable to be reduced, from the same overpowering

political influence of British manufacturers and merchants, which has recently compelled the Indian Government to take off most of the duties on cotton cloths.

The income tax might be revised, but that only produced £500,000 when it was fixed at two pence half-penny in the pound, a rate which in England would produce ten times as much. Prof. Fawcett insists much upon that circumstance, as showing the comparative poverty of India. He insists more, however, upon the other circumstance, that the Indian Government in its last desperate push for income, felt obliged to put a license tax upon avocations yielding as little as 4s. or one dollar per week.

With a net revenue of between thirty-seven and thirty-eight millions sterling, the India Government is obliged to meet interest and other charges payable in England of not far from seventeen millions, aggravated now to twenty millions by the cost of exchanging silver for gold, and a military expenditure of fifteen millions in peaceful times, and liable to indefinite expansion from wars or rebellion. Substantially, nothing is left for the ordinary expense of civil administration over 240 millions of people and fifteen hundred thousand square miles of territory, and the alternative to be confronted is a continued increase of debt, or sweeping measures of economy, and as all the world knows, an enforced economy is, for those who control public affairs, a worse calamity than war, pestilence, or famine.

That there is room for economy would appear from statements of Prof. Fawcett, of which the following are a part :

In almost every direction too much money has been spent, and those who have been responsible seem too often to have forgotten that India, instead of being one of the wealthiest, is one of the poorest countries in the world. Page after page might be filled with instances of reckless extravagance. At one time a private irrigation company with a capital of a million sterling, the £100 shares of which were unsalable at £60, was bought by the Indian Government at par, and in addition, a large bonus was given to be distributed among the officials of the company. At another time, £175,000 is expended in building and furnishing a country house for the Governor of Bombay. It is no exaggeration to say that it would not be one-half so mischievous to permit a million to be spent in building a mansion for an English Minister. It is quite within recent years that the Public Works Department has assumed its present large proportions. No care apparently has been taken to adjust the supply of highly-paid European officers in this department to the demand, and it is now admitted that there is a complete block in the higher grades of the service. Employment cannot be found for many who are drawing large salaries from Indian revenues, and it is acknowledged that many are simply holding on to become eligible for pensions.

In the account of Indian expenditures for the year 1876-7, there appears the following item :

Superannuation, retired, and compassionate allowances..... £1,798,568

The financial position of India had become so alarming, that in the Indian budget for the current year, submitted to the British Parliament in May, reductions and economies in the various civil departments, to the amount of one million

on a magnificent scale. High salaries and ample allowances for "stationery," in which are doubtless included the "sundries" so familiar in this country, are the order of the day at the India office in London. Finances must pinch harder than they do now before reform will reach that cosy retreat.

Expenditures in England for the Indian army figure for a large sum. English writers do not hold out any encouragement as to the possibility of reducing them. Indian writers claim that some of the army stores purchased in England, could be as well or even better purchased in India.

According to the old maxim, where there is a will there is a way, but in public finances there is never a will in the direction of retrenchment. Where there is a necessity there is a way. Payments cannot exceed receipts for a great while. If Indian revenues are unimprovable, expenses must be reduced. Borrowing has been already pushed at least up to the furthest limits of prudence.

The total direct debt of India increased, in the ten years from April 30, 1869, to April 30, 1879, from \$514,473,310 to \$750,815,000.

In the same ten years, the canal and railway debts, for the interest of which the Government of India is the guarantor increased from \$420,000,000 to \$490,515,000.

In the same ten years, the interest on the direct debt increased from \$28,274,920 to \$30,035,000, but the amount actually required to be paid as interest on the guaranteed railway and canal debts decreased from \$8,502,350 to \$5,000,000.

In the statement just made of direct debt, are included the rupee, or silver debts.

Some of the guaranteed railways are making more profits, so that the deficiencies for which the Government is called upon are less. This is one of the few redeeming features of the financial condition of India, so far; but if to the economies which are now promised, there shall be added, by the course of events, a diminution of the divergence between the values of gold and silver, the budget of that country may be again brought to the healthy condition of an equilibrium between receipts and expenditures.

A FRENCH DEVICE.—In France there are not only registered and coupon bonds of the National debt, but what they call mixed bonds, in which the principal is payable only to the registered owner, but the interest coupons are payable to bearer. The French faculty of making things attractive, is as active in respect to money securities as it is in dress and ornamentation. The lottery feature which they attach to many of the City of Paris loans, has been very successful. That is applied in the case of low interest loans put on the market below par, but small fractions of which, selected by lottery, are paid off every year at par.

NATIONAL DEBTS AND FOREIGN AND DOMESTIC
EXCHANGE.

A LECTURE DELIVERED AT HARVARD UNIVERSITY, MAY 15TH, 1879,
BY THE HON. HUGH MCCULLOCH.

In my last lecture I spoke of paper obligations as representatives of coin, and dwelt at some length, perhaps unnecessary length, upon the question of the substitution of National legal-tender notes for the notes of the National banks. I have dwelt upon this question because I regard it as one, upon the proper settlement of which, the National credit and the welfare of the people largely depend. It is a question in regard to which the country ought not to go wrong, and will not, if it is calmly and carefully considered. Great things have been accomplished in the United States within the last seven-teen years—things that are regarded as marvels by enlightened and fair-minded observers on the other side of the Atlantic. What military man in Europe supposed that a Civil War waged with such heroism and persistency, on both sides, would terminate as it did—that a million of Northern men, some of whom were in the service for years, and all long enough to acquire a taste for a soldier's life, could be "mustered out" and be sent to their homes without a single instance of violence or popular disturbance? What financier supposed that a reduction of our public debt would be commenced within six months from the end of the war, and be continued throughout a period of unparalleled financial depression and disaster, until one-third of it had been paid and the burden of the balance had been greatly lightened by reductions in the rate of interest which it bears? Who that was cognizant of the history of similar experiments, could have dreamed that the United States notes would go all the way down from one or two per cent. discount in 1862, to sixty per cent. discount in 1864, and be brought up to par in gold in 1878? Mistakes have been made and much suffering has been caused by them, but, as I remarked in a former lecture, no government has a more creditable financial record than that of the United States. All that is now required, as far as the action of the Government is regarded, is a judicious revenue system and a stable currency, to insure to the people greater prosperity than they have heretofore enjoyed, greater than has fallen to the lot of any other people.

I propose, in this lecture, to speak upon two subjects, distinct, and yet in some respects involved, viz.: National debts and foreign and domestic exchange.

By National debts is meant, debts of governments in their National capacity. These debts, in their present form, are of recent origin. Four-fifths of their present amount have been contracted within the present century. Their aggregate, exclusive of municipal debts, exceeds twenty thousand millions of dollars. All governments have, at times, in one form or another, been borrowers. Formerly, most of them were lawless borrowers. In early times their loans were local, temporary, and inconsiderable in amount. Italy took the lead in shaping the form of existing National debts by funding temporary

loans in interest-bearing obligations payable at a distant day. Her example was contagious. Other nations not only followed her lead in funding existing debts, but they became borrowers on similar obligations, and as they increased in population and wealth, lenders became plentiful, and there was a constantly increasing demand for this class of securities. The temptation thus placed before governments to borrow, rather than to supply their wants by taxation, became irresistible, and their wants kept pace with the facilities for borrowing. To such an extent have the debts of many of the European States been swollen, that the payment of any thing more than the interest thereon is regarded as being among the impossibilities. In the budgets of the richest European nations, one rarely sees provision for the reduction of their debts. Their financial ministers are quite content if their estimates show that the interest can be paid, and the current expenses can be kept within current receipts, without an increase of taxation. To meet war expenses, or other extraordinary demands upon their treasuries, their only recourse is to borrow. The French *rentes* and the English *consols* are not payable at any fixed day; they are what might be called interminable annuities. The interest is only provided for, and the indefinite postponement of the payment of the principal increases, instead of lessening, their market value. There is a double influence in favor of the non-payment of the principal of the public debts of solvent nations; the indisposition or the inability of the governments to curtail expenses or to increase taxes, and the unwillingness of investors, who are usually a very influential class, to have their securities redeemed. Either influence is strong by itself; combined they are sufficient to secure the perpetuation of most National debts. The United States are the only solvent nation in which these influences are not prevalent and controlling. Nobody expects that the debt of Great Britain or of France will ever be paid or reduced—the tendency is towards increase rather than diminution. They are to remain never-ending, if not steadily increasing, National burdens. That they are burdens, and heavy burdens, ought not to be questioned, and yet the correctness of this statement is sometimes denied by intelligent persons. There are, it is admitted, alleviations of National debts in National growth and in the use of National securities, but they are alleviations only. It is admitted that the wealth of the most heavily indebted solvent nations has more than kept pace with their debts. Thus the percentage of debt-charge upon the National income in Great Britain and France, is less now than it was at the commencement of the present century, when their debts, in comparison with what they are now, were quite insignificant. Rapid as has been the increase of their debts, their increase of wealth has been still more rapid. But for this increase of wealth the debts could not have been contracted—they would have been insupportable long before they had reached their present magnitude. This increase of wealth with the increase of debt, is well illustrated in France. At the close of the first empire—the *assignats* having been repudiated, and Napoleon having been able to support his armies by levies upon the nations he conquered—the debt of France amounted only to three hundred and fifty millions of dollars. From this small beginning, it went on increasing, under the Bourbons, the Orleanists, the Republic, the Second Empire, until at the close of the late war with Germany it had been rolled up to not less than thirty-five hundred millions of dollars. During this period she had been engaged in wars, costly in money as well as in men, and had been deprived of two of her wealthy

provinces, and yet the percentage of the charge of her debt upon her income, is less than it was when her debt was not a tenth part of what it now is. Her debt, vast as it is, is the property of her own people, and with the exception of Belgium, she is, at the present time, the most prosperous country in Europe. All this does not, however, invalidate the statement that National debts are National burdens. France as a *Nation* is not oppressed by her debt, because it is a home debt, and because her people excel all others in industry and thrift. Still, it is a burden upon her resources, and it can never be otherwise—she is prosperous in spite of it. Her prosperity would be much greater if she were relieved of it. There are also undoubtedly alleviations of the debts of solvent nations in the use which is made of them. They are capital, in the hands of those who hold their obligations; hence the influence in favor of their perpetuation. So strong is this influence that the French Government hesitates to reduce the rate of interest upon her public debt.

The opinion that debt in any form could be capital, was criticised and ridiculed in his valuable treatise upon *Political Economy* by Mr. Amasa Walker, a gentleman whom I held in high esteem and to whom I was greatly indebted for the support which he gave me when I held a difficult and trying official position. According to Mr. Walker's definition, "capital is the accumulation of labor." This definition is not quite broad enough, but I admit its general correctness. What a man earns more than he spends is his capital, but does it cease to be capital when he makes a judicious investment of it in public or private securities? The manufacturer invests his surplus earnings in the improvement of his machinery, in addition to his stock, or in enlarging his factory, in order that his business may be more profitable. The farmer uses his surplus gains in adding to his acreage, or in the better cultivation of his lands by which they are made more productive, and thus increases his capital by the judicious use of his gains. Now, if instead of making such uses of their earnings or gains as I have indicated, they invest them in notes and mortgages, Government bonds, or other kinds of interest-bearing and solvent securities, do they, by so doing, sink their capital, or do they merely change the form of it? The laborer puts a portion of his daily wages in a well-managed savings bank and thereby becomes, to the extent of his savings, a capitalist. His means are the accumulation of his labor—the bank is his debtor, the debt due from the bank is his capital. If, instead of so depositing his money, he lends it to his neighbor on reliable security, or invests it in Government bonds, does he part thereby with his capital? May he not by doing so, be taking the surest means of adding to it? It is the business of a bank to lend money. Its capital consists of the accumulations of labor, or of labor and capital combined; does it cease to be capital when it is loaned and transferred into the bills and notes of its customers? It seems to me to be unquestionable that the debt of one man may be the capital of another, that the interest-bearing debt of a solvent State is capital to the holders of the evidences of it. Mr. Walker in speaking of United States bonds said that, "they being good securities, the holder can exchange them for cash, and with this can obtain any description of capital he may need; that the bonds are not capital, but only the security upon which capital may be had; that they have no elements of capital about them." I should say on the contrary, that these bonds can not only be converted into cash which *is* capital,

but that they were purchased with cash which *was* capital, and that the cash did not cease to be capital, by being invested in them. The bonds of the Government of the United States represent nothing but debt—debt created for the payment of soldiers and sailors who were engaged in the work of destroying property and life, or for the purchase of war material which perished in the using, and yet these bonds, being the obligations of a solvent nation, are capital to the holders. The three thousand millions dollars of debt, that existed against the Government at the close of the war, represented but a part of its cost. The waste of property and the diversion of labor from industrial pursuits amounted, doubtless, to as much more. In a pecuniary point of view, the United States—to say nothing of the loss of property in the slaves liberated by the Emancipation Proclamation of Mr. Lincoln, and made forever free by the result of the war and the amendments of the Constitution—were at least six thousand millions of dollars poorer than they would have been, if there had been no war, and yet, as the solvency of the Government is undoubted, its outstanding bonds, now happily reduced to less than \$2,000,000,000 and which, as far as the Government is regarded, represent debt only, are some \$2,000,000,000 of capital in the hands of those who are so fortunate as to be the owners of them. It is the fact that National debts are capital, and productive capital to those who hold the National securities, which causes them to be regarded with favor—to be looked upon not as a charge upon the National resources, but as a part of the National estate, represented by obligations devised especially for the benefit of those who have money to invest and desire to live upon the interest. Many Englishmen take this view of the British debt; they call it the *funds* and seem to look upon it as if it were an evidence of their country's wealth. This idea or sentiment, or whatever it may be called, is beginning to show itself in the United States, and it will spread and deepen as the Government bonds are more widely and generally distributed. That no other kind of security is regarded with equal favor, is proved by the rapidity with which the four-percents have been recently taken. Four per cent. is a low rate of interest in the United States—lower than will be the ruling rate in years to come—and yet investors, small and large, savings banks and trustees of estates, have been putting their money into these bonds, in preference to investing it in other securities bearing a higher rate of interest. It is not strange, therefore, that many of our own people begin to regard the National debt as being, if not exactly a blessing, at least a convenience. It is, however, a burden and it will never cease to be until paid. There are ameliorations of it resulting from increase of the National wealth, and there are benefits in the use which is made of it, but these only partially offset its evils. The interest upon it is drawn from the people by taxes in the collection of which, thousands of men are constantly employed. In a report which I made to Congress in 1865 when the debt had reached its maximum, and the policy of the Government in the treatment of it was to be established, I used the following language:

“The public debt of the United States represents a portion of the accumulated wealth of the country; while it is a debt of the nation, it becomes the capital of the citizen. The debt is large, but if kept at home, as it is desirable it should be, with a judicious system of taxation it need not be oppressive. It is, however, a debt. While it is capital to the holders of the securities, it is still a National debt, an incumbrance upon the National estate. Neither its advantages nor

its burdens are, or can be, shared or borne equally by the people. Its influences are anti-republican. It adds to the power of the Executive by increasing federal patronage. It must be distasteful to the people, because it fills the country with informers and tax-gatherers. It is dangerous to the public virtue, because it involves the collection and disbursement of vast sums of money, and renders rigid National economy impossible. It is in a word, a National burden and the work of removing it, no matter how desirable it may be for individual investment, should not long be postponed."

Since that report was made I have had some opportunities for observing the operation of National debts in other countries. These observations have confirmed the correctness of the opinion which I expressed thirteen years ago, and which then pervaded the country. Before our civil war it was the boast of the citizens of the United States, that they had no National debt hanging over them to oppress them with taxes or to annoy them with tax gatherers. It may be desirable that a portion of our National debt should remain unpaid. A certain amount of Government bonds may be required to secure the notes of the National banks, and for the protection of legal trusts, but I am sure that the best interests of the people, financial and political, will be subserved by a steady adherence to the policy, which has been pursued since the war, of gradually reducing the public debt, until it has been substantially extinguished. I mistake the character of the tax payers of the United States, if they would not submit more cheerfully to taxes levied to gradually reduce the principal of the debt, than they would to taxes somewhat lighter, but imposed only for the payment of the interest. I have heard commendations of National debts on the ground of their being conservative in their influence, preventives of revolution. Conservative in this respect they may be, but conservative of despotism rather than liberty. Good governments need no such cementing influence; bad ones are rendered more oppressive by it. A government that needs for its support the consolidating power of public debt is not worth preserving. May we not indulge the hope, that the future historian of the United States will be able to say, that between 1861 and 1865 the Government, in a successful and expensive struggle to preserve its existence and rightful authority, contracted a debt of three thousand millions of dollars, and relieved itself of the burden according to the letter and spirit of its contract before the expiration of the century, and thereby rendered itself exceptional and illustrious among the nations?

FOREIGN EXCHANGE.

By Foreign Exchange is meant the debts due from the people of one country to the people of another and the instrumentalities in use for transferring and adjusting them. These instrumentalities are Bills of Exchange which, in the performance of the duties for which they are required, become so interwoven with debts, that in treating of Foreign Exchange it is difficult, if not impossible, to separate them. It must be borne in mind, however, that although they become intermingled, they are entirely different in character. Foreign debts which are not National debts are debts due from the inhabitants of one country to the inhabitants of another, and payable where the creditors reside:—Bills are the agency by which these debts are transferred or offset without transmission of coin from one country to another. The necessity for the use of bills, in money and trade transactions between different countries, becomes apparent by a simple

illustration. Let us suppose A. B., of Boston, to be a purchaser of goods in Manchester where C. D., of Boston, is a seller of cotton. The latter has, as the proceeds of the sale of his cotton, money in the hands of his consignee or his banker, which he wants to use not in Manchester, but in Boston. The former has money in Boston which he wants to use in Manchester to pay for the goods he has purchased there. Now unless some arrangement can be made between them, C. D. must order his money to be remitted to Boston and A. B. must send his to Manchester, both of which remittances would be expensive. To obviate this, A. B. goes to C. D. and hands him the money, which C. D. needs in Boston, and receives from him a bill on Manchester with which he pays for his goods. A single transaction of this kind would be troublesome,—numerous transactions would be impossible; hence there arises a necessity for the services of a banker, whose business it is both to buy and sell bills of exchange, to whom C. D. can sell his bill for the proceeds of the sales of his cotton, and from whom A. B. can purchase a bill for the payment of his goods. When the persons who are engaged in foreign trade, live in different countries, the need of the agency of bankers in both countries becomes apparent. A manufacturer in Manchester, who has sold his goods to an importer in New York, needs a banker in Manchester or London who can cash the bills he draws for the price of the goods. So a cotton merchant in New York, who receives an order from a Manchester manufacturer, needs a banker in New York to whom he can sell the bill which he draws against his cotton. Trade between countries is not only facilitated by bills of exchange, but its existence upon a large scale depends upon them, and with the necessity for bills arises the necessity for bankers in whose integrity and solvency entire reliance can be placed. Foreign trade is substantially barter—an exchange of commodities covered by exports and imports. The amount of such exchanges is enormous, and they are effected chiefly through the agency of bills; hence the indispensableness of this agency.

If the metallic currency of countries that trade with each other were the same, the exchanges between them would be easy: the par of exchange between them would be the proportion of bullion expressed in their respective coins. Although there are in the United States three kinds of legal tender, the exchanges between the United States and Great Britain are regulated by the gold standard. The mint value of the sovereign or pound sterling, as I stated in a previous lecture, is \$4.86-65 in United States gold coin, hence this is, theoretically, but not exactly, the par of exchange between the United States and Great Britain. The variations which we notice in the quotations of sterling exchange indicate the activity or inactivity of the demand resulting from present causes. When sterling exchange is high, that is, when bankers sight bills are considerably above the par of 4.86-65, we know that there is more than an ordinary demand on the part of importers and others for money in Europe. When such bills are selling at 4.86-65 or below, we know that there is no special demand for them and that the market is dull. So large, however, is the trade of the United States with foreign nations, in which trade the agency of sterling bills is required, that there is not a business day in the year in which there are not large transactions in them. When there is an active demand for sterling bills in New York we see them quoted at rates considerably above 4.86-65, the mint value of the sovereign; and it may be asked how such rates are maintained. They can only be maintained

up to a certain point, which is called the shipping point—the point at which gold can be profitably remitted to London. While the pound sterling is worth at the United States mint 4.86-65, it costs something to send it, or its equivalent, in gold to London. Freight and insurance are to be considered before it can be determined whether gold will bear shipment. Then again, gold coins are subject to abrasion. Even the double eagles which, not being much in current use, suffer less in this respect than the smaller coins, and which, except in extraordinary cases, are the only United States coins sent abroad, do not in England come quite up to their value at home. Sterling exchange must therefore advance considerably above 4.86-65 before coin will be shipped. Double eagles cannot be taken to England at a less cost than from a half to three-fourths of one per cent., and as long as sterling bills can be obtained at under \$4.90 to the pound, gold will not leave the United States. It may be said, therefore, that the variations in the exchanges between nations having the same standard of value, are controlled by the cost of transferring standard coin from one nation to another. Thus coin is not only a regulator of trade, but it governs the rate of international exchange. It is trade balances which make coin transfers necessary. If trade between nations were carried on by an equal exchange of commodities, there would be no balances to be settled in coin, but this is never the case. The accounts of international trade are never even, and when settlements are to be made, and payments cannot be postponed, coin is indispensable for the purpose.

Some nations get so deeply in debt that they become unable to pay, and they either become bankrupt, as is the case with Mexico, Turkey and Egypt, or having good credit they adjust the balances against them by sales of their securities, as has been frequently done by Russia. What are called foreign loans, therefore, have much to do with the settlement of balances and the changing of the natural current of exchange. Exchange is sometimes against a creditor nation and in favor of its debtor. Brazil, for instance, although immense in extent and rich in undeveloped resources, is still a poor country, and at times a large borrower. She meets the interest on the money she has borrowed promptly, no matter at what cost. Her credit is therefore good, and her securities are regarded with favor where they are known and held. She offers, through her London agents, the Messrs. Rothschilds, five millions sterling of her bonds to the public, which are readily taken, and thus although she is in debt to the same public for ten times the amount on loans previously made, but which are not due, she becomes, by being a borrower, a creditor—temporary, it is true,—but still a creditor of the nation she borrows from. The money she borrows is needed for immediate use in Brazil; the debts she has contracted are payable at a future day.

We have an illustration of the uses to which Government securities can be put in adjusting balances, in our own recent financial history. Between 1861 and 1873, large amounts of United States Government and corporation bonds were sold in Europe. We have no means of knowing the exact amount, but it was probably not less than five or six hundred millions, the proceeds of which sales were used in the purchase of articles needed in the prosecution of the war, in the construction of railroads, and for the supply of the wants, real or imaginary, of an extravagant people. These bonds answered the purpose of ordinary exports, and kept exchange on London down to, and sometimes forced it below, the standard rates. So that while

the outflow of specie was generally steady, small amounts were occasionally returned to equalize exchanges. Singularly enough, the same bonds have been made to perform a double purpose. They were exported to pay for European goods. Some of them have come back again to pay for productions of the United States. They equalized exchanges when the balances were against this country. They have been doing the same thing when the balances were in its favor.

Since the laying of the Atlantic cable, electricity has come into very important use in the business of foreign exchange. Transactions to the amount of many thousands of dollars are daily effected between our Atlantic cities and London, by what are called *cables*. Bankers on one side of the Atlantic have a key which is only understood by their correspondents on the other side, and by the use of a half-dozen words or less, large amounts are transferred from a man in the United States to a man in Europe, or from one in Europe to one in the United States, with as much sureness and safety as if remittances were made in coin by steamships, or by bills of exchange. If, therefore, a merchant in Boston desires to make a purchase or pay a debt in London, instead of buying a bill of exchange for this purpose, he can go to a banker and buy a cable. He has nothing to do with making the transfer. He merely says to the banker that he wants a certain sum placed in the hands of a person whose name and address he gives. The banker immediately instructs his correspondent to pay the amount to the person named, and the transaction is at once accomplished. So reliable has this means of transfer become, that payments to be made in the commercial cities of Europe, by debtors in the United States, can safely be postponed until the evening before the day they become due. When payments are to be made on this side of the Atlantic, so much more rapidly does electricity move than the earth, that a debtor living in London or Paris, may use his money until three o'clock in the afternoon, and have the debt which he owes, paid in Boston, or New York, or Philadelphia, or Baltimore, or New Orleans, or San Francisco, by the time the banks are open the same day, and by the use of the same money. All great commercial cities are now united by cables and land lines of telegraph, so that remittances can be made in this way all over the world. Credits on London can be open by bankers in the United States, through their London correspondent, to-day, under which goods may be purchased in Yokohama, Bombay, Calcutta, or Ceylon, to-morrow. Electricity has thus become one of the time-saving and interest-saving instruments of the day. To such an extent is the ability to make transfers of money by telegraph relied upon—so important are the transactions dependent upon daily communications—that a break in the Atlantic cables would discredit, if it did not ruin, scores of banking and commercial houses, and send confusion into hundreds of counting rooms.

While the business of foreign exchange between nations having the same standard of value, is simple and easily conducted, it would be complicated and difficult when the transactions are between nations having different standards, were it not for the relations of these nations to Great Britain. There is no difference, or so slight a difference, that it is unimportant, in the price of gold as bullion, in nations where gold is the standard, or where, if the double standard exists, gold is in use in all international transactions, so that bankers who deal in foreign exchange, have a reliable basis upon which they can work in dealings with such nations. But there are other nations

in which there is no stable measure of value; in which fluctuations are so sudden that they cannot be foreseen or guarded against. Exchange transactions with Oriental nations where silver is the standard, or with Russia, or Italy, where paper is chiefly in use, or with Brazil and Buenos Ayres, where gold and silver are practically unknown, could only be carried on with considerable risk, were it not for the fact that all these nations are in debt to Great Britain, and that in consequence thereof, there is a constant demand in them for sterling bills. Such transactions can, therefore, be carried on with these nations without risk to the bankers who furnish the bills, or to those who use them. London has necessarily become the Clearing-House of international exchanges. There is not a place in the world where foreign trade is carried on, in which bankers' bills on London, or bills drawn under London credits, are not available and in demand. If, therefore, a merchant in the United States desires to purchase silk in China, or coffee in Rio, or guano in Peru, or hides in Buenos Ayres, he does not send money to these countries, but he goes to some banker and obtains from him a letter of credit authorizing him, or his agent, to draw for the amount named therein, on some banking house in London whose reputation is established in the place where the credit is to be used. The bills drawn under this credit are sold for the currency of the country, and with this currency purchases are made. To obtain such a letter of credit the merchant either deposits money with the banker, or he gives him satisfactory security that he will put him in funds to cover the bills drawn by the authority of the credit, before they are payable, together with the banker's commission, usually about one per cent. which is divided between the banker who issues the credit and the banker who accepts the bill. These credits are of two kinds. They are either what is called clear credits, that is, credits which authorize drafts to be drawn without conditions, or documentary credits which require that the drafts drawn under them shall be accompanied by bills of lading and policies of insurance, covering the property purchased with the proceeds of the drafts, which property the acceptor takes possession of on its arrival, and sells, through a broker, for the account of the drawer. Bills of exchange drawn under such credits, whether clear or documentary, are usually payable sixty or ninety days or four months after sight, it being the desire of those to whom the credits are given, that the time may be long enough to allow property to be purchased, shipped, and sold before the bills mature; and it so turns out that very large transactions are completed in this way by credit alone, and without any cash advances. The rates of interest are generally very low in London, and there are discount houses there which are always prepared to discount London bankers' acceptances on the most favorable terms, so that the holders have no difficulty in obtaining the money on them before their maturity. Credit is the life blood of commerce and trade; to none is it more important than to bankers, and by none more judiciously used. To deal advantageously in foreign exchange bankers must have the highest reputation for capital and integrity. With such a reputation, their ability to use their credit is practically unlimited.

American citizens who intend to travel in other countries, generally, instead of taking gold with them, provide themselves with what are called "travelers letters of credit," issued by well-known bankers, authorizing them to draw for the amount named in such letters, upon the correspondents of the

bankers in London or Paris, usually upon the former, as bills on London are in demand everywhere. These letters give the names of the banker's correspondents, not only in all the principal cities of Europe, but of Asia also, who will cash the drafts drawn under them, at the current rate of exchange. Provided with such letters, travelers can go where they please, without the risk and trouble of taking coin with them, and without the loss to which they would be subject, if they were exposed to the tender mercies of money brokers in passing from one country to another. The operations of large dealers in foreign exchange extend throughout the commercial world. Messrs. Kidder, Peabody & Co., or Blake Brothers, of Boston, for instance, are doubtless prepared to furnish drafts on all the principal European and Asiatic cities. They do not keep balances in the hands of all the houses upon which they draw. They cover their drafts either by direct remittances, or by authorizing the houses which cash them to cover the amount by drawing on their London correspondents, and so well is their credit established that their drafts are as current as the notes of the Bank of England.

It is interesting to notice how debts due one nation are offset by debts which it owes to another. The United States, for instance, buy more of Brazil and China than they sell to them, and consequently are their debtor; and yet no coin is sent to Brazil, and while some silver goes to China from San Francisco the amount is not sufficient to cover the balance in her favor. The balances due these nations are paid not by coin, but by exports to other countries. Thus the United States are indebted to China and Brazil, which are debtors to Great Britain; Great Britain is in debt to the United States, and so by a transfer by means of bills of exchange the debt due to the United States from Great Britain is made to pay the debt of the United States to China and Brazil. Thus the cotton and wheat sent from the United States to Europe pay for the coffee which comes from Brazil and the tea and silk that come from China.*

The indebtedness of one country to another arises chiefly from the difference between their respective imports and exports, but not altogether. The exports of the United States may largely exceed their imports, and yet the balances may be against them. A large amount is being constantly expended by citizens of the United States who are traveling in foreign countries, or residing in foreign cities. Large amounts also are paid for interest on United States securities which are held abroad, and for freights on exports in foreign ships, all of which are like additions to their imports and may neutralize and overcome the trade balances in their favor. If, therefore, we should judge of the exchange relations of the United States with other countries by the Custom-House reports, we should reach a very inaccurate conclusion. Foreign exchanges were until quite recently against the United States, at the same time that the trade balances were in their favor.

While, however, the indebtedness of one nation to another may be affected in the manner I have named with regard to the United States, it will be found to be true, as a general rule, that the nation

* I was happy to learn a day or two ago from Mr. Edward Atkinson, an excellent authority on all such matters, that our exports of cotton goods to China are now nearly large enough to cover our purchases.

When I speak of nations in regard to their trade relations I do not speak of them in their national character. Nations, as nations, are not engaged in trade, nor are they money lenders. There may have been exceptional cases in which a nation has helped another to borrow by guaranteeing its obligations, but I can call to mind no instance in which one independent government has been a lender to another.

that buys more than it sells will be a debtor nation, and the one that sells more than it buys will be a creditor nation, and that the prevailing current of exchange or movement of coin will clearly indicate which is creditor and which is debtor.

There is a good deal of discussion going on upon the subject of international trade, and there are some persons not destitute of intelligence who contend that not only can no reliable estimates be formed of the financial relations of a country with other countries by a comparison of its imports and its exports, but that an excess of imports indicates a healthy and profitable trade. It would be difficult, however, for them to point to any country except Great Britain, to which the general rule I have named does not apply. Her position is an exceptional one. For many years the imports of Great Britain have largely exceeded her exports, and during these years she has been gaining steadily and sometimes rapidly in wealth. This apparent anomaly is explained by the fact, that she is the creditor nation of the world. For nearly half a century she was the great international workshop. Being the first to utilize steam power, having an abundance of coal and cheap labor, the raw material was brought from all parts of the world in her own ships to be manufactured and distributed among the nations. For many years London was the EMPORIUM for foreign goods, whither merchants went from all parts of the world to make their purchases, and it has been for a long period, and still is, the world's banking house. It is the interest on the money she has loaned, the freights of her ships, the profits on her exports, the commissions paid to her bankers, the use of her capital in other countries, that have given to Great Britain the ability to import more than she exports, and yet continue to be a creditor nation. The excess of her imports represents her *income*, which she receives in the articles she needs for consumption. There is no other nation in the world, not even France, her rich neighbor (for France holds but small amounts of foreign securities and has little foreign carrying trade), whose imports could continually exceed her exports without impoverishment. Great Britain is now undergoing severe trials. In manufacturing she has strong and active competitors on the continent and in the United States, and consequently she has a very large amount of unproductive capital in mills and factories, for much of which there is no employment; while her efforts to meet this competition successfully by reduction of wages are in a large measure rendered abortive by strikes among her laborers. Her Eastern trade has also of late years been unprofitable. She has probably seen her most prosperous days. Still she stands at the head of the nations in wealth and in the extent of her imperial domain. She is surpassed by no nation in enterprise; her Government is stable and wisely administered; her colonies encircle the globe; her ships cover the sea; her credit is supreme everywhere. How long she will be able to retain her commercial and financial ascendancy time alone can determine. I see no indications that she is soon to be deprived of it, notwithstanding the present depression of her industries, and the adverse balance of her imports over her exports, which has swollen from sixty millions of pounds in 1869 to a hundred and fifty-three millions of pounds in 1877—a balance exceeding the total exports of the United States. Great Britain is an anomaly among the nations; judged by ordinary rules she ought long since to have been bankrupt.

The subject of foreign exchange, to which I have thus briefly directed attention, is a large and interesting one, well worth the

consideration of political economists as well as of merchants and bankers who are personally interested in it.

DOMESTIC EXCHANGE.

Domestic exchange was a very interesting subject to bankers and traders twenty years ago. Since then, the use for domestic bills has been greatly lessened by improved and increased facilities of shipping commodities from one part of the country to another; by the saving of time in their transmission, and a uniform paper currency. Railroads are doing, to a very large extent, what used to be done by vessels and boats. Days only are now required instead of the weeks formerly consumed in shipments from the West to the sea-board. Twenty years ago the grain, the flour, the beef, and pork purchased at Chicago and other Western lake ports during the winter, remained in store, until the opening of the navigation in the spring, and when shipped were from thirty to forty days in reaching the Atlantic ports. Now, such articles are largely forwarded in winter, and also in other seasons when navigation is open, by railroads, and by reason of the competition between the trunk lines, at much less expense than was formerly incurred in transportation by water. Months in the winter season, and weeks at other times, are thus saved, and sellers and buyers are brought so closely together, that the transactions between them are, to a great extent, cash transactions, in which the agency of bills is not needed. While the business in domestic bills has been lessened in amount by these causes, it has been reduced in profit by the uniform value of our paper currency. Under the old banking system, bankers' bills on New York, commanded throughout the West, on a coin basis, a premium of at least one per cent. Except at times when there was an extraordinary demand for currency in the interior, New York exchange was more frequently above one per cent. than below it. I have known as high as five per cent. premium to be paid for bankers' drafts on New York in the notes of nominally specie-paying banks. Now an eighth or a sixteenth is all that can be obtained for them. Under the State bank system, there were very few interior banks whose notes were not at a discount not only in New York, but in all the sea-board cities. The country banks of New England kept their notes at par in Boston, and a few of the banks of the State of New York redeemed theirs in the city, but three-quarters of the notes of what were regarded as being solvent banks throughout the Union, were uncurrent in the Eastern cities. Hence there was a constant and large demand for bankers' bills on the part of Western and Southern merchants, who had purchases to make or debts to pay in the Eastern cities, on which bills the bankers made a handsome profit. Such bills now pay the smallest fraction over the cost of forwarding United States notes or National bank notes by express companies, which have extended their lines into every part of the country. While the value of property exchanges between the different sections of the United States has been rapidly increasing, the use of bills in effecting these exchanges has been rapidly falling off. It is hardly too much to say that the business in domestic bills, once so large and profitable to bankers, has been virtually destroyed by railroads, a uniform currency, and express companies.

CURRENT EVENTS AND COMMENTS.

THE BRITISH DEBT.

Comparing 1857 and 1874, the amount of the British National debt being exactly the same in both years, the number of holders fell from 269,712 in the first-named year to 228,696 in the last. Of the holders whose dividends did not exceed \$ 25, the number fell from 92,281 to 76,130. In France, comparing the same years, while the debt increased in the proportion of 290 to 690, the inscriptions on the great book of the National debt increased from 1,028,284 to 4,126,030, or four-fold. The number of these inscriptions does not show the number of holders, as the same person may have several inscriptions, but as that was as true in 1857 as in 1874, the number of holders may be supposed to have increased between those years in the same proportion as the number of inscriptions.

BRITISH POPULATION.

The expansion of the population of England and Wales has thus far proceeded without check, although the number of marriages in 1878 was less than an average. After deducting the emigration, the increase of population for that year is estimated by the Registrar-General at 300,000. France, on the other hand, does not gain in population, although it has more immigrants than emigration. From 1875 to 1877, according to official accounts, only 11,000 Frenchmen left France, against 60,000 people of other nationalities becoming inhabitants of that country. Taking Great Britain and Ireland together, the total emigration of persons of British or Irish descent during 1878, was 112,902, being the smallest for any year since 1853, except 1877. During 1878 54,944 persons of British and Irish descent returned home from abroad.

BRITISH BANK DEPOSITS.

The London *Economist* estimates the shrinkage in deposits in the banks of Great Britain and Ireland, not including the Bank of England, from the Autumn of 1878 to the Spring of 1879, at sixty millions sterling, or (say) from 520 to 460 millions. During the same time, the deposits in the Bank of England increased from twenty-four to thirty-eight millions. Of the shrinkage of deposits, eight millions are put down to the liquidation of the Bank of Glasgow and four millions to that of the West of England Bank. The *Economist* observes :

The diminution of deposits is to be regretted. It shows that in this respect the country is poorer—that there is less ready money available for any of the great objects of National enterprise.

But does the diminution of those deposits mean anything more than this, that certain persons have less to their credit on bank book accounts, and that precisely to that extent the banks owe less? Would great Britain be any poorer if these bank deposits fell to 200 millions sterling? We are quite unable to see that it would be, and furthermore, we believe that British banks would be safer, and British trade more stable, if British bankers would cease to be the greatest borrowers in the Kingdom.

LEATHER.

The exports of leather (principally hemlock sole leather) from the United States, for the calendar year 1878, were \$6,213,625 as compared with \$5,926,274 in 1877. The increase of quantity in 1878 was somewhat greater, as prices were about ten per cent. lower in 1878 than in 1877.

Of the exports for 1878, \$5,321,590, or somewhat more than five-sixths, were made from the city of New York. The principal points of destination for these exports from New York were as follows:

Liverpool.....	\$2,393,307	..	Bremen.....	\$169,355
Hamburg.....	1,464,985	..	Bristol.....	141,782
Antwerp.....	182,260	..	Hull.....	386,368
Rotterdam.....	171,532	..	London.....	133,593

VIRGINIA IRON ORES.

The attention of the iron interest has been directed, within three or four years past, to the great extent, richness, and purity of the iron ores in the valley of the James river. The region has been carefully examined by the iron masters of Pennsylvania, Ohio, etc. The facts of the situation are fully presented in an address of Col. H. C. Parsons, at Lexington (Va.), on the 27th of March. Col. P. knows how to give interest to dry figures, by the animation and vigor of his style. He gives a glowing picture of the future of Virginia, with the aid of the railroad projected to run from the tide at Richmond, up the valley of the James, to a connection with the Chesapeake & Ohio railroad, which would bring to the iron ores of the James valley the exhaustless coals and coke of the Kanawha valley. In addition to the smelting on the spot of the James valley ores, he gives facts which justify the belief that they will not only be shipped westward to the State of Ohio, but seaward from Richmond on a scale equal to the iron ore export of the Spanish port of Bilbao, which has already reached the annual figure of 600,000 tons, and is still rapidly increasing. Until lately, the State of Virginia, being the owner of the James river and Kanawha Canal, would not permit the competition of any railroad up the James river valley. But the inadequacy of the Canal for the purposes contemplated being manifest, the policy is changed, and the State has not only authorized the construction of a railroad, but has granted the tow path of the Canal as a bed for it, and all its docks and wharves for terminal facilities.

KENTUCKY NEGROES.

The last report of the Auditor of Kentucky credits the negroes with the ownership of 181,139 acres of land valued at \$1,275,300; 5,995 town lots valued at \$1,288,155; horses and mares, 14945, valued at \$466,584; mules, 4,103, valued at \$155,286; jennies, 72, valued at \$1,152; cattle, 7,639, valued at \$15,439; stores, 59, valued at \$13,910; carriages, valued at \$7,992; watches, valued at \$6,082. The total valuation of negro property is \$3,306,337. The negroes pay a tax of \$14,878.51; there are 54,549 black males over twenty-one years of age, and 53,316 legal voters; the number of pounds of tobacco raised by negroes was 9,716,691; of hemp, 209,925; hay, 546 tons; corn, 1,494,205 bushels; wheat, 146,802 bushels; barley, 1,485 bushels; bar iron, 826 tons.

As compared with the preceding year, the negroes had increased their number of town lots by 400, and their number of acres of land by 14,000. Their ownership of land is still very small, but its progress is in the right direction. To what extent the few who were already free at the time of the general abolition of slavery, were the owners of taxable property is not stated. It was probably very small.

AUSTRIA.

In February it was announced that Austria would withdraw all the outstanding one-florin government notes so as to make room for the circulation of silver florins. The Austrian bank issues no notes so small. The amount of one-florin notes outstanding December 31, 1878, was eighty-seven millions. To the end of April, 1879, 13,679,311 had been withdrawn. The mint is actively at work in the fabrication of the new metallic florins. The coined florin is worth more than the silver it contains, as the government practically monopolizes the coinage.

BRAZIL.

The political art of wiring in and wiring out is not confined to the Northern Hemisphere, as witness the following from a speech in March, in the Brazilian Chamber of Deputies:

What is Brazil to do in face of this competition in coffee which is the principal source of our wealth? Shall we let the servile element disappear gradually without a substitute to supply the necessities of labor? For my part, I declare that I am not an advocate of Chinese immigration. I do not desire it as an element for our civilization, but I desire that the noble deputies will tell me where we are to seek means for supplying our labor after the extinction of slavery. I see no means other than the importation of Chinamen.

BRITISH LAND RENTS.

The London correspondent of the *N. Y. Financial Chronicle*, writes May 17:

The Prince of Wales has made a reduction of twenty per cent. on the rents due by his tenantry in Cornwall, and several noblemen and gentlemen have made reductions of ten per cent. This course had become imperatively necessary. There are already many farms to let. Three bad seasons and low prices have nearly extinguished farming profits.

The reductions stated are far short of what the existing state of affairs calls for, and of what will be inevitable unless affairs change for the better. It is said that many reductions have been made which landlords choose to conceal. Many of them prefer to keep up nominal rates, and satisfy their tenants by quiet and private remissions of part of their rents.

In some cases these remissions are announced. A London letter (May 24) says that the Duke of Bedford has remitted six months' rent to his Tavistock tenants, and that his other tenants will be similarly relieved.

BRITISH SILVER COINAGE.

The following are the figures of the silver movement at the British mint for 1877 and 1878:

	1877.		1878.
New coins struck	£ 407,823	..	£ 614,427
Old and worn coins deposited	207,280	..	398,135
New silver consumed	200,543	..	216,292

The London *Economist* says that this coinage for 1877 and 1878, and also that for 1876, are "quite below the average."

In the report (1876) of the British Silver Commission, the annual consumption of silver at the mint was roughly estimated at £ 400,000.

In the above statement, we get at the amount of new silver consumed, by deducting from the coinage the amount of old coins deposited for reminting. That is not exactly accurate, as there must be added the loss of weight of the old coins by abrasion.

In view of the last mentioned loss, which would be least when the

gold price of silver is low, the London *Economist* advises that the Government shall now proceed actively in reminting the old silver coins, which it says are in a very bad condition. On the same point, the British *Mercantile Gazette* of May 30, says:

It is understood that no further delay will take place in a new coinage of silver before the price rises again, as now seems to have become almost a certainty.

SILVER IN CHINA.

The London *Economist* of May 17, reprints the following extract from a letter to the London *Times* from Shanghai:

The effect of the wholesale depreciation of silver which would follow the shutting up of the Indian mints, would be absolute and irremediable ruin to everybody connected with the China trade resident in the country, to those of our manufacturers whose products would thereby be rendered unsalable, and to the Indian government opium revenue.

The *Economist*, while disclaiming any apprehension that the British Ministry can entertain any such plan as that of closing the India mints to silver, implores them to allay anxieties on the subject by some public and authoritative declaration. The recent large rise in silver has probably diminished the fears of the *Economist*.

Rather more than one-fifth of the Indian revenue is derived from profits on the sale of opium to the Chinese, who pay principally in silver. The loss of that revenue means bankruptcy for India, and any interruption, or reduction of it, means a dangerous approximation to bankruptcy. English writers say that any disorders in India, which would throw the support of its administration upon British taxpayers, would be as heavy a blow as the German war indemnity was to France.

FRENCH EMIGRATION.

That the French are inclined to stay at home is evident enough from the following figures of the total emigration in recent years:

Year.	Emigrants.	Year.	Emigrants.
1872.....	9,500 ..	1876.....	2,867
1873.....	7,500 ..	1877.....	3,600
1874.....	7,000 ..	1878.....	4,300
1875.....	4,400 ..		

Of these emigrants, South America attracted the principal part. Of the 10,997 who emigrated during the years 1875, 1876, and 1877, 2,913 went to Buenos Ayres, 1,551 to the United States, 1,173 to Spain, 831 to Brazil, 590 to Montevideo, 299 to Chili, 298 to Venezuela, 258 to Cuba and Porto Rico, 184 to Canada, 2,628 to Uruguay, Peru, Colombia, and Senegal, 143 to Turkey, and 129 to Egypt.

FRENCH PLATE.

The Paris correspondent of the London *Economist* of May 3, says:

The stamp duty on gold and silver plate and jewelry produced in 1878 a sum of 6,298,535 francs. The duty is 375 francs per kilogramme on gold, and twenty francs on silver, or about ten per cent. of the value of the metal.

According to this the consumption of gold and silver was 62,985,350 francs, or about twelve million dollars, in plate and jewelry. Much the larger part of this amount must have been silver, which is the principal material of plate. This statement, of course, does not include the consumption of the precious metals in the arts.

It was stated in the *U. S. Monetary Report* (page 82) that the manufacturers of Paris were estimated to be purchasers of silver at

the rate of one million francs weekly, but doubtless the bulk of all that is consumed in that way in France is consumed in Paris. The French Custom House returns show a large excess of silver imports over exports, notwithstanding the closure of the French mints to silver.

GERMAN SILVER.

All the old silver coins of Germany, except the one-thaler piece, have been demonetized, and the several periods have elapsed during which holders could demand their redemption by the government. Of the several classes of demonetized silver coins, the proportion not presented for redemption varied from seventeen to thirty-one per cent.

The larger part in value of the old silver coinage was in the one-thaler pieces, of which the following are the issues according to the mint records :

<i>Date of coinage.</i>	<i>Number of thalers.</i>
1750 to 1816.....	64,380,936
1817 " 1822.....	24,261,735
1823 " 1856.....	91,031,741
1857 and later.....	215,863,120
	<hr/>
Withdrawn to December 31, 1878.....	395,537,532
	<hr/>
Lost, or remaining to be withdrawn.....	200,113,992

It would be an easy matter to tell what proportion remains to be withdrawn, if anybody knew what proportion had been lost, but that is precisely what nobody does know, and everybody in Germany has been disputing about for four or five years.

• These one-thaler pieces are a legal tender for three marks, about seventy-five cents, and will so remain until the government fixes a date within which they must be presented, and after which they will cease to be money.

Some of our readers who may see the statement that the German government will probably be obliged to redeem a certain amount of Austrian thalers, may not understand how that can be. The former exclusive silver currency of the German States, then including Austria, was established in 1857 by what is called the Vienna Convention. Without doubt, it provided for the currency in all the States of the coins of each. If in that way the people of the present Germany were obliged to accept Austrian thalers, they will now naturally expect the German government to redeem them. Söetbeer estimates these Austrian thalers as containing about 400,000 kilogrammes of fine silver, worth at old prices about \$46 per kilogramme.

BISMARCK AND FREE TRADE.

A Berlin letter give the following fuller account of a part of Bismarck's Tariff speech of May 1, than the telegraphic wires gave at the time :

He would not enter into the question of Free Trade *versus* Protection, but one thing was clear, that, through the widely-opened doors of its import trade, the German market had become the mere storage space for the over-production of other countries. They must, therefore, shut their gates, and take care that the German market, which was now being monopolized by foreign wares, should be reserved for native industry. Countries which were enclosed had become great, and those which had remained open had fallen behind. Were the perils of protectionism really so great as sometimes painted France would

long ago have been ruined, instead of which she was more prosperous after paying the five milliards than Germany is to-day. And protectionist Russia, too—look at her marvelous prosperity! Manufacturers there had lately been able to save from thirty to thirty-five per cent., and all at the cost of the German market.

He means, we suppose, that Russian manufacturers have profited through protective duties at the expense of German manufacturers. But the English have been insisting that this was specially at their expense.

Russian manufacturers, especially of cotton, have greatly prospered since the Turkish war began, but so also has Russian agriculture. Protection, of course, has not helped the production of exported agricultural staples. Russia has, in fact, flourished on the depreciation of its paper money, which has stimulated prices, and reduced the real pressure of taxes. That kind of prosperity is agreeable while it lasts, but is not very enduring, and is paid for very dearly in the end.

ITALY.

M. Boselli, an Italian economist, says that the Italian shipping interest is in a condition of ruin; that ship-building has fallen off from 100,000 tons per annum to 27,000; that ships are either idle, or navigated at a loss; and that the crisis is aggravated by the belief that any improvement is far distant.

ITALY AND THE LATIN UNION.

There is some contrariety of statement as to what has been done, and not done, by Italy, in respect to the proposed six years extension of the Latin Union. All the accounts which we have seen, are to the effect, that the Ministry proposed to the committees of the Chambers that the assent of Italy should not be given, except on condition that she be allowed to coin sixty million silver five-franc pieces during the stipulated time. According to some authorities, the committees agreed to this. According to other authorities, they advised that the extension be ratified without condition, but that Italy should then endeavor afterwards to obtain some special concession as to coining silver.

It seems to be understood in Paris that it is doubtful whether Italy will remain in the Latin Union, and indifference is expressed there, as to whether she remains in it or not. The Paris correspondence (May 15) of the London *Economist*, says:

The final withdrawal of Italy from the Union would cause no regret in France.

It can be of no consequence to France, or anybody else, what treaties in respect to metallic money Italy is a party to, so long as she uses nothing but suspended paper, having a forced circulation by law. But there are appearances that Italy is meditating a coin resumption, and if that shall take place, her system of metallic money becomes interesting, not only to France, but to the world.

On the supposition that the Italians are thinking seriously of a coin resumption, they of course perceive that, as their legal metallic standard is the double one, so that resumption would leave them the option of paying in silver coins, they would have the advantage of paying in what is now a cheaper money, if they cut loose from the Latin Union. But if they remain in it, the silver coins, by a closure of the mints, would be of the same value as gold coins. They cannot fail to be influenced by that view of the case, if the divergence

in the values of the two metals shall be as serious as it has been. If this divergence becomes less, its influence upon them will diminish.

In any probable event, the Italian mint must now become a considerable market for silver. It will be so, if nothing more is done than to substitute coin for the present circulation of paper below the denomination of five francs.

RUSSIAN ADMINISTRATION.

Russia, by virtue of its military occupation of Bulgaria and Eastern Roumelia, has administered their civil affairs as well, collecting taxes, etc. It has now turned over Bulgaria to the Bulgarians, and with a surplus in the treasury of twelve million francs, which the Bulgarians propose to apply to the improvement of the harbors of Varna and Rustchuck, and to railways. As to Eastern Roumelia the Russians do not render such good accounts. They claim, in fact, to be out of pocket twenty-two million francs, and ask Turkey to repay that sum. The Austrians have a little bill of one hundred million florins, for expenses in conquering and managing Bosnia, and say they are ready to retire when Turkey finds it convenient to settle.

THE SILVER QUESTION IN ENGLAND.—The London *Bankers' Magazine*, in a review of Mr. George M. Weston's recent book, speaks as follows of the position of Great Britain in relation to gold and silver :

"The question of the standard of value has been of late years much discussed in the United States in connection with the resumption of specie payments. The United States have always had a currency consisting of the two precious metals, and the proposition to resume specie payments on an exclusively gold basis did not find favor there. Mr. Weston gives an interesting statement of the history of the discussions on the question. As far as this country is concerned it can be only an advantage to us if silver circulates concurrently with gold in the United States, and is legal tender there in the payment of debts to the fullest extent. All that we can ask is that any undertakings to pay sums of money which have been stipulated or understood to be payable in gold, should be payable in that metal. Further than this we have really no connection with the matter, except that it is a distinct advantage to this country that silver should be employed as money in other countries of the world. We have been for considerably more than half a century on a gold standard, the standard of value which suits us best, but if all other nations of the world placed their affairs on a gold basis the result might be a serious inconvenience to this country. As it is, the action of the Latin Union in Europe, comprising the countries of France, Belgium, Switzerland, Italy and Greece, in restricting the coinage of silver, concurrently with that of Germany in pouring the demonetized silver of that country on a market in which there was so little demand, has more than anything depressed the price of silver in the markets of Europe. There are good grounds for believing that this depression will not be permanent. Mr. Weston is entirely justified in remarking that the ratio between gold and silver has continued fairly steady 'since 1650, when the market relations of the metals settled at between fifteen and sixteen of silver to one of gold' (p. 47), and we can not doubt that this proportion will re-appear as soon as the cause of the present disturbance is removed. 'Silver,' Mr. Weston says truly, 'has been depreciated by demonetizing it, instead of being demonetized because it was depreciated' (p. 191). Mr. Weston speaks with some severity of those who differ from his views. A gold standard may be the best for one country as a silver standard may be for another. What we have to seek for is the one which will promote our National prosperity the most. There can be no doubt that the certainty of our monetary arrangements in this country, and the fact that first-class English securities were payable in gold, have been of great service in maintaining our credit."

BANK CLERKS' MUTUAL BENEFIT ASSOCIATION OF PROVIDENCE, R. I.

The ninth annual meeting of this Association was held on Wednesday, April 16th, 1879. The Board of Management presented their annual report. During the year three members and two second memberships have been received.

Two members have been called away by death: Isaac Newton Peck, of the National Eagle Bank, died September 18th, aged only 21 years; George Congdon Harkness, of the Manufacturers' National Bank, died October 5th, aged 47. At the instance of the Board, biographical sketches of these and other deceased members have been prepared, and recorded by the Secretary, with the desire of preserving the memory of the dead in some enduring form. The number of members is now 94; of memberships, 105.

The Treasurer's report comprises a full statement of the financial condition of the Association, and the character of its investments. The Membership fund amounts to \$8,959.61, which is a little more than eighty-five dollars per membership, leaving less than fifteen dollars per membership to be accumulated during the next two years. The total assets are \$10,735.29, an increase of \$728.63 during the year. Two donations of \$50 each are reported; one from the National Bank of North America, and one from the Manufacturers' National Bank.

A diminution is noticeable in the fund accumulated by donations. Two losses amounting to \$1,000 having been paid during the year, the fund is about \$800 less than twelve months ago. The Association is requested to consider what measures may be adopted to secure additions to this fund, from time to time, in order to prevent the necessity of encroaching upon the Membership Fund, which cannot yet be regarded as sufficiently large to make it prudent to allow its growth to be arrested. The report states that, "The Association has cause for satisfaction in its sound and safe financial condition, which arises from its scheme of payments being a steady annual charge, instead of the *post-mortem* collection, which is the distinguishing characteristic of the numerous so-called 'coöperation' plans which have gained a transient popularity in many parts of the country. The latter plan is always contingent and uncertain; while our own system puts the Association in funds in advance, and thus assures its ability to meet all its contracts. An able writer has said—'Take certainty from Life Insurance and it is not worth paying for.' But 'There can be no certainty in a contribution from an uncertain number of persons of uncertain means, and of uncertain disposition to pay that which there is no possible way of compelling them to pay. As a means of making certain and sufficient provision for the family against a calamity which is the most disastrous of all, and which is uncertain only in point of time, the so-called coöperation scheme cannot compare with the certain contract based upon adequate premiums.'"

Last, but not least, it is pleasant to observe that the social relations existing among the members have not been forgotten. The report mentions that on several occasions the pleasures afforded by

the far-famed feasts of Narragansett Bay have been provided by an efficient Committee, and enjoyed with a zest not at all diminished by their repeated occurrence.

The following are the officers of the Association for the year ending April, 1880: *President*—Moses E. Torrey; *Vice-Presidents*—George C. Noyes, William T. Dorrance 2d, Richard M. Sanders; *Secretary*—Francis E. Bates; *Treasurer*—Willard I. Angell.

PROPORTIONS OF GOLD AND SILVER CIRCULATING IN BELGIUM.—Some details were given in the *Economist* of November 2 of the results of an inquiry made by the French Minister of Finance to ascertain the proportions of the gold and silver circulating in France of each of the countries belonging to the Latin Union. It was then shown that 15½ per cent. of the gold twenty-franc pieces, and thirty-two per cent. of the silver five-franc pieces were foreign. The Belgian Government subsequently made a similar inquiry, the results of which are now published. In reality, two inquiries were made, one by the National Bank of Belgium, in all its branches, on the 26th September; the other by the Ministry of Finance at all the agencies of the Treasury, on the 3d October. As the latter return is that which corresponds with that drawn up in France, it will suffice to give the results exhibited by it alone. The Belgian tables contain, however, only the numbers of each coin, without the exact proportion per cent., as in the French; but in round numbers the proportion of foreign gold twenty-franc pieces circulating in Belgium was about sixty-three per cent., and thirty-seven only of Belgian; of the foreign gold about ninety-four per cent. was French, and six per cent. only the Austrian and Italian; the ten-franc gold pieces were almost wholly French, or 4,124 to 254 Belgian, and eighty-nine of other countries. With regard to the silver legal-tender coinage, the results obtained differ widely from those observed in the French inquiry; the proportion of foreign in France was only thirty-two per cent., while in Belgium it was just fifty per cent.; but while the Belgian and Italian silver five-franc pieces circulating in France were in about equal proportions, there were only 2,243 Italian pieces to 31,282 French in Belgium. According to those figures the international circulation of silver has been more prejudicial to Belgium than to France, for the Belgian and Italian silver coin only forms about thirty-one per cent. of the French circulation, while the French silver alone forms more than forty-five per cent. of the Belgian. The small quantity of Italian coin which reaches Belgium is due to the geographical situation of the two countries separated as they are by France, through which the trade of the two countries is carried on, and which serves as the medium for payments. The number of coins in the count up made by the Belgian Ministry of Finance, was as under: the secondary countries: Italy, Switzerland, and Greece for silver, and the same with Austria-Hungary for gold, are here omitted, their contingent being unimportant; but it forms the balance required to make up the total, after addition of the Belgian and French:—

	Belgian Pieces.	French Pieces.	Total Pieces.
Gold 20-franc.....	4,464 ..	7,129 ..	12,036
Gold 10-franc.....	254 ..	4,124 ..	4,467
Silver 5-franc.....	33,518 ..	31,282 ..	67,096

Another fact to be deduced from the French and Belgian returns is that silver forms a much larger portion of the circulation in Belgium than in France. The 2,222,965 coins counted in France consisted in value of 16,878,740 francs of gold, and 6,067,030 francs of silver; the 83,599 counted in Belgium represented 285,390 francs in gold, and 335,480 francs in silver. The proportion of gold in the total was, therefore, over seventy-three per cent. in France, and under forty-six per cent. in Belgium.—*Paris Correspondent London Economist.*

FINANCIAL LAW.

SELECTED DIGEST OF STATE REPORTS.

[FROM THE AMERICAN LAW REVIEW.]

ALTERATION OF INSTRUMENTS.

A note was indorsed by the payee and another person. The maker, in good faith, but without the knowledge of the indorsers, inserted the name of the second indorser as a payee in the body of the note, and discounted it. *Held*, that both indorsers were discharged. *Aldrich vs. Smith*, 37 Mich. 468.

BILL OF LADING.

The agent of a railroad company gave a bill of lading, as he had authority to do, for grain sent by the road; and also, at the shipper's request, gave a duplicate original bill of lading, which he had no authority to do, and which it was not the custom of the company to do. The shipper negotiated one bill to A, who obtained the grain; and obtained advances of money on the other bill from B, who acted *bona fide*, knowing the company's custom to issue only one bill. The shipper having absconded insolvent, *held*, that the railroad company was estopped to deny the receipt of the grain as expressed in the bill of lading held by B, and was liable to him for his advances on the bill. *Wichita Savings Bank vs. Atchison, Topeka and Santa Fe R. R. Co.*, 20 Kans. 519.

BILLS AND NOTES.

1. A promissory note payable to order on a day named, "or before, if made out of the sale of" a machine, *held* negotiable and payable absolutely on the day named. *Cisne vs. Chidester*, 85 Ill. 523.

2. A requested B to join him in making a promissory note for A's accommodation; B refused to do so unless C would do the same; A forged C's name, and thereupon B, believing the signature of C to be genuine, signed also. *Held*, that B was liable to a *bona fide* holder of the note. *Stoner vs. Milliken*, 85 Ill. 218.

3. A letter from the holders of the note to the indorser, describing the note, and stating that it was unpaid, and that the holders looked to him for payment, but not stating any demand on or refusal by the maker, *held*, a sufficient notice of dishonor. (One judge dissenting.) *Cromer vs. Platt*, 37 Mich. 132.

4. Action against the indorser of a promissory note. Defense, want of notice of dishonor. It appeared that the indorser, on the day the note fell due, wrote to the cashier of the bank at which it was made payable, that he would "waive protest" on the note, describing it. The note was not then held by the bank, nor had they any knowledge of its existence; and there was no evidence that the holder presented it at the bank when due, or that he knew of the indorser's letter to the cashier; and he indorsed the note for collection, after maturity, to the bank, who sued on it. *Held*, that the letter, being sent to a party who had no custody of or interest in the note, was not a waiver of notice, and therefore, that the indorser was not liable. *National Bank of Poulney vs. Lewis*, 50 Vt. 622.

5. A joint note was made for \$6,000; one of the makers had it discounted at a bank for \$4,000, and it was indorsed, "discounted for \$4,000 only, and should be so read." This was done without the knowledge of the other makers, who were sureties only, and received no part of the money. *Held*, that the bank might recover the \$4,000 against all the makers, under a common count for money lent, though not under a special count on the note as a note for \$4,000. *Merchants' Bank vs. Evans*, 9 W. Va. 373.

6. Defendant indorsed a promissory note, at the request of the maker, before its delivery to plaintiff the payee. *Held*, that plaintiff might treat defendant

as an original promisor or as a guarantor, at his election, in the absence of evidence of any agreement that defendant should be liable as a guarantor only. *Seemle*, that such evidence would be competent. *Burton vs. Hansford*, 10 W. Va. 470.

CHECK.

1. A memorandum on the face of a check recited that it was "given to hold as collateral for oil." *Held*, that the cashier of the bank on which it was drawn had no authority to bind the bank by certifying it as good. *Dorsey vs. Abrams*, 85 Penn. St. 299.

2. Ten days after a check was made, the bank on which it was drawn stopped payment and became bankrupt, the makers having meantime drawn out all their balance. The check was never presented at the bank. *Held*, that the makers were not discharged, though the check would have been paid by the bank if presented, and though the balance drawn out by them was afterwards recovered back by the assignee of the bank. *Kinyon vs. Stanton*, 44 Wis. 479.

INSOLVENCY.

1. A and B, insolvent debtors, made separate assignments at different times for the benefit of their creditors. A as principal, and B as surety, owed a debt, and B as principal, and A as surety, owed another debt, to C. *Held*, that C was entitled to prove his whole claim against the estates both of A and B, and to receive a dividend thereon from each. *Brown vs. Merchants' Bank*, N. C. 244.

2. A railroad company issued coupon bonds, guaranteed by the State, which had a first mortgage on the road. The company was insolvent. The coupons were unpaid, and before the bonds fell due the State foreclosed and sold the road. *Held*, that the holders of overdue coupons were not entitled to be first paid in full out of the proceeds, but only to share *pari passu* with the holders of the bonds. *State vs. Spartanburg & Union R. R. Co.*, 8 S. C. 129.

[FROM THE ALBANY LAW JOURNAL.]

TRANSFER OF PROMISSORY NOTE, COLLATERALS FOLLOW.

Where the holder of a promissory note transfers it to a third party it carries with it all collateral securities for its payment. Where the maker of a promissory note wishes to regain possession and unincumbered ownership of a chattel pledged for the payment of such note, he should tender payment in full to the holder of the same for the amount due thereon. Even when an action on the note is barred by the statute of limitation, the owner of the securities is not entitled to them without such payment or tender. *Jones vs. Merchants' Bank*, 4 Rob. 221; *Jarvis vs. Rogers*, 15 Mass. 389. Texas Court of Appeals, March, 1879. *Davis vs. Wrigley*. Opinion by Winkler, J.

TAX ON BANKING HOUSE.

A statute of Pennsylvania provided that in case any bank shall elect to collect annually from the shareholders thereof a tax of one per cent upon the par value of all the shares of said bank and pay the same into the State treasury, the said shares, capital, and profits shall be exempt from taxation under the laws of that Commonwealth. *Held*, that where part of the capital of a National bank is invested in a building used for banking purposes, and the bank pays into the State treasury the tax of one per cent upon the par value of all its shares, the building cannot be taxed for county purposes, although the cashier occupies the part of the building not used for banking as a residence. Common Pleas, Lancaster county, Penn., April 18, 1879. *County of Lancaster vs. Lancaster County Nat. Bank*. Opinion by Livingston, P. J.

BANKS—ASSESSMENTS—CAPITAL STOCK—LEGAL TENDERS.

Action to recover taxes. The defendant was a State bank, with a capital of \$1,000,000. It was possessed of less than \$200,000 worth of real estate. The plaintiff city assessed it, in addition to its real estate, for the sum of \$700,000 as its capital or money at interest. The bank refused to pay the tax, on the ground that its capital not invested in real estate consisted of

United States legal-tender notes, not taxable. *Held*, that the tax was lawfully levied. The Court said: "An inspection of this statement [of assets and liabilities] shows that the bank had over four million dollars of assets; and that the assets were sufficient to pay all its debts, and leave enough balance to return to the stockholders all their capital. Now, does it lie with the bank to put its finger on a particular item of the assets—its money on hand, for example (which appears to have consisted of legal tenders)—and say that this item, and no other item, constituted its capital at that time? Does this depend on the mere option of the bank? Why was not its cash on hand just as applicable to its deposits and other obligations as to its capital? Not a particle of proof was offered, and it is difficult to see how any proof could have been offered, to show that the cash exclusively constituted the capital. The bank had probably been in operation for years. It is to be presumed that its original capital, not invested in real estate, had been loaned out to its customers; and was rather represented by its discounted bills than by the cash in its drawer. Can it be pretended that the cash on hand was the simple and only representative of that capital? Suppose that this cash had come to the bank from its depositors—and it is not shown to the contrary—would it be admissible then to say that it constituted the capital? In this suit the burden of proof is on the bank, to show that it has been unlawfully taxed. The decision of the assessors must stand unless it can be affirmatively controverted. We cannot perceive that the judgment of the Supreme Court of Louisiana invades any right of the plaintiff in error secured to it by the Constitution or laws of the United States, and, therefore, it must be affirmed." In error to the Supreme Court of Louisiana. *New Orleans Canal & Banking Company, plaintiff in error, vs. New Orleans.* [Supreme Court of the United States.]

HOW FAR A BANK IS BOUND BY KNOWLEDGE OF DIRECTOR.

A bank discounting a note before its maturity is not chargeable with the knowledge of illegality or want of consideration acquired by one of its directors in other than his official capacity—such director not having acted with the board in making the discount. A director offering a note of which he is owner to the bank of which he is a director, for discount, is regarded in the transaction as a stranger, and the bank is not chargeable with the knowledge of such director of an infirmity or defect in the consideration of the note. P was a member of the firm of M. & J. S. P., and also a director of the bank of H. He obtained at the bank, the discount of a note belonging to the firm, which had been got of the maker by fraud. He had notice, as a member of the firm, of the fraud before the note was offered for discount, but did not communicate his knowledge to any of the officers of the bank. *Held*, that the knowledge of P was not constructively notice to the bank. The directors of a corporation are not individually its agents for the transaction of its ordinary business, which is usually delegated to its executive officers, such as the president or cashier. Directors are possessed of extensive powers, even to the extent of absolute control over the management of its affairs, but these powers reside in them as a board; and when acting as a board they are collectively the representatives of the corporation. Notice to directors, when assembled as a board, would undoubtedly be notice to the corporation. But in this case P's knowledge of the infirmity in the note was acquired when he was acting in his private capacity, and it was not proposed to show that he was present when the note was discounted. As a member of the firm and a director of the bank, P was in the same position as a common director of two companies. Speaking on this subject, Mellish, L. J., says: "I cannot think that, because he was a common director to the two companies, we are on that account to say that the one company has necessarily notice of everything that is within the knowledge of the common director, and which knowledge he has acquired as a director of the other company. It appears to me that a director is simply a person appointed to act as one of a board, with power to bind the company when acting as a board, but having otherwise no power to bind them." And James, L. J., characterizes the proposition that where a director of a bank is asking a loan for

himself, it should be imputed to the banking company that they have knowledge of his own private affairs, as most unreasonable. *Re Marseilles Railway Company*, L. R., 7 Ch. App. 161. The cases to the same effect are collected and commented on in the text and notes of Mr. Green's edition of Brice's *Ultra Vires*, page 424 *et seq.* (New Jersey Sup. Ct., 11 Vroom. 435). *First National Bank vs. Christopher*. Opinion by Depue, J.

DUTY OF AGENT IN COLLECTING NEGOTIABLE PAPER.

On the 22d of March 1866, the National Bank of Crawford County, Pennsylvania, made and delivered to plaintiff a sight draft for \$6,000 upon Culver, Penn & Co., of New York city. The plaintiff indorsed it and sent it by mail to defendant, its corresponding bank in that city, for collection and credit. Defendant received it on the morning of March 26, presented it on the same day, received the drawee's check upon the Third National Bank of New York, and delivered up the draft. The check was not presented for payment until the next day, and that through the Clearing House. The drawees failed on the latter day, and the bank refused to pay the check. The defendant on the same day returned it and received back the draft, formally demanded payment of the draft, protested it for non-payment, and the next day mailed notice thereof to plaintiff and the drawer. This was sufficient to charge the drawer. *Turner vs. Bank of Fox Lake*, 4 Abb. Ct. App. Dec. 434; *Burkhalter vs. Second National Bank*, 42 N. Y. 538. But this did not constitute defendant's whole duty. It should have presented the check the same day it received it. It is the collecting agent's duty so to act as to secure and preserve the liability of all the parties to his principal; and if he fails to do so, and such failure causes loss to his principal, he is liable for such loss. But his duty to his principal is not always measured by this rule. For example, if he should hear that the drawee was about to fail, it would become his duty to his principal to present the draft the same day he received it, although presentation on the next day would bind the parties to it. *Allen vs. Suydam*, 17 Wend. 368; 20 *Id.* 321; *Smith vs. Miller*, 43 N. Y. 172; 52 *Id.* 545. *Bank of Washington vs. Triplett*, 1 Pet. 25, and *West Branch Bank vs. Fulmer*, 3 Penn. St. 402, distinguished. The mere fact that the drawee's account was largely overdrawn on the 26th would not justify the finding that the check would not have been paid if then presented, because the bank had been in the habit of allowing such overdrafts for a month, the drawees making their account good on the next day, and the bank paid all their checks drawn that day, and some drawn later than the one in question, and continued to do so down to the failure on the next day. But a recovery of the whole amount of the draft with interest was erroneous. The actual loss is the measure. The amount of the bill is *prima facie* the measure of recovery, but evidence is admissible to reduce it to a nominal sum. *Daniel on Negotiable Instruments*, § 329; *Borup vs. Niningger*, 5 Minn. 323. The recovery might be mitigated by showing the solvency of the drawer, the insolvency of the indorser, that the paper was secured, etc. When the agent so deals as to secure and preserve to his principal all his rights and remedies against the prior parties, he is liable only for actual or probable damages in consequence of his negligence. *Van Wart vs. Woolley*, 5 Dowl. & Ryl. 374. The presumption in the absence of proof, under such circumstances, is that the drawer is solvent. *Ingalls vs. Lord*, 1 Cow. 240; *Allen vs. Suydam*, *supra*. Here the complaint alleges that the amount could have been collected from the drawer if it had been properly charged. The draft is not transferred to defendant, and it is not subrogated to plaintiff's rights against the drawer, and the plaintiff still holds, and for aught that appears, can enforce, or has enforced it. The plaintiff should have shown the insolvency of the drawer, or that for some reason it could not hold the drawer. The plaintiff is entitled only to indemnity. In absence of proof, it must be assumed that the common-law rule as to notice prevails in Pennsylvania. For the error as to the damages, judgment reversed. *First National Bank of Meadville vs. Fourth National Bank of the City of New York*. Opinion by EARL, J. [New York Court of Appeals, decided May 20, 1879.]

THE LAW OF COMMERCIAL PAPER.

COURT OF APPEALS OF MARYLAND.

Third National Bank of Baltimore vs. John H. Lange.

[FROM THE AMERICAN LAW REGISTER.]

A trustee has no power to sell trust property for his own use, and one who buys from him, with actual or constructive notice of the trust, acquires no title.

A promissory note payable to A B, trustee, is not commercial paper.

The word trustee on the face of the note shows that it was connected with a trust, and was sufficient to put a purchaser upon inquiry, and, it turning out that the trustee was selling in fraud of his trust, the purchaser acquires no title.

A subsequent indorser guarantees preceding indorsements, but where the alleged second indorsement was made before delivery, and the payee subsequently wrote his name above that of the alleged second indorser, the rule cannot apply, even in favor of a subsequent *bona fide* holder without notice, because there was, in fact, no previous indorsement at the time of the alleged second indorsement.

Parol evidence is admissible to show the character in which the alleged second indorsers stood towards the note.

This was an action on a promissory note by Flynn & Emerick, "to the order of N. W. Watkins, trustee." The names of N. W. Watkins, trustee, and J. Regester & Sons, were indorsed upon it.

This note was given for the purchase of property sold by N. W. Watkins, as trustee, under a decree of the Circuit Court of Baltimore city, and was for one of the deferred payments as authorized by that decree. At the time of its delivery to the trustee it was indorsed by J. Regester & Sons as securities for the drawers—the terms of sale requiring the deferred payments to be secured in that form.

Subsequently, N. W. Watkins wrote above the names of J. Regester & Sons the indorsement, N. W. Watkins, trustee, and applied to the Union Banking Company to buy the note, offering to sell it for twelve per cent. off. The Banking Company not being willing to buy, its cashier offered to sell it for Watkins, and placed it in the hands of a bill broker; it was taken by him to the Third National Bank, the appellant, and offered to it for sale. The bank bought it from the broker at nine per cent. off, and the proceeds were appropriated by Watkins.

Henry Stockbridge, for appellants.—This note is in regular commercial form and came to the appellant in the regular course of business, from a well-known broker. Appellant had a right to rely on the last indorsers as a guarantee of the good faith of preceding ones: 1 *Daniel on Neg. Inst.*, sects. 769, 790, 791, 814; *Goodman vs. Harvey*, 4 Ad. & E. 870; *Goodman vs. Simonds*, 20 Howard 343. And see the learned note on this case in Redfield & Bigelow's *Leading Cases on Bills of Exchange* 257. *Datrymple vs. Hilenbrand*, 62 N. Y. Repts. 5; *Hamilton vs. Marks*, 16 Am. Law Reg. N. S. 42; *Commissioners, &c. vs. Clark*, 4 Otto 285; *Collins vs. Gilbert*, 4 Otto (753), 757-762; *Cecil Bank vs. Heald*, 25 Md. 563; *Maitland vs. Citizens' Bank*, 40 Md. 540.

The opinion of the Court was delivered by

BRENT, J.—Without intending to decide upon the right of a National bank to purchase paper (as the question does not necessarily arise in this case), we do not think the note in question is within the class of paper known as commercial paper, although like it in general form. The fact that it is payable to the order of Watkins, trustee, restricts its free circulation, and excepts it from some of the rules governing commercial paper.

No doctrine is better settled than that a trustee has no power to sell and dispose of trust property for his own use and at his own mere will. One who obtains it from him, or through him, with actual or constructive

notice of the trust, can acquire no title, and it may be recovered by suitable proceedings for the benefit of the *cestui que trust*. If there are circumstances connected with the purchase which reasonably indicate that trust property is being dealt with, they will fix upon the purchaser notice of the trust, and if he fails to make inquiry about the title he is getting, it is his own fault, and he must suffer the consequences of his own neglect.

The general doctrine is stated in Story's Eq. Juris., sect. 400, where it is said, "for whatever is sufficient to put a party upon inquiry (that is, whatever has a reasonable certainty as to time, place, circumstances, and persons) is in equity held to be good notice to bind him." A large number of authorities is referred to in the note, and it is unnecessary to allude to them more particularly.

In the the case of the present note it cannot be read understandingly without seeing upon its face that it is connected with a trust and is part of a trust fund. It was the duty of the bank, before purchasing it, to have made inquiry into the right of the trustee to dispose of it. But this it wholly failed to do, and, as it turns out he was disposing of the note in fraud of his trust, the bank must suffer the consequences of the risk it assumed.

In the case of *Shaw vs. Spencer*, 100 Mass. 382, the question is considered whether the addition of the word trustee to the name is alone sufficient to indicate a trust and put a party upon inquiry. That was the case of stock certificates which were pledged by the holder as collaterals for certain acceptances. The certificates in question were in the name of E. Carter, trustee. They were by him endorsed. One of the questions presented was whether the word trustee was sufficient to put the holders upon inquiry and thereby affect them with notice of the trust.

The Court says on page 393, "The rules of law are presumed to be known by all men, and they must govern themselves accordingly. The law holds that the insertion of the word trustee after the name of a stockholder does indicate and give notice of a trust. No one is at liberty to disregard such notice and to abstain from inquiry, for the reason that a trust is frequently simulated or pretended when it really does not exist. The whole force of this offer of evidence is addressed to the question whether the word trustee alone has any significance and does amount to notice of the existence of a trust. But this has heretofore been decided, and is no longer an open question in this commonwealth." And upon the ground that the pledgees took the certificates with this notice of the trust, it was held that they could not retain them against the equitable owner, inasmuch as Carter, the trustee, had no authority to use or dispose of them for any such purpose.

The argument that the bank should not be deprived of its action against J. Register & Sons, whose indorsement, it is claimed, guarantees the preceding indorser, would be entitled to weight but for the facts of the case. While the rule is undoubted that a subsequent indorser guarantees preceding indorsements, it cannot apply to a case where in fact there was no previous indorsement at the time of the alleged second indorsement. The obligation of J. Register & Sons upon this note were those of original makers, *Ives vs. Bosley*, 35 Md. 263; *Good vs. Martin* (Supreme Court of the United States) 17 Am. Law Rep. N. S. 111; as is clearly shown by the proof in the case. Their name was placed upon the note as security, and they cannot be held to a contract of guaranty into which they never entered. That parol evidence is admissible to show the character in which they stand relative to this note is settled by the Supreme Court of the United States in the case of *Good vs. Martin*, just referred to.

We are, therefore, very clearly of opinion that the bank cannot hold Register & Sons liable as guarantors; when the note is paid their liability ceases.

We find no error in the decree of the Court below, and it will be affirmed.

NEW INTEREST LAW OF ILLINOIS.

HOUSE BILL, NO. 311.

An Act to revise the law in relation to the rate of interest, and to repeal certain Acts therein named.

SECTION 1. *Be it enacted by the People of the State of Illinois, represented in the General Assembly,* That the rate of interest upon the loan or forbearance of any money, goods, or thing in action, shall continue to be six dollars (§6) upon one hundred (§100) dollars for one year, and after that rate for a greater or less sum, or for a longer or a shorter time, except as herein provided.

SEC. 2. Creditors shall be allowed to receive at the rate of six (6) per centum per annum, for all moneys after they become due on any bond, bill, promissory note, or other instrument of writing; on money lent or advanced for the use of another, on money due on the settlement of account from the day of liquidating accounts between the parties and ascertaining the balance, on money received to the use of another, and retained without the owner's knowledge, and on money withheld by an unreasonable and vexatious delay of payment.

SEC. 3. Judgments recovered before any Court or magistrate shall draw interest at the rate of six (6) per centum per annum, from the date of the same until satisfied. When judgment is entered upon any award, report or verdict, interest shall be computed at the rate aforesaid from the time when made or rendered to the time of rendering judgment upon the same, and made a part of the judgment.

SEC. 4. In all written contracts it shall be lawful for the parties to stipulate or agree that eight (8) per cent. per annum, or any less sum of interest, shall be taken and paid upon every one hundred (§100) dollars or money loaned, or in any manner due and owing from any person or corporation to any other person or corporation in this State, and after that rate for a greater or less sum, or for a longer or a shorter time, except as herein provided.

SEC. 5. No person or corporation shall, directly or indirectly, accept or receive, in money, goods, discounts, or thing in action, or in any other way, any greater sum or greater value, for the loan, forbearance, or discount of any money, goods or thing in action, than as above prescribed.

SEC. 6. If any person or corporation in this State shall contract to receive a greater rate of interest or discount than eight (8) per cent. upon any contract, verbal or written, such person or corporation shall forfeit the whole of said interest so contracted to be received, and shall be entitled only to recover the principal sum due to such person or corporation; and all contracts executed after this act shall take effect, which shall provide for interest or compensation at a greater rate than herein specified, on account of non-payment at maturity, shall be deemed usurious, and only the principal sum due thereon shall be recoverable.

SEC. 7. The defense of usury shall not be allowed in any suit, unless the person relying upon such defense shall set up the same by plea, or file in the cause a notice in writing, stating that he intends to defend against the contract sued upon or set off, on the ground that the contract is usurious.

SEC. 8. When any written contract wherever payable, shall be made in this State, or between citizens or corporations of this State, or a citizen or corporation of this State, and a citizen or corporation of any other State, territory or country (or shall be secured by mortgage or trust deed on lands in this State), such contract may bear any rate of interest allowed by law, to be taken or contracted for by persons or corporations in this State, or which is or may be allowed by law on any contract for money due or owing in this State. *Provided, however,* that such rate of interest shall not exceed eight per cent. per annum, and if any such person or corporation shall contract to receive a greater rate of interest or discount, than eight per cent. upon any such contract, such

person or corporation shall forfeit the whole of said interest so contracted to be received, and shall be entitled only to recover the principal sum due to such person or corporation.

SEC. 9. Whenever, in any statute, act, deed, written or verbal contract, or in any public or private instrument whatever, any certain rate of interest is or shall be mentioned, and no period of time is stated for which such rate is to be calculated, interest shall be calculated at the rate mentioned, by the year, in the same manner as if "per annum" or "by the year" had been added to the rate.

SEC. 10. In all computations of time, and of interest and discounts, a month shall be considered to mean a calendar month, and a year shall consist of twelve calendar months; and in computations of interest or discount for any number of days less than a month, a day shall be considered a thirtieth part of a month, and interest or discount shall be computed for such fractional parts of a month upon the ratio which such number of days shall bear to thirty.

SEC. 11. No corporation shall hereafter interpose the defense of usury in any action.

SEC. 12. That an Act entitled, "An Act to revise the law in relation to the rate of interest," approved March 25, 1874, and an Act entitled "An Act to amend section eight (8) of an Act entitled "an Act to revise the law in relation to the rate of interest," approved March 25th, A. D. 1874, approved March 3, 1875, be and the same are hereby repealed. But this section shall not be construed, so as to affect any rights that may have accrued or suits that may be pending when it shall take effect.

Approved May 24th, 1879.

THE EXCHANGE OF FRACTIONAL SILVER COIN.

AN ACT to provide for the exchange of subsidiary coins for lawful money of the United States, under certain circumstances, and to make such coins a legal tender in all sums not exceeding ten dollars, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the holder of any of the silver coins of the United States of smaller denominations than one dollar may, on presentation of the same in sums of twenty dollars, or any multiple thereof, at the office of the Treasurer or any Assistant Treasurer of the United States, receive therefor lawful money of the United States.

SEC. 2. The Treasurer or any Assistant Treasurer of the United States, who may receive any coins under the provision of this Act shall exchange the same in sums of twenty dollars, or any multiple thereof, for lawful money of the United States, on demand of any holder thereof.

SEC. 3. That the present silver coins of the United States of smaller denominations than one dollar, shall, hereafter, be a legal tender in all sums not exceeding ten dollars, in full payment of all dues, public and private.

SEC. 4. That all laws or parts of laws in conflict with this Act be, and the same are hereby, repealed.—Approved June 9, 1879.

The following regulations have been prescribed by the Treasury Department :

"Fractional silver coins for exchange should be put up by denominations, and each package marked with the amount it contains. Exchange will be made only in total sums of twenty dollars or any multiple thereof. No charges for transportation will be paid by the Department, either on the coin received or the remittances therefor. No coins mutilated so as to be unfit for circulation will be received. When the total amount of dues in any one payment to the Government cannot be paid entirely in lawful money of denomination of one dollar or greater, because involving a fractional part of a dollar, such fractional part may be paid in silver coins of denominations of less than one dollar, but when the total amount of such dues does not exceed ten dollars, such total amount may be paid in the silver coins of denominations of less than one dollar. All instructions heretofore issued by this Department in conflict with the above regulations are hereby revoked.

JOHN SHERMAN, *Secretary.*"

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. PLEA OF USURY AND SPECIAL CONTRACT RATES.

The interest law of Ohio is six per cent. where no rate is stipulated, but eight per cent. is permitted when expressed in writing. The notes we take have this clause, "with interest at eight per cent. per annum after maturity." In many cases we have retained as discount a greater rate than eight per cent. In one such case we anticipated that the party from whom we retained said excessive discount would plead usury. "Before the paper was paid or judgment was obtained," we credited on the note the excess above eight per cent. This seemed to satisfy the Court and debtor, *i. e.*, it cured the usurious taint in the paper, and the U. S. Circuit Court gave us judgment accordingly. We have now other notes against a certain party, which we have renewed from time to time for several years, which we now expect to have to collect by law, and anticipate the party will plead usury. These notes we propose to cure of their usurious taint by crediting on each the excess of eight per cent. Now comes in the query: Will the credit of *this* excess cure the usurious taint, or *must we credit back the excess of six per cent?* In the case first mentioned, there were no renewals, and we credited upon the *original* note the excess of eight per cent.

REPLY.—We give opinions upon the statutes of another State, with a good deal of diffidence, but it seems to us that this question is settled by the decision in *Bunn vs. Kinney*, 15 Ohio St. 40. That case arose under the ten-per-cent. interest law of 1850, which appears to have been nearly identical in its language with the eight-per-cent. law of 1869 now in force. Both statutes provide that parties may "stipulate" for the higher rate, but expressly say that, in all cases where they have not so stipulated, interest shall be at six per cent. In that case the note provided for the payment of ten per cent. interest, after maturity, and more than ten per cent. had been reserved by way of discount by the plaintiff when he took the note, so that the case seems to be precisely like this one. The Court held that it was, in effect, a contract to pay more than ten per cent. upon the amount loaned, from the time of the loan to the maturity of the note, and so was void; that the plaintiff could not recover ten per cent. on the amount loaned until the maturity of the note, because there was no stipulation to that effect contained in the note as required by law; and, finally, that the contract in the note to pay ten per cent. after maturity was void, because it was not a contract to pay ten per cent. on the amount *actually loaned*, but ten per cent. on a larger sum, *viz.*: the amount loaned plus the unlawful usury reserved by way of discount. They therefore gave the plaintiff the sum actually loaned with six per cent. interest to the day of judgment. We do not see but that the same construction must be put upon the law of 1869, and though strict, we see no reason to doubt its correctness.

We do not think you can cure the usury by indorsing the note down so as to make the discount eight per cent. You cannot in that way alter the maker's contract. His contract was unlawful and usurious, and he is entitled to say that he made no other. And although, by a fair construction of the statute,

we suppose it to be lawful in Ohio to receive eight per cent. by way of discount upon commercial paper, because the paper then, in effect, contains a stipulation to pay eight per cent. interest on the sum loaned, it seems impossible, by indorsing this note as proposed, to make it the debtor's stipulation, unless the indorsement is made with his consent. We think, therefore, that if your debtor insists upon all his rights, you cannot recover more than the amount actually loaned with six per cent. interest.

II. UNFILED BLANKS IN CHECKS.

A check is presented which reads, "Pay to James Brown or ——— One hundred dollars."

Is this check payable to James Brown in person only, or does the fact that the space is left blank make it equivalent to a check payable to bearer?

REPLY.—The check in its present form is not exactly payable to bearer; on the contrary, it is payable to James Brown only.' But the effect of drawing the check with this blank unfilled, is to give Brown, or any subsequent holder, such an implied authority to fill the blank with the word bearer, that the bank would be protected in paying it, *bona fide*, to any bearer who should present it with that word inserted. The ordinary effect of issuing paper with blanks unfilled is to give the person who receives it an implied authority to fill the blanks, as he pleases, and bind the issuer, when the paper falls into the hands of a *bona fide* taker. There is an interesting discussion of the subject in *Daniel on Negotiable Instruments*, vol. 1, § 142.

III. THE RIGHTS OF DIRECTORS.

Has a director of a bank the right to demand of its clerks a statement of a depositor's account when the information is to be used for his *personal benefit*, and not sought for in behalf of the bank's business?

I take the ground that the state of a depositor's account is a sacred trust, and can only be divulged to directors acting officially and for the general benefit of the bank, or to a Court of Justice upon legal demand.

REPLY.—So far as this inquiry involves the legal question of the rights of a director, we incline to the opinion that, by virtue of his office, he has the right to know the state of a depositor's account, and that the cashier or other servant of the bank has no *legal* right to refuse him access to the books for the purpose of getting such information as he desires. The purpose with which a director exercises his rights can be of no consequence to the employees of the bank; and, in practice, it would be quite impossible for them to be the proper judges of his motives in making the inquiry, or to say whether the director was making the inquiry *as a director*, or for his own private purposes. As a director, the law imposes certain responsibilities upon him, and, in the absence of by-laws made by the bank itself, clothes him with certain powers, leaving him a discretion, as it must, in the exercise of those powers. So much for the law. As a practical question, we suppose a refusal on the part of the employees of a bank to furnish information in such a case, would create an unpleasantness, the result of which upon the position of the employee must depend upon the influence of the director in the management of the bank. As a matter of strict duty, no doubt, a director should never use his powers except with reference to the bank's business, and for its benefit, but

for this particular breach of duty we think he would only be responsible to his fellow directors and his own conscience.

"Sacred" is perhaps a strong word to use with reference to the state of a depositor's account. The deposit is really nothing more than a debt due from the bank to its depositor, payable on demand, the amount of which the bank should never communicate to a *stranger*, except upon a reasonable and proper occasion. But the latest case in England (where the rule of secrecy is insisted upon with the greatest strictness) holds that a bank is not liable for divulging the state of a depositor's account unless the latter can show some special damage by reason of the disclosure, and as a director is no stranger to the bank, the above rule does not apply to him.

IV. EXCHANGE ON RENEWED COLLECTION NOTES.

We receive a note for collection, payable *with exchange*. At maturity, maker shows authority from holder to renew the note. He offers in renewal his note for same amount.

We propose to charge the maker exchange on the note surrendered same as though it had been paid in money instead of being renewed.

Is such charge legitimate and customary among bankers?

REPLY.—We do not understand that there is any established custom among bankers which affords a positive reply to this inquiry; and, in the absence of a custom to make the charge, we think the law would not allow it. Of course, the owner of the note may impose any terms of renewal he pleases; but, without instructions, we do not think that you, his agent, can call upon the maker for a renewal note which promises to pay a greater sum than the original note, or to charge *the latter* more than interest for the time which the renewal note has to run. The purpose of the transaction is to give the debtor an extension, for which interest is a sufficient payment; and the original note, containing a promise to pay a certain sum, to wit, its face, plus the current rate of exchange, is well replaced by a new note promising to pay precisely the same sum at a later date. This does not lessen your right to make a proper charge for the trouble of entering, acknowledging, and exchanging, the notes; but this is a charge against the parties for whom you are acting. The small charges made for exchange now are certainly little enough remuneration for the trouble and responsibility involved in any case.

BUSINESS OF THE U. S. SUPREME COURT.—Three hundred and seventy-nine cases were disposed of in the United States Supreme Court during the term just ended. The number of cases on the docket, including those considered this term, has increased to 1,150. The Court is now more than three years behind in its business. New York State heads the list on the docket with 146 cases. Every State and Territory in the Union, except Delaware, is represented by at least one case. Twenty-four cities, counties and towns sought to evade the payment of their bonds. In twenty-three of these the Court held that the bonds must be paid. All but four of the bond cases came from Illinois, Missouri, Kansas, Arkansas, Iowa and Louisiana. The comparison of work this term with that of last shows a decrease of thirty-two in the number of cases finally cleared from the docket. The Court is now seventy-two cases farther behind than at the close of the October term, 1877.—*Albany Law Journal*.

BANKING AND FINANCIAL ITEMS.

The Banker's Almanac and Register.—The second edition of this work for 1879 will be issued July 15th, with full corrections to 1st inst. Price, Three Dollars.

The supplementary volume, containing the Bank Lists of the United States and Canada, will be published at the same time, and will be sent to all subscribers to the January edition.

BOOK NOTICES.—We are compelled to defer until our August number reviews of several new works of importance to bankers. Among them are the new editions of *Daniel on Negotiable Instruments* and *Morse on the Law of Banks and Bankers*, both of which have been long expected and frequently called for.

THE VALIDITY OF THE REISSUED LEGAL-TENDER NOTES.—The suit to test the validity of the reissue by the Government of the legal-tender notes issued during the war was brought before Judge Blatchford on June 7. Particulars of the suit and the transaction on which it is based have already been published. The papers were submitted without argument, and the Court rendered a *pro forma* decision, giving judgment for the defendant for a dismissal of the complaint with costs. It is understood that Senator Edmunds will appear before the United States Supreme Court to argue the case for the plaintiff, and that General Butler will appear for the defense.

TREASURY PAPER.—The Secretary of the Treasury gives notice that he has adopted a distinctive paper for Government securities, and calls attention to the provision of law punishing by fine or imprisonment persons who shall retain possession of any similar paper. One of its distinctive features is the introduction of colored silk threads into the body of the paper while in the process of manufacture, in combination with a distributed silk fiber of different color.

TRADE DOLLARS.—A bill has been passed by the House of Representatives which provides that the Secretary of the Treasury shall cause to be exchanged at the Treasury and at all Sub-Treasuries of the United States legal-tender silver dollars for trade dollars at par; provided the weight of said trade dollar has not been reduced below the standard weight and limit of tolerance provided by law for the single piece. The Treasury Department shall recoin the said trade dollars into legal-tender dollars as now provided by law; and shall stop the further coinage of trade dollars; provided, that trade dollars recoined under this act shall not be counted as part of the coinage of silver required by act of February 28, 1878; and provided further, that trade dollars that have been "chopped" or restamped for circulation in China or other foreign countries shall be excluded from the provisions of this act.

SAVINGS BANKS' SALARIES.—Returns made to the Bank Department of the amount paid for salaries by savings banks in New York City show the following details: The Bank for Savings, of its \$49,571 aggregate for salaries, pays a treasurer \$6,000, a controller \$6,000, a teller \$4,500, and ten bookkeepers \$21,953, while its surplus is \$3,421,547. The Bowery Savings Bank, of its \$77,472 aggregate for salaries, pays its president \$8,089, its secretary \$8,000, its assistant-secretary \$6,000, one teller \$3,600, and two others \$3,200 each, thirteen bookkeepers \$3,000 each, two porters \$2,734, two watchmen \$1,750, a janitor \$667, and a policeman \$1,999. Its surplus is reported at \$4,368,919.

The Emigrant Industrial, of its \$45,193 aggregate for salaries, pays its president \$8,000, controller \$7,000, assistant-controller \$4,000, accountant \$5,000, assistant-accountant \$3,500, paying teller and receiving teller each \$3,500, valuator of real estate \$3,000, three bookkeepers \$4,800, and a porter and fireman \$1,200 each. It gives its janitor \$240 and its watchman \$100 for two months. Its surplus is \$2,018,625, and it has 33,562 depositors. The German, of its \$35,642 aggregate for salaries, paid a president \$8,000, cashier \$4,125, treasurer \$3,000, a receiving teller \$3,050, and a controller \$2,500. Its surplus is \$793,041, and it has 20,098 depositors. The Greenwich, of its \$37,350 aggregate for salaries, paid its president \$8,000, its treasurer \$8,000, accountant \$5,500, bookkeeper \$3,500, with two assistants at \$4,000, and a paying teller at \$3,000. Its surplus is \$1,634,258, and it has 35,890 depositors. The Seaman's, of its aggregate salaries of \$42,967, paid a president \$8,000, cashier, \$7,000, treasurer \$5,500, receiving teller \$3,000, and four bookkeepers \$6,200, while it has a surplus of \$2,580,834, and 43,893 depositors.

COLORADO.—The Leadville correspondent of the *New York Tribune*, basing his estimates upon interviews with the managers of the smelting works at that place, where nearly all the ore of the adjacent mines is reduced, fixes upon ten or eleven million dollars as the maximum silver yield of those mines during 1879. He also fixes twenty-five million dollars as the maximum of the silver yield of the whole State of Colorado this year.

LOUISIANA.—The State Constitutional Convention, which has been debating the subject of repudiating a portion of the State debt, on June 19th, referred the whole question to a special committee of eighteen, with full power to consider it and report a plan of action.

New Orleans—The *Picayune* says that none of the banks of that city have any investments in Louisiana State bonds. The two banks which suspended some time ago had no investments of that kind, but were ruined by holding city bonds. The *Picayune* says further that the credit of the New Orleans banks rests upon their own means, and will not be affected by anything the State may do. It denies that they either asked or received a dollar of assistance from New York during the bank panic there a few months since. They merely called home a part of the balances due them in New York.

THE RANGE OF CURRENT INVESTMENTS.—The *Boston Commercial Bulletin* publishes a two-column statement, very interesting in several aspects, of the assessed value, May 1, 1878, and May 1, 1879, of shares in banks, railroads, etc., and of bonds of all kinds, held by citizens of Boston, which are subject to taxation under the laws of Massachusetts, and the holding of which came to the knowledge of the assessors of that city. No shares or bonds are included in the statement, unless the valuation of this year for the purposes of taxation is less or greater than that of last year by as much as five per cent. The object of the *Bulletin* in preparing the statement, was to show what proportion of shares and bonds had risen seriously in market value since last year, and what proportion had fallen. Three out of four had risen.

But the statement is interesting in another respect, as showing how broad-cast over the whole country, and in what a variety of enterprises the investments of the capitalists of Boston, large and small, have been. Nothing, in fact, seems to have escaped them, from Florida to Canada, and from Maine to California. And if we add to these shares and bonds, those which have escaped altogether the prying eyes of the assessors, there is left for the imagination an almost boundless field.

MISSOURI.—There is every prospect that there will be a well-attended meeting of the bankers of this State at Sweet Springs, near Brownsville, Saline county, July 8th, 9th, and 10th, according to the call of the provisional committee, which met at Sedalia, May 25th. Responses have been received from a large number of bankers already agreeing to attend; and other prominent gentlemen of the State, outside of the banking fraternity, will be present. Altogether it promises to be an important and interesting meeting.

NEW HAMPSHIRE.—According to the message of the Governor of New Hampshire, the State debt on June 1, 1879, was \$3,573,550, of which \$2,206,100 is represented by the municipal war-loan bonds, distributed through the cities and towns in 1872. The statistics of the savings banks show the whole number in the State to be sixty-six, the number of depositors 87,279, and the aggregate deposits \$26,282,136.

The Governor's Message recommends the passage of a law exempting from taxation all money loaned upon mortgages within the State, and providing that the taxes upon mortgaged property, unless otherwise especially agreed by the parties, shall be paid by the mortgagor, and a fair proportion of them charged to the mortgagee, and be counted in liquidation of the debt.

What a "fair proportion" might be the Governor does not define, but it could be nothing else than the proportion between the exact amount of a mortgage and the assessed value of the property.

It is very certain that if the proposed law permits mortgagors to agree to pay all the taxes, they will be compelled to so agree before they can borrow money on mortgages.

NEW YORK.—The Governor of New York has signed bills passed by the late Legislature providing penalties for abuses and neglect of duty by Savings bank officials and trustees, providing for a quicker and more economical mode of closing up insolvent Savings banks, authorizing Savings banks to invest in District of Columbia 3.65 bonds, and the interest bill changing the legal rate to six per cent. The text of the latter was published in our last number.

CRIMES AND PENALTIES.—Charles O. Shimer, cashier, and F. S. Shimer, bookkeeper of the Millerstown Savings Bank, at Macungie, Pa., were arrested on June 12th, upon a charge of embezzling nearly \$12,000 from the bank. They were held in \$2,000 each for trial. The bank will do no further business and is being wound up by the president, Mr. Singmaster.

The case of Royal B. Conant, ex-cashier of the Elliott National Bank, of Boston, charged with embezzlement, was called in the U. S. Circuit Court in that city June 16th, for trial. The accused pleaded a former acquittal in bar. The case was continued.

J. H. Kreiger, Jr., cashier of the defunct Broadway Savings Bank, of St. Louis, was taken before the Court of Criminal Correction in that city on June 16th, on the charge of embezzlement. He waived examination, and was committed in default of \$30,000 bail.

In the U. S. District Court at Wilmington, Delaware, on June 17th, Evan Rice, ex-cashier of the National Bank of Wilmington and Brandywine, pleaded guilty to charges of embezzlement and false entries, and was sentenced to five years' imprisonment.

Lawrence Otis Hall, an absconding clerk of the London and San Francisco Bank, was sentenced in San Francisco, on June 17th, to five years' imprisonment in the penitentiary.

THE CITY OF GLASGOW BANK.—About 300 shareholders have transferred all their property to the liquidators to meet the call of £2,250 per share. During this month a second dividend of 3s. 6d. to creditors will be made, making, with a previous dividend, 10s. in the pound. Next December, another dividend of 3s. 6d. is promised. As to further payments, there will be longer delays, so that securities may be realized with less sacrifice.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from June No., page 993.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2425	Wachovia National Bank..... Winston, N. C.	W. F. Bowman..... W. A. Lemly.	\$ 100,000	\$ 100,000
2426	Black River National Bank.... Lowville, N. Y.	De Witt C. West..... Fred. S. Easton.	50,000	50,000
2427	First National Bank..... Abilene, KANSAS.	John Johnitz..... William R. Dryer.	50,000	\$ 32,650

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from June No., page 992.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ALA....	Eufaula Nat'l Bank, Eufaula...	S. H. Dent, <i>Pr.</i>	E. B. Young.*
CONN...	Norwich Sav. Society, Norwich.	Franklin Nichols, <i>Pr.</i>	C. Johnson.*
ILL....	Montgomery Co. Loan and Trust Co., Hillsborough...}	Eli Miller, <i>Cas.</i>.....	.....
IND....	First Nat'l Bank, Connersville...}	F. M. Roots, <i>Pr.</i>	P. H. Roots.
" ..	First National Bank, Monticello.	Geo. W. Robertson, <i>Pr.</i> ..	J. C. Wilson.
IOWA...	Davenport N. B., Davenport...}	G. E. Maxwell, <i>Cas.</i>	C. A. Mast, <i>Acting.</i>
KANSAS.	Parsons Commercial Bank, Parsons }	Joshua Hill, <i>Pr.</i>	A. Wilson.
		A. Wilson, <i>V. P.</i>	J. Hill.
KY....	German Bank, Louisville.... }	Pierre Viglini, <i>Pr.</i>	H. Deppen.*
" ..	Grayson Banking Co., Grayson.	C. C. Magann, <i>Pr. & Cas.</i> ..	E. B. Wilhoit, <i>Pr.</i>
MAINE..	First Nat'l Bank, Biddeford....}	E. H. Banks, <i>Pr.</i>	T. H. Cole.
" ..	Merchants' Nat'l B'k, Waterville.	Horatio D. Bates, <i>Cas.</i> ..	G. H. Ware.
MICH..	City Bank, Battle Creek..... }	B. T. Skinner, <i>Cas.</i>.....	.....
" ..	Grand Rapids Savings Bank, Grand Rapids }	Isaac Phelps, <i>Pr.</i>	A. X. Cary.
		M. S. Crosby, <i>V. P.</i>	G. W. Allen.
		D. B. Shedd, <i>Cas.</i>	G. R. Allen.
N. J....	First National Bank, Elizabeth.	Jacob Davis, <i>Pr.</i>	A. Clark, Jr.
OHIO...	First Nat'l B'k, Mt. Pleasant...}	W. R. Ratcliff, <i>A. C.</i>.....	.....
" ..	Bank of North Lewisburg.....	Warren Cranston, <i>Cas.</i> ..	E. S. Callendar.
" ..	First National Bank, Smithfield.	C. D. Kaminsky, <i>Pr.</i>	J. H. Cope.*
PENN..	First National Bank, Altoona..	A. M. Lloyd, <i>Pr.</i>	H. Lloyd.
TENN..	First National Bank, Jackson..}	W. K. Walsh, <i>Pr.</i>	J. W. Anderson.
" ..	Bank of Commerce, Memphis..	James A. Omberg, <i>Pr.</i>	R. A. Parker.
TEXAS..	First National Bank, Galveston.	Julius Runge, <i>Pr.</i>	J. M. Brown.
" ..	Citizens' Sav. Bank, Jefferson..}	E. W. Taylor, <i>Pr.</i>	R. D. Gribble.
WIS....	Clark County Bank, Neillsville. }	Levi Archer, <i>Pr.</i>.....	.....
		D. B. R. Dickinson, <i>Cas.</i> ..	F. S. Kirkland.

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from June No., page 992.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
COL....	Cleora.....	F. A. Reynolds & Co.....	.....
ILL....	Aurora.....	Paddock & Coulter.....	Third National Bank.
KANSAS	Abilene.....	First National Bank.....	.....
" ..	Concordia.....	Cloud County Bank.....	.....
		John Johntz, <i>Pr.</i>	William R. Dyer, <i>Cas.</i>
		H. C. Harrison, <i>Pr.</i>	C. W. McDonald, <i>Cas.</i>
MICH...	Ypsilanti.....	Hemphill, Batchelder & Co.	Metropolitan National Bank.
MO....	St. Louis.....	Nelson & Noel.....	A. H. Brown & Co.
NEB....	Exeter.....	C. S. Cleaveland (Bank of Exeter)	Donnell, Lawson & Co.
N. Y....	Lowville.....	Black River Nat'l Bank....	National Park Bank.
		\$ 50,000	De Witt C. West, <i>Pr.</i>
			Fred. S. Easton, <i>Cas.</i>
N. C....	Winston.....	Wachovia National Bank..	.....
		\$ 100,000	W. F. Bowman, <i>Pr.</i>
			W. A. Lemly, <i>Cas.</i>
OHIO...	Wauseon.....	Bank of Wauseon (E. S. Callendar, <i>Cas.</i>)	.....

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from June No., page 993.)

NEW YORK CITY.....	Andrew Stuart & Co.; assigned to J. Warren Greene.
COL....	South Pueblo... Bank of South Pueblo (S. W. Banks); assigned.
ILL....	Quincy Henry Geise; given up banking business.
IND	Hartford City.. Ransom & Brother; assigned.
MAINE..	Wiscasset..... Wiscasset Savings Bank; temporarily enjoined.
MASS... Lowell	Lowell Five-Cents Savings Bank; temporarily enjoined.
" ..	Scituate Scituate Savings Bank; enjoined.
" ..	Weymouth Weymouth Sav. Bank; paying ten per cent. each half year.
MICH... Bangor	N. S. Taylor; business transferred to Monroe's Bank.
MO.... St. Louis	U. S. Sav. Inst.; in liq. Depositors paid at Mechanics' B'k.
" ..	Hannibal..... First National Bank; closed.
" ..	Warrensburg .. Warrensburg Savings Bank; suspended.
NEB.... Kearney.....	Kearney Bank; assigned.
N. H.. Derry	Derry Savings B'k; another scaling of deposits. Paying 50 %.
PENN... Macungie.....	Millerstown Bank; settling up.
VT.... Middletown....	L. Copeland; assigned.
QUE.... Montreal	Mechanics' Bank (and branches); suspended.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from June No., page 993.)

NEW YORK CITY.....	P. W. Harding & Co.; admit Henry T. Chapman.
" ..	..... Samuel R. MacLean; removed to 11 Broad Street.
" ..	..... E. H. Miller & Son; now George M. Miller.
CONN.. Bridgeport.....	Hatch & Watson; now T. L. Watson & Co. Mr. H. deceased.
GA.... Fort Valley....	Anderson & Brown; now W. E. Brown.
ILL.... Aurora	Union National Bank; succeeded by Paddock & Coulter.
" ..	Juka Cutler & Daniels; now George E. Daniels.
IOWA... Guthrie Center.	Ira P. Wetmore's Bank; now The Center B'k. J. H. Rogers.
MICH... Detroit	Bratshaw, Black & Co.; dissolved. Now new. Same style.
" ..	Alpena George L. Maltz & Co.; now George L. Maltz.
MO.... Jefferson City..	National Exchange Bank; succeeded by Exchange Bank of Jefferson City. Same officers and N. Y. Correspondent.
N. Y... Phelps.....	T. O. Hotchkiss; assigned. Succeeded by William B. Hotchkiss & Co.
" ..	Riverhead..... Vail & Reeve; now H. M. Reeve.
PENN... Media.....	Fairlamb & Hoopes; now Walker Y. Hoopes. Mr. F. deceased.
Wis.... Menasha.....	National B'k of Menasha; succeeded by B'k of Menasha. Same officers and New York Correspondent.

HUNGARIAN FLOUR.—The Pesth flour mills are continually increasing their shipments, in 1878 they were 3,065,094 centnals, and the export to England rose from 671,856 centnals in 1877 to 836,014 centnals in 1878. It may be interesting to American millers, who are now the great competitors of the Hungarians, to be told that 62,000 barrels of Hungarian flour were shipped to Brazil in 1878, as against 49,000 barrels in 1877.

NATIONAL-BANK CIRCULATION.

STATEMENT of the Comptroller of the Currency, showing the Issue and Retirement of NATIONAL-BANK NOTES AND LEGAL-TENDER NOTES, under the Acts of June 20, 1874, and January 14, 1875, to June 1, 1879.

NATIONAL-BANK NOTES

Outstanding when act of June 20, 1874, was passed.....	\$ 349,894,182
Issued from June 20, 1874, to January 14, 1875....	\$ 4,734,500
Redeemed and retired between same dates.....	<u>2,767,232</u>
Increase from June 20, 1874, to January 14, 1875.....	<u>1,967,268</u>
Outstanding January 14, 1875.....	\$ 351,861,450
Redeemed and retired from Jan. 14, 1875, to date. \$	74,792,287
Surrendered between same dates.....	<u>11,101,702</u>
Total redeemed and surrendered	85,893,989
Issued between same dates.....	<u>62,105,350</u>
Decrease from January 14, 1875, to date.....	<u>23,788,639</u>
Outstanding at date.....	<u>\$ 328,072,811</u>
Greenbacks on deposit in the Treasury, June 20, 1874, to retire notes of insolvent and liquidating banks.....	\$ 3,813,675
Greenbacks deposited from June 20, 1874, to date, to retire National bank notes.....	<u>86,708,986</u>
Total deposits.....	<u>90,522,661</u>
National-bank Circulation redeemed by Treasurer between same dates without re-issue.....	<u>77,559,519</u>
Greenbacks on deposit at date.....	<u>12,963,142</u>
Greenbacks retired under act of January 14, 1875.....	\$ 35,318,984
Greenbacks outstanding at date.....	<u>346,681,016</u>

JOHN JAY KNOX, *Comptroller of the Currency.*

FINANCIAL OPERATIONS OF THE GOVERNMENT SINCE 1865.

TREASURY DEPARTMENT,
OFFICE OF SECRETARY, June 3, 1879. }

*Memorandum of financial Operations of the Government, showing changes in the Public Debt, Annual Interest Charge, &c.
(Prepared in answer to numerous inquiries.)*

REDUCTION OF INTEREST-BEARING DEBT.

Total interest-bearing debt, highest point August 31, 1865.....	\$ 2,381,530,294 96
Total interest-bearing debt when present refunding operations shall have been completed (August 1, 1879).....	<u>1,797,643,700 00</u>
Reduction in interest-bearing debt from highest point.....	<u>\$ 583,886,594 96</u>
Annual interest charge, highest point August 31, 1865.....	\$ 150,977,697 87
Annual interest charge when present refunding operations are completed (August 1, 1879).....	<u>83,773,778 50</u>
Reduction in annual interest charge.....	<u>\$ 67,203,919 37</u>

REDUCTION OF TOTAL DEBT.

Debt, less cash in the Treasury, highest point August 31, 1865	\$ 2,756,431,571 43
Debt, less cash in Treasury, June 1, 1879	2,027,182,468 19
Reduction of total debt	\$ 729,249,103 24
Reduction of debt since March 1, 1877	\$ 61,598,674 85

Bonds Refunded since March 1, 1877.

<i>Title of Loan.</i>	<i>Rate per cent.</i>	<i>Amount.</i>	<i>Annual interest charge.</i>
Loan of 1858	5	\$ 260,000	} \$ 9,741,315
Ten-forties of 1864	5	194,566,300	
Five-twenties of 1865	6	100,436,050	
Consols of 1865	6	202,663,100	
Consols of 1867	6	310,622,750	
Consols of 1868	6	37,473,800	} 39,071,742
Total		\$ 846,022,000		$ 48,813,057

In place of above bonds there will be issued, when present refunding operations are completed, which will be not later than August 1, 1879, bonds as follows:

<i>Title of loan.</i>	<i>Rate per cent.</i>	<i>Amount.</i>	<i>Annual interest charge.</i>
Funded loan of 1891	4½	\$ 135,000,000	\$ 6,075,000
Funded loan of 1907, including refunding certificates	4	711,022,000	28,440,880
Total		\$ 846,022,000	\$ 34,515,880

Making an annual saving hereafter in the interest charge on account of refunding operations since March 1, 1877, of \$ 14,297,177

Bonds Sold for Resumption Purposes.

Bonds have been sold for resumption purposes since March 1, 1877, the interest on which represents the annual cost of the coin reserve as follows:

<i>Title of loan.</i>	<i>Rate per cent.</i>	<i>Amount.</i>	<i>Annual interest charge.</i>
Funded loan of 1891	4	\$ 65,000,000	\$ 2,925,000
Funded loan of 1907	4½	25,000,000	1,000,000
Total		\$ 90,000,000	\$ 3,925,000

Making a net annual saving in interest through the refunding and resumption operations since March 1, 1877, of \$ 10,372,177.

In addition to the above bonds, there were issued in 1878, to replace coin used in payment of the Halifax award, four per cent. bonds of 1907, amounting to \$ 5,500,000.

NOTE.—In preparing this memorandum, the maximum limit of the issue of four per cent. bonds and certificates is stated. When refunding transactions are completed, and full returns received, the amount may be somewhat smaller, making the interest charge correspondingly less.

NEW BOOKS FOR BANKERS.

MORSE on <i>The Law Relating to Banks and Banking.</i> New edition, 690 pp.	\$ 6 00
DANIEL on <i>The Laws of Negotiable Instruments.</i> New edition, two volumes	13 00
<i>Mono-Metallism and Bi-Metallism,</i> by JOHN B. HOWE	1 50

Orders supplied from the office of the BANKER'S MAGAZINE,

THE NATIONAL-BANK NOTE CIRCULATION.

Statement of the Comptroller of the Currency, showing by States the amount of National-bank circulation issued, the amount of Legal-Tender Notes deposited in the United States Treasury to retire National-bank circulation, from June 20, 1874, to June 1, 1879, and amount remaining on deposit at latter date.

STATES AND TERRITORIES.	Additional Circulation issued since June 20, 1874.	LEGAL-TENDER NOTES DEPOSITED TO RETIRE NATIONAL-BANK CIRCULATION, SINCE JUNE 20, 1874.			Legal Tenders on deposit with the U. S. Treasurer at date.
		For redemption of Notes of Liquidating Banks.	To retire Circulation under Act of June 20, 1874.	Total Deposits.	
Maine.....	\$ 1,416,180	\$ 317,000	\$ 600,000	\$ 917,000	\$ 274,212
New Hampshire..	504,865	72,997	55,800	123,797	69,597
Vermont.....	1,613,810	156,097	952,340	1,108,437	57,608
Massachusetts.....	13,883,495	234,800	6,084,500	6,319,300	254,270
Rhode Island.....	727,110	32,350	735,385	767,735	120,170
Connecticut.....	2,203,040	65,350	1,249,490	1,314,840	18,956
New York.....	15,992,565	2,123,598	18,338,500	20,459,098	2,062,247
New Jersey.....	1,622,365	151,660	1,362,030	1,513,690	329,165
Pennsylvania.....	8,204,680	1,090,311	6,057,986	7,148,297	1,103,319
Delaware.....	173,275	—	—	—	—
Maryland.....	490,060	166,600	1,575,470	1,742,070	106,791
Dist. of Columbia.	455,000	403,164	427,500	832,664	49,141
Virginia.....	584,500	908,369	853,510	1,761,879	313,214
West Virginia....	51,670	731,060	270,000	1,001,060	143,630
North Carolina...	1,082,660	128,200	976,585	1,104,785	265,525
South Carolina....	45,700	—	953,380	953,380	47,645
Georgia.....	352,930	287,725	437,675	725,400	112,494
Florida.....	45,000	—	—	—	—
Alabama.....	207,000	—	94,500	94,500	688
Mississippi.....	—	—	—	—	426
Louisiana.....	1,238,130	645,750	2,099,250	2,745,000	313,750
Texas.....	116,100	10,000	229,340	239,340	4,135
Arkansas.....	135,000	—	135,000	135,000	8,093
Kentucky.....	3,446,540	575,867	1,378,033	1,953,900	353,348
Tennessee.....	444,800	235,901	533,859	769,760	98,242
Missouri.....	569,260	959,810	3,589,410	4,549,220	837,908
Ohio.....	1,965,980	1,483,319	2,921,922	4,405,241	1,256,570
Indiana.....	2,774,080	1,085,297	5,464,483	6,549,780	1,975,197
Illinois.....	1,699,785	1,566,634	6,260,596	7,827,230	1,002,448
Michigan.....	1,319,390	364,500	1,966,495	2,330,995	371,306
Wisconsin.....	277,880	626,860	860,439	1,487,299	378,819
Iowa.....	1,253,000	743,669	1,554,955	2,298,624	446,872
Minnesota.....	881,400	385,095	1,226,445	1,611,540	201,270
Kansas.....	111,600	781,721	190,550	972,271	300,084
Nebraska.....	45,000	45,000	188,080	233,080	20,784
Nevada.....	—	—	—	—	2,278
Dakota.....	54,000	—	—	—	—
Colorado.....	446,400	135,083	149,400	284,483	36,150
Utah.....	—	161,191	196,800	357,991	23,525
Washington.....	99,000	—	—	—	—
Montana.....	39,600	17,300	45,000	62,300	3,265
California.....	270,000	—	—	—	—
Totals.....	\$66,839,850	\$16,694,278	\$70,014,708		\$12,963,142
Legal-tender notes deposited prior to June 20, 1874, } and remaining at that date.....				3,813,675	
Total deposits.....				\$90,522,661	

JOHN JAY KNOX, Comptroller of the Currency.

NOTES ON THE MONEY MARKET.

NEW YORK, JUNE 24, 1879.

Exchange on London at sixty days' sight, 4.86¼ a 4.87½ in gold.

The monetary ease which has prevailed of late, is likely to continue, and two reasons are given for the opinion which is now growing that, for a long time to come, low rates of interest and ample monetary accommodation may be relied upon by those whose business engagements require them to forecast the future and to look far ahead for the returns of their ventures and enterprises. First, our banking system is more stable, more elastic and better adapted to respond to the varying wants of business than ever before. Its ample basis of capital gives it stability, its large cash reserves are a source of inherent strength, and its bank-note circulation admits of expansion or contraction to meet the wants of business. In illustration of this last advantage of our banking system, the Comptroller of the Currency has prepared, at our request, a table showing how much bank-note circulation would be in the hands of the public at present if every bank in the country had outstanding the full amount authorized by the law. These statistics are extremely interesting, and show that seventy-five millions more of bank-note circulation is authorized by the law, besides that which is now issued. As business revives and the wants of industrial growth become more exacting, new banks can be authorized and additional circulation and other facilities provided to meet the new exigencies as they arise. We have often affirmed, and the progress of events confirms the statement, that our banking system as it stands, with 2,000 National banks as its central nucleus, and with 4,000 other banks grouped around it and in organic harmonious action with it, is one of the most valuable compensations which the war has secured to our people, and one of the best safeguards for the financial stability, productive progress, and future industrial growth of the nation. The banking system of the United States is by no means perfect, but it contains more of the elements of stability, safety, and responsive elasticity to the varying demands of the work it has to do, than can be found in the banking system of any other commercial country of modern times. The comptroller's statistics throw a new light upon some of these points, and ought to attract general attention.

Besides the seventy-five millions of unissued bank note circulation, above referred to, and the numerous other guarantees of elasticity suggestive of the continuance of monetary ease and tranquility for a long time to come; there are, secondly, some other facts which are pointed out as favorable to low rates of interest in the immediate future. We have now reached the season of the year when the monetary plethora is usually at its height. The accumulation of unemployed capital in the banks usually continues, and the flow of currency tends towards this city, until the return current is started by the opening of the fall trade. The Treasury has given notice that it will redeem at once with rebate all the outstanding 5-20 bonds for which calls mature this month, and on the first of July eighteen millions of interest coupons will mature and

be paid out of the Treasury. Other similar facts are pointed out which are well known, and tend to prove that the conditions of monetary ease are augmenting, and that so far as business revival depends upon such facilities as abound in a favorable money market, the outlook is encouraging. The rates for loans are without special change. The Clearing-House averages at New York show the following changes :

1879.	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.	Excess of Reserve.
May 31.....	\$257,272,800	\$18,778,400	\$41,791,400	\$19,869,400	\$225,754,000	\$4,138,300
June 7.....	258,332,700	18,996,700	42,822,800	19,977,800	226,963,300	5,078,675
" 14.....	256,291,000	18,780,900	44,851,900	20,056,800	227,316,700	6,803,625
" 21.....	255,901,600	19,296,900	43,859,400	20,156,200	226,177,000	6,612,050

The Boston bank statement for the same period is as follows :

1879.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
May 31.....	\$129,489,000	\$3,563,400	\$3,886,700	\$73,788,200	\$26,437,800
June 7.....	129,973,500	3,948,500	4,168,200	74,720,700	26,569,000
" 14.....	130,510,500	3,559,400	4,165,500	74,333,600	26,704,100
" 21.....	130,963,600	3,557,700	4,118,400	73,354,700	26,675,100

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

1879.	Loans.	Reserve.	Deposits.	Circulation.
May 31.....	\$61,429,856	\$15,938,439	\$49,941,608	\$11,449,130
June 7.....	61,917,078	15,790,707	50,363,092	11,431,493
" 14.....	62,036,882	15,883,014	50,721,250	11,424,901
" 21.....	61,810,186	15,311,615	49,713,483	11,397,218

The stock market is firm without much activity. Governments are stronger; State bonds quiet; railroad bonds in demand from investors, especially the best known descriptions. Doubtful bonds are rather less in favor, and the speculation in them shows less activity. Railroad shares are fairly active, and foreign exchange closes weaker. Subjoined are our usual quotations:

QUOTATIONS :	May 26.	June 2.	June 9.	June 16.	June 24.
U. S. 5-20s, 1867 Coup.	102½ ..	103¼ ..	102¾ ..	102¾ ..	102¾
U. S. 10-40s Coup.....	101¼ ..	101¼ ..	101¼ ..	101¼ ..	101¼
West. Union Tel. Co. .	114 ..	114 ..	114¾ ..	114¾ ..	92¾
N. Y. C. & Hudson R.	119½ ..	119½ ..	119½ ..	117½ ..	117½
Lake Shore.....	75 ..	74¾ ..	75½ ..	75¾ ..	75¾
Chicago & Rock Island	139 ..	138¾ ..	139½ ..	139 ..	139
New Jersey Central...	50¾ ..	52 ..	51¾ ..	54¾ ..	51¾
Del. Lack. & West ...	57¾ ..	59¾ ..	58¾ ..	59¾ ..	56¾
Delaware & Hudson ..	47¾ ..	50 ..	48½ ..	48¾ ..	45¾
North Western.....	62¾ ..	62¾ ..	64¾ ..	67½ ..	66¾
Pacific Mail.....	15 ..	17¾ ..	16¾ ..	15¾ ..	15
Erie.....	28¾ ..	27 ..	28½ ..	27¾ ..	27¾
Call Loans.....	2 @ 3½ ..	3 @ 4 ..	3 @ 4 ..	2½ @ 4 ..	2½ @ 3
Discounts	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	3½ @ 5 ..	3½ @ 5
Bills on London.....	4.87¼-4.89½ ..	4.87¾-4.89½ ..	4.87¾-4.89½ ..	4.87¼-4.89½ ..	4.86¾-4.89
Treasury balances, cur.	\$43,025,592 ..	\$40,888,456 ..	\$36,307,361 ..	\$37,147,262 ..	\$34,411,976
Do. do. gold.	\$123,840,183 ..	\$123,599,473 ..	\$123,955,811 ..	\$124,164,530 ..	\$124,668,834

At the London Stock Exchange the closing prices of our Government securities compare as follows :—

Quotations in London,	June 6.	June 13.	June 20.	June 24.	Range since Jan. 1, 1879.— Lowest.	Highest.
U. S. 5s of 1881....	105¾ ..	105¾ ..	105¾ ..	105¾ ..	105¼ Apr. 25 ..	109¼ Jan. 4
U. S. 4½s of 1891...	108½ ..	108¾ ..	108 ..	108¾ ..	106½ Mar. 24 ..	110 May 2
U. S. 4s of 1907.....	105 ..	103¾ ..	103¾ ..	104¾ ..	101 Mar. 26 ..	105½ May 22

To show the range in the prices of Government securities since January 1, 1879, and the amount of each class of bonds outstanding, we give the following table :

	—Range since Jan. 1, 1879.—		—Amount June 1, 1879.—	
	Lowest.	Highest.	Registered.	Coupon.
6s, 1880-1.....coup.	103¾ Mar. 22 ..	107½ May 21 ..	\$ 202,440,900 ..	\$ 80,295,450
6s, 5-20s, 1867.....coup.	— ..	— ..	6,790,800 ..	31,211,300
6s, 5-20s, 1868.....coup.	— ..	— ..	14,127,100 ..	19,100,200
5s, 10-40s.....coup.	— ..	— ..	135,702,050 ..	48,263,150
5s, funded, 1881.....coup.	x103½ May 1 ..	107½ Jan. 15 ..	263,365,600 ..	245,074,750
4½s, 1891.....coup.	104 Mar. 21 ..	108 May 21 ..	165,770,650 ..	84,229,350
4s, 1907.....coup.	x99 Apr. 1 ..	103½ May 21 ..	398,714,050 ..	*228,620,750
6s, currency.....reg.	119½ Jan. 4 ..	128 May 31 ..	64,623,512 ..	—

* This amount does not include the \$ 28,723,660 of Refunding Certificates outstanding on June 1.

In the existing condition of the market for investment securities, it has been suggested that the best municipal securities ought to attract more attention, and will do so before long. Many obvious difficulties, however, stand in the way. A good book of statistical and general information on the points most valuable to practical dealers and shrewd investors is much wanted. The American Bankers' Association might, with advantage, direct some of its discussions to this subject. It has already begun the work with manifest advantage. Two years ago a valuable address on municipal securities was given by Mr. Buell, President of the Importers and Traders' National Bank. He showed the financial condition of 130 principal cities down to 1876, and the present investigation is brought down to the close of the year 1878, and includes counties, cities, and towns of the entire country. In six years the indebtedness of these cities had increased so rapidly that it had come to exceed by over \$ 316,000,000 the bonded and floating indebtedness of all the towns and cities in the United States, which in 1870, according to the census, amounted to \$ 515,810,000. Mr. Robert C. Potter, of Chicago, whose statistics were chiefly used in this address, has just compiled some further tables. He has obtained returns from the States of New York, Massachusetts, Illinois, Ohio, Wisconsin, Minnesota, Kansas, Missouri, Connecticut, Georgia, and Rhode Island. In these eleven States the total aggregate local debt in 1878 was \$ 546,285,528, and in 1870 it was \$ 286,179,060. The assessed valuation of property in these States was \$ 7,172,148,179 in 1870 and \$ 9,333,696,515 in 1878. Although bad enough, the second investigation shows a better condition of affairs than did the first. The chief danger lies in the cities, not in the counties and towns. The increase in the cities was at the rate of 200 per cent., and by adding in the county and town debts the increase is less than 100 per cent. The local debt of the country at the close of the year 1878 was \$ 1,051,106,112, exclusive of State debts.

It is announced that of the forty millions of four per cent. certificates issued only \$ 47,120 remain undisposed of at the various depositories, and nearly seventeen and a half millions of the amount issued have been converted into four-per-cent. bonds.

Several hundred thousand ounces of silver were offered to the Mint Bureau at Washington on June 18th, but none purchased, the offers being above the market price.

The Comptroller of the Currency has called upon the National banks for a statement of their condition at the close of business last Saturday, June 14.

EXPORTS FROM NEW YORK TO FOREIGN PORTS FOR FIVE MONTHS FROM

		JANUARY I.			
		1877.	1878.	1875.	
Domestic produce.....	\$ 106,410,760	..	\$ 140,099,506	..	\$ 128,868,191
Foreign free goods.....	1,218,977	..	1,574,011	..	1,273,113
Foreign dutiable.....	1,908,364	..	2,322,674	..	2,076,498
Specie and bullion.....	16,326,161	..	8,518,205	..	8,906,547
Total exports.....	\$ 125,864,262	..	\$ 152,714,396	..	\$ 141,124,349
Total, exclusive of specie.	109,538,101	..	144,196,191	..	132,217,502

During the same months of 1876 we shipped but \$100,885,967, and in the corresponding period of 1875 only \$97,200,926.

EXPORTS (EXCLUSIVE OF SPECIE) FROM NEW YORK TO FOREIGN PORTS FOR ELEVEN MONTHS OF THE FISCAL YEAR.

		1877.		1878.		1879.	
Six months.....	\$ 151,493,635	..	\$ 164,948,553	..	\$ 177,556,058		
January.....	25,403,169	..	27,692,811	..	22,559,556		
February.....	19,662,718	..	28,934,290	..	27,132,343		
March.....	19,822,112	..	31,094,113	..	28,782,849		
April.....	21,764,071	..	28,211,036	..	26,915,800		
May.....	22,886,031	..	28,363,941	..	26,827,254		
Total eleven months....	\$ 261,031,736	..	\$ 309,144,724	..	\$ 309,773,860		
Add specie.....	30,799,930	..	14,463,876	..	12,717,142		
Total exports.....	\$ 291,823,666	..	\$ 323,608,600	..	\$ 322,491,002		

FOREIGN IMPORTS AT NEW YORK FOR THE FIVE MONTHS FROM JANUARY I.

		1877.		1878.		1879.	
Entered for consumption....	\$ 61,536,121	..	\$ 56,291,166	..	\$ 61,923,984		
Entered for warehousing....	35,858,765	..	29,121,860	..	30,392,794		
Free goods.....	42,045,908	..	33,526,566	..	37,752,866		
Specie and bullion.....	6,846,210	..	11,895,940	..	4,419,000		
Total entered at port.....	\$ 146,287,004	..	\$ 130,835,532	..	\$ 134,488,644		
Withdrawn from warehouse..	31,187,732	..	28,264,412	..	25,877,489		

The corresponding total for 1876 was \$137,228,199; for 1875, \$164,144,608; and for 1874, \$185,585,222.

FOREIGN IMPORTS AT NEW YORK FOR ELEVEN MONTHS ENDING MAY 31.

		1877.		1878.		1879.	
Six months.....	\$ 147,027,452	..	\$ 152,045,807	..	\$ 148,784,274		
January.....	27,606,337	..	24,626,689	..	25,657,546		
February.....	26,659,268	..	25,726,714	..	26,968,987		
March.....	34,402,295	..	26,565,641	..	28,238,007		
April.....	28,858,011	..	29,750,760	..	28,935,160		
May.....	28,761,093	..	24,165,728	..	24,688,944		
Total eleven months....	\$ 293,314,456	..	\$ 282,881,339	..	\$ 283,272,918		
Deduct specie.....	30,812,813	..	19,541,180	..	10,524,268		
Total merchandise.....	\$ 262,501,643	..	\$ 263,340,159	..	\$ 272,748,650		

DEATHS.

At SMITHFIELD, OHIO, on Thursday, March 20th, aged seventy-seven years, JOSEPH H. COPE, formerly President of the First National Bank.

At KEENE, N. H., on Thursday, May 22nd, aged fifty-six years, FRANCIS A. FAULKNER, President of the Cheshire Provident Institution for Savings.

At NEW YORK CITY, on Monday, June 23d, aged seventy-three years, ANDREW MILLS, President of the Dry Dock Savings Institution.

At EUFAULA, ALA, on Thursday, May 22d, aged seventy-seven years, EDWARD B. YOUNG, President of the Eufaula National Bank.

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No. 2.

THE SITUATION IN EUROPE.

The events of the last month in Europe have been of unusual importance to the commercial and financial interests of this country.

There is no improvement in the commercial and manufacturing interests of Great Britain, and the failures continue there without any diminution in either number or magnitude, and some of them are on a large scale. On the 22d of July, Price, Boustead & Co., merchants in London, failed for £600,000; principally, it is said, from the low prices of coffee, they being largely interested in coffee plantations in Ceylon. The London *Standard* of July 23, says: "The failure of Price, Boustead & Co. is naturally accompanied by sinister conjectures of future disasters. A prominent Northern firm was recently compelled to dispose of 40,000 tons of iron at a ruinous sacrifice in order to avert suspension."

But much the most important news from Europe during July, was the setting in on the 19th of cold, rainy and stormy weather, which continued three or four days in Great Britain and over the whole of Western Europe. This is considered to be the finishing blow to the hope of any approximation to average harvests. They were already, before this last storm, in a precarious position, and the prospects of any tolerable results was dependent upon the continuance of bright and warm weather. No such general failure has occurred in Europe for many years, if ever. Last year the crops of both France and Great Britain were deficient. This year they are

bad in Germany, where last year they were of an average condition. But the most complete change for the worse is in Hungary, where the wheat crop of 1878 was of extraordinary abundance. It has now suffered enormously from inundation and rainy weather. Indeed, the correspondent, at Pesth, of the *London News* of July 23, goes so far as to telegraph that "the harvest in Hungary is an utter failure."

It is roughly estimated that the countries of Europe (including Great Britain) which must import bread, will require during the coming year 300 million bushels of wheat, which is fully 100 millions more than they have required during the current year. The supply from Hungary is cut off, and no good harvests are reported except in Russia and the United States. A telegram from St. Petersburg, dated July 22, says: "Exchange on London has advanced five per cent. during the week, partly in consequence of expectations of large corn exports."

So great and sudden an advance in the value of the paper money of Russia, strikingly illustrates the opinion held there of large and remunerative markets for Russian wheat.

The imports into Europe of wheat from India, which had become large before 1879, will doubtless revive again, as prices of wheat go up. How much wheat can be drawn from India is a question of how much price it will bring in Liverpool and London. But the inland and ocean transportation charges on India wheat imported into Europe are large. It is produced in the most northerly portions of India, and at long distances from shipping points.

The country which will profit most decidedly from active markets for wheat in Europe is the United States. Our crops are ample to supply them, and the prospect is most auspicious for our cultivators, for inland and ocean freighters, and for the merchants and other classes who handle our wheat and flour.

In a commercial view, there are, of course, drawbacks from the advantage to this country of deficient harvests and an extraordinary demand for wheat in Western Europe. The losses of European agriculturists, and the higher cost of bread to European consumers, involve lower prices for American cotton, petroleum, tobacco, &c., and a more strenuous competition with us in manufactures. But, with all allowances, the balance of advantages must be largely in favor of the United States.

The financial aspects of the situation are too numerous and important to admit of any thing more than the merest reference to them. The most obvious aspect is, that it postpones for one year, at least, the possibility that resumption will be subjected to the strain of an adverse balance of foreign trade, and the longer such a strain is postponed, the stronger resumption becomes in many respects, and especially in a strengthened and confirmed public confidence in it.

The refunding operations of 1881 will be greatly facilitated by the large excess of our exports over imports between now and then, and the necessarily continued flow in this direction of American securities of all kinds now held in Europe. We do not anticipate that our excess of exports will be paid for in the specie of Europe; nor is that desirable, because it would involve a further contraction in the European money circulation, and still further depress prices, already low, in the markets in which we sell the great bulk of all that we send abroad. Nor is it even desirable that we should retain at home the whole product of our gold and silver mines. What we shall receive, and what it is most advantageous that we should receive, for our exported cereals, is not the coin of Europe, but American interest-bearing securities, too many of which are still held there, large as has been the amount brought home within the past two years.

STATE AID TO INDEBTED MUNICIPALITIES.

The debts of the cities and towns of Connecticut aggregate a little more than seventeen million dollars. As most of the towns are out of debt, or owe but little, the debts of a few of them must be and are very onerous. The measure of relief which is proposed and discussed with a good deal of apparent favor by the people of Connecticut, is, that these debts should be paid off with bonds on which the State should appear as principal, or endorser, under arrangements by which the State could compel a rate of taxation in the relieved towns which would yield enough to pay interest on the debts and to provide a sinking fund large enough to liquidate the principal within some stipulated time. The relief would be in the lower rate of interest at which the State credit would command money than the rate at which it is obtainable by the heavily-indebted towns. If the measure was not in terms limited to the towns owing beyond a certain proportion to their taxable valuations, it is certain that it would not be in fact availed of by the towns which owe but little. When town debts are kept within certain limits, they can be carried on town credit as cheaply as on State or even National credit. The question is not, therefore, of involving the State of Connecticut in new liabilities of seventeen million dollars, but of its assumption of the debts of those towns whose indebtedness is considerable.

The State of Illinois adopted a measure a few years ago, having some features in common with that now proposed in Connecticut, but differing from it in the essential particular that the State of Illinois did not make itself liable for any municipal bonds, but agreed as to such of them as should

be registered in a certain way, that it would be the custodian of the money derived from taxes levied to meet the interest on them, and would pay it over to the holders of them. It does not appear that it was one of the objects of the Illinois measure to help the towns to get out of debt. On the contrary, if it was not the object of that measure, it certainly was the effect of it, to enable the towns to get more deeply into debt. Their bonds were more readily taken because there was some kind of a State guarantee about them, and the extent of this guarantee was doubtless misunderstood and exaggerated by some takers, although we do not intend to imply in saying this, that the actual guarantee has in any case proved insufficient, or is likely to do so.

A measure more exactly resembling that in Connecticut was that adopted, a few years ago, by the United States in respect to the debt of the District of Columbia, which had become unmanageably large, unless the interest on it could be reduced to a rate impossible in the condition of its credit. The United States assumed this debt absolutely on bonds running fifty years and bearing an interest at the rate of \$3.65 per annum. Being politically the masters of the District they proceeded to prescribe and enforce a rate of taxation which would pay this interest, and the last Congress prescribed such an addition to this rate of taxation as will also furnish a sinking fund sufficient to pay all the bonds within the fifty years.

The control of the State of Connecticut over its towns is as absolute as that of the United States over the District of Columbia. The right of taxation for all purposes, local as well as general, except so far as it is possessed by the United States for National purposes, belongs exclusively to the State, and is exercised by towns, counties and cities only by virtue of authority thereto granted by the State. Connecticut can as effectually secure from municipalities possessing sufficient property the payment of any debts which it may see fit to assume for them, as the United States can in respect to the assumed debt of the District of Columbia.

If this measure is finally approved by the people of Connecticut, its precise details may differ from any as yet proposed. All the plans which we have happened to see, proceed upon the idea of the very long term of fifty years for the complete extinguishment of the assumed debts, and, of course, the sinking fund needed to effect that object would be very small. No longer ago than the beginning of this century, and even later, the duty of every generation to pay its own debts was recognized by all American authorities. Mr. Jefferson went further than that, and denied absolutely that one generation had the right to throw debts upon another. To-day, it would be recognized as a good general rule that those who contract debts ought to pay them. In

this case there seems to be no ground for making an exception to that rule, because if the relieved municipalities shall make no greater contribution to a sinking fund than what they save in annual interest by the substitution of the stronger State credit for their own, those debts would be extinguished in from twenty to thirty years. It cannot be impracticable for the municipalities to pay annually for interest and a sinking fund what they are now actually paying for interest alone. It will be a sufficiently great advantage for them to have the same amount of taxes, which are now swallowed up in meeting interest, answer for the payment of interest and leave a surplus which will liberate them from debt altogether in thirty years, and perhaps in a shorter period.

The State of Connecticut, looking only to its own possible future wants, may well hesitate to assume engagements running through so protracted a period as half a century. No political wisdom can forecast the events which may happen during that long time. It is only a few years ago that the States were called upon to strain their credit to sustain the Government in a contest for life. The State of Connecticut itself came out of that struggle with a debt of ten millions, of which half yet remains unpaid. With that experience of the uncertainty and sudden turns of human affairs, the people of Connecticut will be slow to entangle themselves with engagements, protracted without any clear and overwhelming necessity to a very distant future, the circumstances of which it is impossible to foresee.

PAYING INTEREST ON DEPOSITS.

Under notices issued by the German Imperial Bank, the payment of interest on deposits of individuals ceased April 1st, and on those of churches, schools, charitable institutions, etc., June 1st. Upon this the London *Economist*, of June 14th, observes, that "*it cannot be doubted that the bank is acting with judgment.*" We concur in that view, but are quite unable to see why it is not equally applicable in similar cases everywhere, and why its application is not demanded with particular urgency in Great Britain, where the banks and bankers have become, and very much from the practice of paying interest on deposits, the largest borrowers in the kingdom.

We question the policy of permitting institutions, which issue the actual paper circulation of a country, and which receive deposits subject to be checked out at the will of the depositors—such institutions, in short, as the Imperial Bank of Germany, the Bank of England, and the National banks

of the United States—to increase the amount of their deposits by paying interest on them. Their indebtedness will ordinarily be as large, without swelling their liability to depositors in that way, as is consistent with preserving the constant convertibility of their circulating notes, and with making their deposits what they are supposed to be and ought to be, the actual, ready cash of those who own them.

There is a need of safe places in which money may be deposited, subject to recall at fixed terms or on short notice, and where it may earn some interest for the depositor until recalled. That want is met by savings institutions, trust companies, and private bankers. In all those cases there is the risk that the money deposited may not be forthcoming at the moment when the depositor has the right to demand it, and oftentimes he has no reason to complain if it is not so forthcoming. When he stipulates for interest on his funds, he foresees and assents to their employment in loans and other investments, since it is in no other way that this interest can be earned. He ought also to foresee that money put out in loans and investments, however carefully, cannot always be recovered without delays which are not anticipated. Savings banks in most, if not all, the States, provide for this contingency by a provision for a delay in their own payments. Without doubt, many depositors are put to inconvenience when this provision is insisted upon. But the demand deposits of the German Imperial Bank, the Bank of England, and of the National banks of the United States, are on an entirely different footing. They are practically the cash of the financial and commercial classes, and their instant availability as such cannot be lost without the most disastrous consequences, and no available weakness should be permitted to exist in such institutions. Debt in any form is a weakness, and they should not be allowed to be in debt to any extent beyond what is made necessary by the nature of their functions. What they owe on their circulating notes, and on such deposits as they will receive without the extra attraction of allowing interest on them, is as much as they can safely undertake to pay on demand in all contingencies, and is as much as they ought to be indebted for. The Bank of France is never a debtor for anything more, nor is the Bank of England. If the Bank of Germany has to some extent indulged in the practice of paying interest on deposits, it seems now to have given it up. The National banks in this country have never paid such interest to any extent, and only in peculiar and exceptional cases, such as on the current accounts of other banks.

The joint-stock banks and the private bankers in Great Britain pay interest, as well upon deposits demandable at call, as upon deposits demandable at specified times, or after a specified length of notice. In addition, they sell this credit

in the form of acceptances, which is in substance like the selling of the credit of banks by the issue of post notes, which was familiar in the practice of certain banks in this country forty years ago, and notably of the last Bank of the United States in the final years of its existence, under a charter from the State of Pennsylvania. The issue of post notes is expressly prohibited by the National banking law.

By increasing the amount of their deposits by offers of interest on them, and by the practice of issuing acceptances, the position of British banks and bankers, while it is a very profitable one in good times, becomes a very dangerous one in bad times. The last statement of the Oriental Bank of London does not give an extreme view of what this position is generally. Its capital, being nominally two millions sterling on its books, consists really of the excess of value, if any, of nineteen millions sterling of assets, after paying seventeen millions of debts. There is not a banker in Wall street who would listen to a proposition to take those assets and pay the debts for such chance as there might be of finding a balance in his favor.

It is nevertheless without doubt true, that the prevailing London opinion in favor of this style of banking was fairly expressed in the London *Economist*, of March 1st :—

That the system of receiving money at call, or on short notice, and allowing interest upon it, is attended with a certain risk is unquestionable. But payment of interest on deposits is essential to the accumulation in banks of the supplies of capital necessary for the carrying on and extension of trade.

Opinions of that kind must be left to the correction of time and experience. That the British financial system is essentially vicious is conceded by British authorities, although they may disagree as to which part of it is the most diseased. It was a British economist (London Statistical Society, Vol. 34, page 352) who used the following energetic language :—

England is the peculiar seat of monetary crises, just as Egypt is of the plague and India of the cholera. These monetary plagues are the bane and opprobrium of the country.

Whatever doubts there may be on other points, it would seem that when banking institutions are, as a rule, top-heavy with the magnitude of their own debts, they are in a condition to render only a very unsteady and unreliable support to "*the carrying on and extension of trade.*" Banks ought to be ready to uphold solvent customers in difficult times, by keeping themselves always strong, rather than be obliged to throw everybody overboard in order to save themselves whenever the wind freshens a little, or blows from the wrong quarter.

THE NEW INTEREST LAW OF NEW YORK.

The Interest Act passed during the late session of the Legislature of New York amends section one, title three, chapter four, of the *Revised Statutes* of the State, so that it is now to read as follows :

SECTION 1.—The rate of interest upon the loan or forbearance of any money, goods or things in action, shall be six dollars upon one hundred dollars for one year, and after that rate for a greater or less sum, or for a longer or shorter time. But nothing herein contained shall be so construed as in any way to affect any contract or obligation made before the passage of this Act.

The Act repeals all laws contrary to the above, and also provides that it shall take effect January 1, 1880.

The Act makes no change in those sections of the *Revised Statutes* which prescribe the penalties for usury. It simply makes taking more than six per cent. per annum usury, instead of taking more than seven per cent. as heretofore.

Among the questions raised on this Act, one is, that between the date of the passage of the Act and January 1, 1880, there is no legally prescribed maximum rate of interest, but we agree with Attorney-General Schoonmaker, that this is "entirely frivolous." The present section one, title three, chapter four, of the *Revised Statutes*, prescribing seven per cent. as the legally permitted maximum, is not changed, or repealed, until the recent Act goes into effect and that is not until January 1, 1880.

There is another question on this law, however, which is very far from being entirely clear, and opposing opinions on it are given by two such respectable authorities as Attorney-General Schoonmaker and the *Albany Law Journal*. This question is, whether, between the date of the Act and the date (January 1, 1880) of its going into effect, contracts can be made, not maturing until after January 1, 1880, and promising interest after January 1, 1880, and until they mature, at any rate higher than six per cent.

The Attorney-General's opinion is, that the present section on the subject of interest, under which seven per cent. may be stipulated for, remains in full force in all respects until January 1, 1880, and that under it contracts may be made running any term of time. In respect to so much of the Act as provides that it shall not apply to "any contract made before the passage of the Act," he says that it is "purely negative," and in fact mere "surplusage" because the Legislature has no power to pass a retroactive law. He maintains further, that the Legislature can no more enact a law to operate on contracts made before it takes effect, than it can

enact a law to operate on contracts made before it is passed. In this last view we are altogether unable to concur. We see no difficulty in admitting the power of the Legislature of 1879 to enact a law taking effect January 1, 1880, fixing six per cent. as the maximum interest on all contracts, whether thereafter entered into, or then existing, provided they were entered into after the date of the passage of the Act. The constitutional limitation on the legislative power is, that no law can affect contracts entered into *before its date*. The question therefore, as it appears to us is not whether the Legislature of 1879, in an act to take effect January 1, 1880, might constitutionally have so worded it as to make it govern the rate of interest after January 1, 1880, on contracts made prior thereto but subsequent to the date of the Act, but whether, in the case in hand, the law is actually so worded as to bear that construction.

The argument of the *Albany Law Journal* that it must be so construed, is as follows :

The legislative intention is always the polar star of statutory construction. The intention of the Legislature was to allow seven per cent. until, and to prohibit more than six per cent. after, January 1, 1880. At the same time they were bound to observe the constitutional inhibition against interference with existing contracts. If they had given the Act immediate effect, there would have been no necessity for the provision about contracts made prior to the passage. The Constitution would have taken care of such contracts. But as the Legislature desired to give ample notice of the passage, and to preserve the old rate of interest during the running of the notice, they adopted the provision, otherwise superfluous, that the Act should not apply to contracts made before—what?—not the taking effect of the Act, but—the *passage* of the Act. *Expressio unius exclusio alterius*. Nothing can save a contract for more than six per cent. maturing after January 1, 1880, from the penalty of usury, except its sanctity as a contract made before the expression of the new legislative intention. It would be absurd to suppose that the Legislature intended, by the postponement of the taking effect, to give the public an opportunity to evade the law, by making over-lapping contracts at the old rate. In a word, the penalty of usury attaches to all contracts on the 1st of January, except those made before the actual passage of the Act. Such is the argument derived from the literal construction and from intention.

How the Courts may construe the law remains to be seen, but it would at any rate be prudent, in a contract made after the date of the passage of the law, but running beyond January 1, 1880, to make any stipulation for interest afterwards beyond the rate of six per cent., expressly subject to a reduction to six per cent., if the Court decide that to be the legal maximum rate after January 1, 1880.

The question, as a practical one, is of less importance at such a time as this, when many, and perhaps a majority of, mortgages are actually written at six per cent., not because the law requires it, but because the market rate of interest is very low.

BUSINESS FAILURES IN 1879.

The figures below, taken from Dun, Barlow & Co.'s July circular, compare the second quarter and also the first six months of 1870, as regards the number and importance of business failures in the United States, with the corresponding portions of the three preceding years :

Year.	Second Quarter.			Six Months.	
	No. of Failures.	Amount of Liabilities.	Average Liabilities.	No. of Failures.	Amount of Liabilities.
1876 ..	1,794 ..	\$43,771,273 ..	\$24,398 ..	4,600 ..	\$108,415,429
1877 ..	1,880 ..	45,068,097 ..	23,972 ..	4,749 ..	90,606,171
1878 ..	2,470 ..	48,753,940 ..	19,738 ..	5,825 ..	130,832,766
1879 ..	1,534 ..	22,666,725 ..	14,776 ..	4,058 ..	65,779,398

It is, of course, to be taken into account that the number of failures in 1878, was abnormally increased by the pendency in Congress of the bill, which was finally passed, to repeal the National Bankrupt Law. But with all fair allowance for that circumstance, it may well be claimed that these figures tend to show an improvement in the current business of the country. On that point, Dun, Barlow & Co., observe in their circular :

The indications are numerous on every hand of an improved condition of business, yet none are more significant than the decrease in failures. Aside from the direct losses of large sums through misfortunes of this character, the amount locked up in estates awaiting adjustment is a most serious withdrawal from active capital. But even greater than this is the effect upon the confidence so essential to business pursuits. Numerous failures retard business ventures in a greater ratio than any other single circumstance; while the probability of lessened disasters begets faith in the future, and this feeling of safety contributes almost as much, as an incentive to transactions, as the hope of gain. The decline in values, and the absence of remunerative profits experienced in all branches of business during the last two years, served to intensify the anxiety always felt when losses by failure are frequent or even probable; but now that the figures reveal such a marked improvement, as compared with the losses chronicled in previous years by bad debts, another element is added to the growing confidence already manifesting itself; especially when taken in connection with the present steadiness in prices and improvement in values of many staples, and the evident growth in the volume of business.

In contrast with the condition of things in the United States, the failures in Canada were 1,067, and the aggregate liabilities \$17,425,953 during the first six months of 1879, as compared with 947 failures and aggregate liabilities of \$13,508,726 during the corresponding six months of 1878.

The following from the same circular gives the figures of failures by States, and in some cases by cities, for the sec-

ond quarter, and also for the first six months of 1879, and a comparison with 1878 in respect to the first six months :

STATES AND TERRITORIES.	Second Quarter —in 1879.—		Total for first six —months of 1879.—		Total for first six —months of 1878.—	
	No. Fail- ures.	Amount of Liabilities.	No. Fail- ures.	Amount of Liabilities.	No. Fail- ures.	Amount of Liabilities.
Alabama.....	2	\$ 39,000	16	\$ 150,909	25	\$ 461,672
Arizona.....	—	—	1	4,000	3	42,107
Arkansas.....	11	123,450	45	406,782	26	272,600
California.....	72	831,000	156	1,801,000	139	1,343,341
City of San Francisco	56	734,000	122	3,919,000	110	1,820,747
Colorado.....	14	123,836	29	200,161	26	337,373
Connecticut.....	33	905,142	83	2,093,082	150	2,795,640
Dakota.....	2	6,000	5	17,500	7	83,000
Delaware.....	1	23,000	8	167,337	11	96,500
District of Columbia.	5	25,374	18	125,126	17	164,202
Florida.....	6	62,700	15	107,677	12	76,638
Georgia.....	15	70,600	49	289,800	88	1,523,562
Idaho.....	—	—	—	—	—	—
Illinois.....	38	150,841	119	919,014	282	4,898,131
City of Chicago.....	9	420,000	39	1,340,900	215	8,753,300
Indiana.....	28	416,500	76	1,138,391	254	3,948,549
Iowa.....	37	472,500	104	874,000	245	2,140,400
Kansas.....	26	76,300	39	103,646	20	424,550
Kentucky.....	34	233,163	83	887,312	145	4,759,258
Louisiana.....	21	347,100	57	4,349,434	90	4,080,706
Maine.....	10	65,000	50	384,000	117	803,900
Maryland.....	22	193,100	55	233,000	63	1,246,880
Massachusetts.....	71	1,586,873	171	3,183,900	354	7,817,431
City of Boston.....	28	594,100	90	2,594,900	175	6,536,523
Michigan.....	47	519,391	107	1,204,134	219	4,008,025
Minnesota.....	20	144,414	92	863,328	55	385,963
Mississippi.....	13	72,000	58	665,087	70	807,160
Missouri.....	19	54,750	47	157,409	47	738,216
City of St. Louis.....	11	918,500	33	1,846,000	62	861,500
Montana.....	—	—	—	—	—	—
Nebraska.....	17	96,100	37	152,800	65	472,200
Nevada.....	13	119,000	26	360,700	7	107,137
New Hampshire.....	17	122,650	47	313,450	57	276,800
New Jersey.....	32	257,087	72	631,402	77	1,083,800
New Mexico.....	2	1,639	6	15,639	2	2,200
New York.....	182	1,852,849	509	5,670,301	512	8,538,844
City of New York.....	154	4,977,123	308	8,739,677	424	23,395,412
North Carolina.....	19	140,519	64	765,247	58	499,400
Ohio.....	70	687,365	176	2,516,824	290	6,831,233
City of Cincinnati.....	17	246,752	50	769,438	106	3,215,080
Oregon.....	14	110,267	23	174,721	—	—
Pennsylvania.....	123	1,133,522	317	6,429,634	429	11,714,554
City of Philadelphia.....	49	881,191	112	1,661,416	135	5,402,466
Rhode Island.....	23	1,468,075	58	2,911,350	67	955,225
South Carolina.....	12	111,200	60	681,240	38	513,561
Tennessee.....	34	387,696	115	1,079,165	123	1,340,474
Texas.....	31	160,339	97	710,972	145	1,873,510
Utah.....	2	5,354	6	265,354	4	43,700
Vermont.....	10	111,000	36	213,000	62	1,070,600
Virginia.....	23	193,000	48	502,050	62	612,044
Washington Territ'ry	4	103,500	6	119,168	—	—
West Virginia.....	6	21,500	15	84,500	23	227,736
Wisconsin.....	25	254,863	93	901,613	99	1,398,916
Wyoming.....	4	6,500	10	22,900	4	24,000
Total.....	1,534	\$ 22,666,725	4,058	\$ 65,779,390	5,825	\$ 130,832,766

In Great Britain and Ireland, the progress seems to be steadily from bad to worse. According to the report of the Comptroller in Bankruptcy, the total number of bankruptcies, on the petition of creditors and by assignments,

arrangements and compositions, increased by tolerably steady gradations from 5,002 in 1870, to 9,533 in 1877. There was then a more decisive enlargement to 11,450 in 1878.

In respect to the present year, the London *Economist* of July 5, says: "According to Mr. Richard Seyd, there occurred 8,990 failures in the first half of this year, of which 1,553 were in the financial, wholesale, and manufacturing branches of trade, and 7,437 in retail, building, and miscellaneous trades, among professional men, farmers, etc."

WHEAT GROWING IN ENGLAND AND AMERICA AND THE EMIGRATION OF FARMERS.

The London *Economist*, of April 19th, discussed very elaborately the question of the present and probable ultimate results of the competition of American wheat growers, which has produced the existing severe agricultural distress in Great Britain, and is threatening to produce in Ireland an agrarian resistance to the payment of rents.

The general view taken for several years past by Mr. Caird, and other British writers on that topic, has been, that the freight charges upon the transport of the wheat of our Western States to Liverpool were equal, upon the average, to the rents paid by British farmers to their landlords. On that view, other things being equal, the present high rents of British farms might continue to be paid, and the rent-rolls of the British landed aristocracy would be secure, and all the complicated family settlements which rest upon that security seemed to have a reliable basis.

But within two or three years the cost of transporting grains from the West to Liverpool has been materially diminished, by the reduction of rates on the competing trunk railroad lines in this country, and by lower freight rates across the Atlantic. If the cost of laying down Western grain in Great Britain is taken as the measure of the possible maximum of British land rents, a fall in those rents would follow inevitably from a reduction of that cost.

The theory of Mr. Caird presupposes that, throwing out of view British land rents, and the offset of the expense of moving American grain to Liverpool, other things are equal in the competition of American and British farmers as suppliers of wheat for the British market. But the *Economist* now says that other things are not equal, and that American wheat is actually produced cheaper than British wheat, even if the element of land rent is not included in the cost of the latter. As it now states the situation, American wheat is delivered in enormous quantities in England at forty shillings per

quarter, whereas, at the much higher prices which have generally prevailed since the repeal of the British corn laws, the British farmer has been barely able to live and pay his rents. It adds, that "*other charges on British products have certainly not diminished,*" and that the British farmer must be helped somewhere, or succumb to a competition of wheat sold in his own market at the present rates. And no other help than a reduction of rents being possible, the *Economist* concurs in what seems now to be the general English view of the case, that landlords must give up some of their income. Such a conclusion has terrors, which are immeasurably aggravated by the peculiar condition of the proprietorship of land in Great Britain. It is in general so tied up in trusts and so charged with annuities, that a fall in the aggregate income means for some classes of its owners the total loss of all income.

In the view of the *Economist*, the American farmer, in addition to his comparative freedom from rents, which offsets the charges he has to pay in order to lay down his wheat in Liverpool, has an advantage which determines the competition in his favor, "*in the cheapness with which he obtains his crop.*" But it attributes this "*cheapness*" to the fact that the American Western farmer operates upon lands which are as yet virgin, and do not require to be manured. It admits that, acre for acre, English lands require more labor in their cultivation than the soils of the West. It says:—

An English farmer, accustomed to drive three or four horses painfully over a stiff clay, can scarcely imagine the ease with which a light plough runs through the rich loam of a Western State. In Northern Minnesota, the Red River settlement is just being opened up. A furrow may be drawn for fifty miles across this alluvial prairie without meeting a hill, a tree, or a stone.

The *Economist* finds an offset to this in the greater product of English acres, on which point it says:—

The average yield of an acre of land in England is thirty bushels against thirteen in the Western States. The American farmer must, therefore, cultivate two and one-half acres before he can sell as much produce as is grown on a single acre in England.

According to the *Economist*, the real advantage of the Western farmer is in his ability to get along without manuring. On that part of the case it observes:—

The heavy yield in England is only obtained by the application of costly manures, and this outlay is spared to the American grower. At present only the richest lands are cultivated, and the earth yields her increase without any assistance at his hands. Of course, this will not last forever. In twenty years' time all the more fertile lands will be taken up, and even these will be exhausted by successive crops. In California the average has already fallen from twenty to fourteen bushels. In the Atlantic States it has long been necessary to revert to a rotation of crops and the application of ferti-

lizers. But until this stage of exhaustion is reached in the Western States, the English farmer will require something more than the set-off of freight against rent charge.

The suggestion has often been made, in various forms, and seems to have a good deal of truth in it, that the gain which is made in wheat growing at the West and in California, is not in any proper sense the current profit of an industry, but a using up of a pre-existing capital in the form of the virgin fertility of the soils operated upon. And that idea has a wider application than to the single case of wheat growing. It applies to timber, petroleum, and many other gifts of nature. Nations which part with such gifts for the general good of the human race may be commended for the philanthropy which they display, but hardly for the exhibition of any prudent wisdom of a selfish kind. Commerce between Great Britain and the other manufacturing countries of Europe on the one side, and those countries which are rich in raw materials on the other, has this plain element of loss for the latter, that without counter-acting fiscal arrangements, it is a surrender to others of an equal participation in their own peculiar advantages. The home competition of producers will reduce their prices to a mere remuneration for the employed capital and labor, without any margin being left for the beneficence of nature, which is being used up. It is in that way that Canada is throwing away its timber, and that the people on the other side of the Atlantic have profited quite as much as ourselves from our petroleum wells. Some other countries manage differently. Thus, Brazil makes sure of a revenue from its coffee, and Cuba makes sure of a revenue from its sugar, by export duties. They do not allow the outside world an equal participation in their special productions, but exact a royalty upon them in their right as proprietors. We confess, that for ourselves, we feel no enthusiasm over the vast trade which is being carried on between this country and Europe, looking to the manner in which it is carried on. Happily, that is susceptible of being easily improved. We have only to exercise common sense in our fiscal regulations, without regard to the sentimentalities of that modern school of (so-called) political economists, who glorify foreign commerce as in itself the greatest of blessings, and without stopping to enquire whether it is profitable or ruinous.

Lord Derby made a speech a few weeks ago at an agricultural meeting, of which the following epitome is given in the English papers :

He said he should like to see the experiment tried of having a class of cultivators who would also be freeholders, as it would be worth while to know by actual experiment whether there was really a demand for land on the part of the class who could not afford to buy more than a few acres. Speaking of State interference between

landlords and tenants, His Lordship said there never was a time when it was less necessary for tenant farmers to ask the State to make contracts for them. At present, the tenant farmers are masters of the situation, and with farms lying unoccupied all over the country, it was the farmer's own fault if he accepted a lease with provisions in it which he thought objectionable. The relations of landlord and tenant, in the long run, would be regulated by the need which each had for the other. The cultivable land in England was a fixed quantity. There was not, he believed, room for more farmers here, and he advised those who had sons whom they were bringing up to their business to look outside this island. By making a vacancy here a man would do good instead of harm to those whom he left behind. It was a simple question in figures. Keep down their numbers and they would keep down their rents.

Within two or three years, at a similar agricultural gathering, Lord Derby expressed the opinion that English agricultural laborers were, upon the whole, better off at home than they would be elsewhere. Whether he has changed his opinion on that point does not appear, as he confined himself in his recent utterances to the question of the emigration of farmers. He has himself one of the longest rent rolls in England, and that he should have advised farmers to be thinking of going abroad shows how strong the feeling is that the existing state of things in the agriculture of England must be in some way improved.

In an article in the *Princeton Review* for July, by Professor Rogers, of the University of Oxford, (Eng.), we find the following :

The genuine agricultural laborer of middle, eastern, and southern England has only just begun to emigrate from his home to distant parts of the world. As yet, these movements have been exceptional, have been organized by colonial agents and agricultural trades-unions, and are no way spontaneous. The landed interest, which the present English Government powerfully represents, does not dare to stop the movement, although it looks suspiciously on it. This is proved by the fact that it has prohibited the assisted emigration of pauper children from industrial schools. It is impossible for the present system of precarious tenancy to which English farmers submit, and which is maintained for the purpose of securing political influence over the farmers, to last, and rents to keep up, unless the farmer be supplied with cheap labor. Hence the reluctance with which education is accorded to the children of the peasant, and the low standard required for his intellectual training. The farmers are afraid that if peasants' faculties are too well trained, he may become dissatisfied and restless. The bulk of emigrants from the United Kingdom go from the manufacturing towns and agricultural districts of the north, from Scotland, and from the Irish cottiers. But before long the exodus of agricultural laborers from the south will commence.

No one ever hears of an agricultural laborer growing into the state of an English farmer, still less of a landowner. Land, to an English peasant, as an instrument of his own industry, is utterly unattainable. The rights which he had over commons have gradually been filched away.

As yet, the farmers have gone with the landlords against the

laborer, and are raising the cry of agricultural distress. In course of time they will go, with or without the laborers, against the landlords, or will get into a more and more hopeless predicament.

Of the fact that, until the present time, there has been scarcely any emigration of English agricultural laborers there can be no doubt, but Prof. Rogers has not, by any means, stated all its causes, and perhaps not the most important of them.

It may be doubted whether these laborers are particularly well fitted to become farmers on their own account in new countries, and under circumstances so much different from those to which they are accustomed. If they would remain for a time in the condition of farm laborers in their new homes, they would acquire an experience of the surroundings which would better qualify them to strike out independently.

As a class, they have less disposition to be enterprising, and are more disposed to be acquiescent in their present status than the English artisans. It would be more difficult to persuade them to emigrate, and more easy to dissuade them from emigrating.

Many of those to whom they have looked for advice, aside from land proprietors and aside from the farmers, clergy, etc., who are under the influence of the land proprietors, have advised them not to emigrate. That is true of the well-known Joseph Arch, and still more decidedly true of Mr. Bradshaw, who was in this country not a long time since. The late Charles Summer expressed a very high opinion of Mr. Bradshaw, but to us he appears to be a blind leader of the blind in advising the English laborers to stay at home and persevere on that field, in a hopeless contest with the difficulties of their situation. It is easy enough to understand that laborers kept at home, and swelling the numbers of popular meetings, may be very useful to those whose objects are the notoriety and other gains of heading a political agitation, even if they do not better their own condition thereby.

But whether the fact of the non-emigration hitherto of the English agricultural laborers has arisen from their own lack of enterprise, from the direct and indirect influence of land proprietors, or from the bad advice of their own accepted leaders, it must give way before the resistless pressure of events. The English farmers are too hard pressed by foreign competition to pay higher wages, even if they are themselves relieved in some degree, as they doubtless will be, in respect to the enormous rents exacted of them. The very struggle for higher wages will arouse these laborers from their lethargy and inspire them with an ambition for better things which, in the end, they can only obtain by emigration.

THE CANADA BANKS.

The depression since 1873 has been more severe in Canada than in the United States, as shown by the greater number of bankruptcies in proportion to population and by other facts. Of course, the banks of Canada have suffered large losses, and they must suffer still more, unless there is a recovery from the present prostration of the prices of property, although they have the reputation of having been, with very few exceptions, remarkably well managed for many years past. The Toronto *Monetary Times*, of June 20th, summarizes the situation as follows:—

In 1872 the banking capital of the Dominion was \$39,255,000; it is now \$58,127,000, or about nineteen millions greater. At the same time the circulation of the banks is but \$16,122,000 where in 1872 it was \$22,261,000, a decrease of about six millions. The aggregate discounts of the banks, which in 1875 were \$145,083,000, are now \$121,660,000, which is about \$30,000,000 more than they were in 1872. Deposits are now about the same as they were in the year 1874, viz., \$63,385,000.

Since the year 1875 there has been written off from the Rests of fifteen Canadian banks an aggregate of \$4,800,000; contingent funds and profit and loss accounts have added to this \$950,000, while the capital of six banks has been reduced by an aggregate of \$6,400,000, making the total reduction of capitals and reserves of banks since 1875 no less than \$12,150,000.

The *Times* adds that the current low prices of Canada bank stocks "betoken a distrust of the adequacy of the sums hitherto allotted to cover bad debts." It says also, in respect to the practice of paying interest on deposits:—

Having in view the low prices for Canadian bank stocks which have been quoted these many months past, betokening, as has been already remarked, a distrust of the adequacy of the sums hitherto allotted to cover bad debts, it is not to be wondered at that the annual reports of these institutions, now being submitted to the public, are looked into with more than ordinary care. The volume of banking business is necessarily on the decrease, as was shown by a reduction in the statement of all the banks during April, in the amount of discounts to the extent of \$1,670,000. When it is remembered that a large proportion of the money loaned yields as low a rate of profit as six per cent. per annum, it will be conceded that a payment of from three to five per cent. to depositors for keeping their money, paying their checks, and making them a present of stationery into the bargain, carries absurdity on the face of it. We believe that a number of our leading bankers have repeatedly expressed their desire for a discontinuance of the system, but the eagerness for business and for popularity exhibited by competitors has kept them from decisive action. Now that there is less of this boiling-over spirit of bidding for business, with but small

chance of its reviving, we would urge that an agreement between bankers should be consummated whereby interest will in future be allowed on deposit receipts only.

We suppose that what is intended here by "*deposit receipts*," is a class of certificates given for deposits payable after a certain time, or after a certain notice, so that the extent of the reform recommended by the *Times* is a discontinuance of the practice of paying interest on current balances. Even so limited a reform as that would be worth something, but it is questionable whether moneyed institutions like the Canada banks, constantly liable to large present calls from the holders of their circulating notes, and from those who are their creditors on current accounts, ought to incur another class of debts on "*deposit receipts*."

BRITISH JOINT-STOCK BANKS.

It has been possible for a long time, under the British laws which regulate banking, for such banks as may prefer to do so, to change the unlimited liability of their shareholders into a limited one. At the present time, of the 133 joint-stock banks in the United Kingdom of Great Britain and Ireland, eighty are limited and fifty-three are unlimited. The limited banks have a subscribed, or nominal, capital of £76,787,326, a paid-up capital of £19,276,292, and 38,818 shareholders. The unlimited banks have a subscribed capital of £66,806,100, a paid-up capital of £22,671,215, and 51,601 shareholders.

The wide-spread ruin among the shareholders of the Glasgow Bank, whose liability was unlimited, induced the British Cabinet to frame and propose a bill, to facilitate the limiting of the liability of the banks which are now unlimited. The proposed bill provided, among other things, that notices to creditors of the intended change, instead of being required to be given to each one individually, might be given to them in a mass by a newspaper advertisement. And it being supposed that the use of the word "limited" as a part of the title of banks, might impair their credit, the bill provided that the words "reserve liability" might be substituted for "limited." The shareholders under the proposed new *regime* were to be personally liable for an amount either equal to, or twice as much as, the par value of their shares and no more.

The bill has made no progress in Parliament, and the supporters of it outside of Parliament do not seem to be either numerous or zealous. The objections made to it in Great Britain are, however, not the class of objections most likely to be made to it here.

In commenting, heretofore, upon this bill, we have pointed out the impolicy of leaving anything to the mere discretion and choice of the banks themselves. If there are any rules for their government, dictated by considerations of public safety, they should be enforced upon them all by positive law. If the unlimited liability of shareholders is calculated to give them a dangerous credit, and to involve the unsuspecting in ruinous engagements, it should not be permitted in any of them. The legislative power should determine the proper limitation of liability and make it uniform for all. Possibly, the difference in the circumstances of England, Scotland, and Ireland, might justify some variations in the provisions applicable to them respectively, but even this is very doubtful.

The proposed bill would make three classes of banks, those which are unlimited, those which are limited under the old laws, and those which are limited under the new *regime*, and to which is also to be given the new title of "reserve liability" banks.

Under the present British laws, the shareholders in a limited bank are personally liable to creditors to the extent of the difference between the capital subscribed and the capital paid-up. On the figures given above, the subscribed capital of all the limited banks is four times as great as their paid-up capital, so that, on an average, each shareholder may possibly be compelled to make a contribution three times as great as the par value of his shares. But averages do not measure the extent of the liability in certain cases. Thus, in the Birmingham Banking Company, the proportion of subscribed capital to paid-up capital is twelve and a half to one; in the Lancashire and Yorkshire bank, and in the Union Bank of Birmingham it is twenty to one; in the Western District Bank it is forty-six to one; and in the Anglo-Indian bank it is six hundred to one.

In the case of the Glasgow Bank, the shareholders have so far been called upon, under their unlimited liability, for twenty-seven and a half times as much as the par value of their shares, and it is not expected that they will, in the end, be called upon for so much as forty times the par value of their shares. But even that enormous proportion might be exceeded in the cases of the Western District Bank and the Anglo-Indian Bank, both of them limited.

Some of the British writers who desire that the banks, the liability of whose shareholders is unlimited, should remain in that condition, and that where limitations of their liability now exist, no closer limitations should be admitted, avow their fear, that so far as the security of creditors is diminished by taking away their power to pursue shareholders personally, new and different securities would be demanded, such as requiring reserves to be held bearing a fixed propor-

tion to deposits, or restricting deposits to a certain proportion to capital, or regulating the manner in which deposits should be employed. Thus, *Blackwood's Magazine* for June, says :

The natural result of reducing the personal liability of shareholders would be to create a demand that the banks should be limited in the employment of the money intrusted to their keeping. There would be a demand that every bank should keep in hand a reserve in connection with its deposits ; such as is established by law in the United States, where all the banks are "limited," and where every bank, besides keeping a reserve for its note circulation, has to keep a reserve in cash equal to one-fourth of its deposits. Such an arrangement seriously lessens the economy of capital which it is the special object of banking to effect, and we trust it will never be introduced into this country. It would diminish the profits of bankers, but it would likewise diminish the benefits of banking to the general community. It is to be deprecated upon every ground, save that of increased security for deposits ; and we sincerely hope, and confidently believe, that our banks will continue, whether by good management or reserve-liability, to give such ample security to the public as to render this, or any such like restriction, as unnecessary as, under ordinary circumstances, it is undesirable.

Edinburgh, where *Blackwood's Magazine* is published, suffered enormously, and only less than Glasgow, from the unlimited liability of the shareholders of the Glasgow Bank. If, in such a place as that, there is still an indisposition to change the laws and practices which govern English and Scotch banking, we may be sure that that indisposition is not less strong elsewhere in the United Kingdom. We presume that the *Economist* fairly reflects the general opinion of London, in insisting that capital could not be massed for the wants of trade, if banks and bankers did not attract it by paying interest on current deposit accounts. Allowance is to be made for the force of habit. Men are slow to perceive that there is danger in things to which they have been long accustomed. In England, one sovereign is made to do the work of one hundred sovereigns, by banking practices which effect what *Blackwood's Magazine* calls an "economy of capital," but which others have described as keeping a top upright on its point, by the rapidity with which it is made to spin. American bankers, who make one dollar do the work of perhaps five dollars, look with suspicion upon these British practices. In turn, our own practices may seem risky to Frenchmen, who give in slowly to new things, and are even now more than half inclined to think that a franc should never be called upon to do the work of more than one franc.

Allowance is to be made also for the different circumstances of different countries. England has been pre-eminently the creditor nation of the world, and has always had at command an immense amount of foreign securities, of

which use could be made in a sudden emergency. That is a very different condition from that of an indebted country, which is always liable to have its money markets depleted by the sending home of its stocks and securities held abroad. Banking expansion which would be safe for England, would not have been safe in times past for the United States, and would not be safe even now, although it is rapidly getting out of debt, and must soon become the greatest creditor of the world, as it already immeasurably surpasses any other country in all the elements of solid wealth.

THE BOLIVIAN FUND LITIGATION.

This litigation is attracting great attention in England from the amount involved, and in this country because it affects contractors in Philadelphia, and their creditors, of whom the Reading Railroad is said to be the principal one.

The fund, originally £600,000 invested in U. S. bonds and deposited in the Bank of England, amounts now, with interest to about £750,000.

The fund was created out of a sale of the national bonds of Bolivia, of the nominal amount of £1,700,000, negotiated through Messrs. Erlanger of Paris. The *London Times*, of June 2, says, on that point:—"In point of fact, the loan yielded, after deducting Mr. Erlanger's commission and other expenses, only £853,286 and of this, after the manner of some other foreign loans, nothing reached the Bolivian Government."

This is not important as affecting the present litigation, but it may be a proper thing to be remembered, if one or more European powers shall ever think it worth while to put Bolivia into the hands of receivers, after the fashion set in Tunis and Egypt, for the purpose of compelling a payment of these bonds.

The prospectus under which the public were invited to subscribe for those bonds, was issued in 1872, and set out that the general object was to assist the National Bolivian Navigation Company to form a line of communication between Bolivia and the Atlantic, by means of a railroad 150 miles in length, and by means of steamers on the Amazon. It was further set out that a contract had been entered into with the Public Works Construction Company to build this railroad for the lump sum of £600,000, which it was agreed should be set apart in the hands of trustees for the bondholders and be paid out as the work progressed. It turned out in the end that the Public Works Company repudiated this contract on the ground of misrepresentation

as to the length of the line, and the Navigation Company then made a new contract on materially different terms, with Messrs. Collins, of Philadelphia. Thereupon, after some intermediate proceedings in respect to the custody of the funds, four-fifths of the bondholders united in an application to Mr. Justice Fry, to have the money returned to them, as the enterprise could not be carried out for the agreed sum of £600,000, and upon the further ground that the proofs were that it was now shown to be intrinsically an impracticable undertaking. Mr. Justice Fry dismissed the action, declaring himself not satisfied that it was impracticable. On an appeal of the case to the Court of Appeals, Mr. Justice Fry was overruled and the case sustained, and the matter has now been further appealed to the House of Lords. Of the conflict of evidence in the case, the *London Times*, of June 2, says:

According to one set of witnesses, never was a railway easier to make; the climate was fairly salubrious, the natives were inoffensive, and labor could be procured in abundance. The story of the bondholders was that the country through which the railway must pass was a dense and almost impenetrable jungle, varied by dismal swamps and lagoons; that the climate was pestiferous and fatal to white laborers; and that savage tribes roamed about ready to pounce on the engineers and workmen. It was scarcely alleged by the most sanguine believers in the future of Bolivia that the railway could be profitable at an early date; and the bondholders objected to their money being expended on a railway which was considerably longer and would cost far more than that for which they agreed.

THE CURRENCY OF INDIA.

The *London Economist*, of June 14, contained some account of a discussion which had taken place just before that date in the House of Commons on the currency of India, with some observations of its own upon the points involved.

Mr. J. K. Cross said in the course of the discussion:

"The depreciation of silver was not so serious a matter as it has been represented. To the tax-payer of India, indeed, it was an absolute advantage, inasmuch as it enabled him to obtain a better price for his produce."

But it is perfectly well settled that, although the gold price of silver has fallen, there has not been in India any depreciation of silver relatively to commodities, or in other words, that there has been no rise of India prices, which are made in silver. The *Economist* says in reply to the observations of Mr. Cross:

All inquiries yet made point to the conclusion that, up till now, prices in the East have not been appreciably influenced by the depreciation. The ryot, so far as can be ascertained, is not getting any higher price for his produce, and Mr. Stanhope showed that the

price of opium, instead of rising has really been lower since the silver difficulty than it was before it. Besides, even if prices had been affected in the way Mr. Cross suggests, the gain which the producer might make on the sale of his products would, of course, be counterbalanced by the higher prices he would have to pay for the commodities he bought.

This counterbalancing is not such a matter "of course" as the *Economist* supposes. It would be so, if the purchases of the producer were equal to his sales, but that is not and cannot be the fact. His purchases must be less than his sales, because he has taxes, rents, and perhaps private debts to pay. In respect to those payments he would gain by a depreciation of the current money, just as he would lose by the appreciation of it. The reasoning of Mr. Cross is sound, and that of the *Economist* is unsound, but the misfortune of Mr. Cross's case is, that all the evidence is against him as to the fact of there being any rise of silver prices in India. Instead of a rise of those prices, there has been a positive fall in them.

The *Economist* thinks that prices will ultimately rise in India, if silver continues to be depreciated relatively to gold. It says :

"No doubt the ultimate effect of a fall in silver would be what Mr. Cross points out. Prices will, in time, be adjusted to the new basis."

A rise in silver prices must be the immediate effect of a fall of silver relatively to commodities, or rather, the two facts must occur simultaneously, and, in truth, they are only one fact, expressed in two different ways. Without doubt, the "fall in silver" which the *Economist* intended, when speaking of it as something of which the "ultimate effect" would be a rise in silver prices, was the fall of silver *relatively to gold*. Understanding its views in that way, we have only to say that we are quite unable to see what necessary connection there is between the price of silver when purchased with gold, and the prices of commodities when purchased with silver. There may or may not be such a connection. It depends upon the particular circumstances. If, while the purchasing power of gold over commodities remained steady, the gold price of silver should fall, the purchasing power of silver over commodities would, of course, fall in the same ratio. But if a former relation of value between the two metals was disturbed solely by, and only to the extent of a rise in the purchasing power of gold, the relation between silver and commodities would remain steady, both immediately and ultimately, and no lapse of time would affect it.

The *Economist* reproduces on this occasion, as it very frequently does, certain views of the late Mr. Bagehot, in respect to the silver-absorbing capacity of Asia, and especially of India. Those views were, in themselves, sound, but the

Economist has been mistaken from first to last in supposing that they are pertinent or applicable to anything that has so far happened in either Asia or India. Mr. Bagehot was clearly right in saying, that the money-absorbing capacity, which means the silver money-absorbing capacity of Asia, depends, other things being equal, upon Asiatic prices. If their money depreciates, so that prices go up (say) ten per cent., there will be required one-tenth more money wherewith to transact the same business. Over so large a surface as Asia, and where so much metallic money is used, a small depreciation would cause such a very large additional absorption of money, as would tend to keep the depreciation within moderate limits, unless the new supplies of money were of an overwhelming magnitude. All this is simple in theory, and the world has had a very recent illustration of its truth, in the way that the great gold supplies of Australia and California were absorbed in a comparatively small rise, and that rise only temporary, of gold prices. In that case, as we know, the rise of gold prices had the further effect of stimulating production and enterprise, so that more money was needed on that account, as well as on account of the increased money valuation of the things which are the subject matter of commerce. It is not doubtful that an effect, similar in character, although less in degree from the comparative sluggishness and immobility of Asiatic affairs, would have resulted from a rise in silver prices. Mr. Bagehot did not present this last view, but the one which he did present, viz., the great absorption of silver sure to result from any depreciation of its value among the inhabitants of Asia, who are the majority of the human race, was entirely re-assuring, as respects the apprehension that any known new silver supplies could possibly produce any sudden and destructive decline in its value in exchange for commodities.

But it is certain that, as yet, no predicament of facts has arisen, either in India, or in Asia generally, which renders it necessary to invoke the aid, in the way of re-assurance, of these sound and sensible views of Mr. Bagehot. They are in no degree the explanation of the flow of silver to the East, within the last four years. There has been no depreciation of silver in Asia, and no rise whatever in the general range of Asiatic prices. The case has not arisen, which Mr. Bagehot thought might possibly, and perhaps probably, arise, and his theories have not yet become practically important.

THE MONETARY QUESTION IN AUSTRIA.

THE SILVER STANDARD AND THE CREDIT CIRCULATION IN THE AUSTRO-HUNGARIAN EMPIRE. BY MAX WIRTH OF VIENNA.

[Translated from the "*Moniteur*" of Brussels of June 22 and July 6, 1879, by GEORGE WALKER.]

The silver standard has always existed in the Austro-Hungarian empire, but the forced currency, introduced about thirty years ago, suspended the metallic circulation, and since that time it has only reappeared in the case of payments which, by virtue of special contracts, were required to be made in silver money. The Government has, at various periods, endeavored to restore the monetary equilibrium, and to re-establish specie payments, by reducing the volume of paper money. Under the favoring influence of political and economical causes, the premium on specie over credit money had so fallen that the Government was about to announce the date at which specie payments would be resumed. The premium, from having reached the extreme quotation of thirty per cent. in 1854, fell rapidly after the conclusion of peace, and during the three years from 1856 to 1859, remained between two and seven per cent. At the very moment when it had fallen to one per cent., and when the Government was making the necessary preparations to abolish the *cours forcé*, the declaration made by the Emperor Napoleon to the Austrian Minister on New Year's day 1859, and which has since become historical, that there were *clouds on the horizon*, created a war panic on the Bourse. The premium on specie rose, in a few months, to forty-one per cent., and remained without any favorable change for several years afterwards; at the beginning of 1861 it touched the extraordinary figure of fifty-three per cent. It was not until after 1863 that it began to fall again, and it continued falling for three years, and had reached one and a half per cent., with every appearance of ceasing altogether, when the war with Prussia broke out and carried it back again to thirty per cent. After that epoch, the premium began again to fall with considerable regularity, interrupted only by the Franco-German war, during which it rose, at one time, to thirty-one per cent., before the neutrality of Austro-Hungary had been determined on. Since that moment, down to the end of 1872, the premium fell more rapidly, until the quotation of six and a half per cent. was reached.

To meet the expenses of the war with Prussia and Italy, the Government felt itself obliged to suspend its convention with the National bank, which gave to that institution the exclusive



right to the credit circulation, and to issue Government notes to an amount of 300 millions of florins in 1867.* The circulation of Government notes reached its maximum of 379 millions in the month of May, 1873, while the circulation of the National bank (now the Austro-Hungarian Bank) was kept, during all that time, between 250 and 300 millions. The entire credit circulation, which had reached its maximum of 725 millions of florins in October, 1873, fell off in the course of the following years, and up to the end of 1878, averaged from 620 to 680 millions.

From the beginning of 1873, the situation has been entirely altered by the fall of silver. Since January of that year, the monetary premium has been divided into a silver premium and a gold premium over paper money. In March, 1873, the premium on silver was quoted at seven and three-quarters per cent., and on gold at nine per cent. over bank notes. Since that date, the premium on silver has steadily diminished and the premium on gold increased, accidental fluctuations being left out of the account. During the war with Turkey the gold premium was higher, but since the restoration of peace it has maintained itself at about fifteen to sixteen per cent.

Since October, 1878, still another change has taken place. The premium on silver has disappeared, and paper money, without any reduction of its value, has risen to par with florins of the Austro-Hungarian standard. This situation has continued up to the present moment, that is, during the last eight months. Every time that silver has fallen below 50*d.* the ounce, the exchanges have become so favorable to paper money that bank notes have even been preferred to silver.†

The dealers in *arbitrage* lost no time in availing themselves of this exceptional advantage. They made haste to deposit silver bullion in the Vienna mint, and to exchange the florin pieces which they got for it for bank notes at the Austro-Hungarian Bank, that institution being obliged by virtue of article 87 of its statutes, to pay out bank notes in exchange for all silver florins presented to it, at a commission of one and a quarter per cent., although the cost of mintage is fixed at one per cent. The *arbitrage* dealers, at the same time, gave notice at the mint, of their intention to deposit further large amounts of silver bullion. The Government, also, on its part, hastened to avail itself of the opportunity to procure the silver money necessary to buy the coupons on its *silver rente* at a lower cost than before. The Austrian Minister of

* The Austrian florin is equal to 48 cents.

† This is a familiar phenomenon in the United States since, and even before, the resumption of specie payments, greenbacks and bank notes being preferred to legal tender silver dollars, although the latter have legally all the qualities of gold money. It is a curious fact that paper money, which has no intrinsic value, should be preferred to silver coins, the intrinsic value of which is materially less than their legal valuation. The reason, however, is obvious; the paper is professedly only a representative money, while silver dollars profess to have an intrinsic value which, so long as their bullion value is so much below it, it is felt they do not possess.—Tr.

Finance caused purchases of silver bullion to be made in London, during the last week of October and the first week of November, to the amount of twenty millions of florins, in order to have it coined at the mint into florin pieces; endeavoring thereby, through his right of precedence in coinage, to forestall the danger of having the coupons on the public debt bought up by the *arbitrage* dealers on speculation. This operation did not escape criticism at the hands of the leading financiers, and it was asserted on the Bourse that the sums necessary for payment of interest might have been obtained at less expense on the market, than by means of coinage, inasmuch as the time required to get the twenty millions of florins coined was not less than six months, and that the interest lost by the delay amounted to more than the premium which would have been demanded at the Bourse for the delivery of an equivalent sum.

Nevertheless, by this operation, the Finance Minister had at least succeeded in preventing the *arbitrage* dealers from speculating on the situation, to the detriment of the public finances, through a long series of months. But, as those dealers continued to notify the Vienna mint of the early delivery of silver bullion, the Government, acting on the advice of the economists of the press, felt called upon to take still further steps to protect itself, during the interval in which the coinage for public account was being executed. Until that time, great latitude had been shown in accepting bullion for coinage without the required certification of the ingots. The Finance Minister now instructed the Director of the Mint to accept such ingots only as were duly stamped, or to require those not thus legalized to be examined and stamped at the expense of the depositors. Finally, as the decline in silver continued, the Finance Minister felt himself obliged, in the first quarter of the present year, to forbid the mint receiving future orders, and at length, a short period of about a week was announced, within which the bullion already notified must be presented; at the expiration of that term all other orders were declared forfeited. Fortified by this decree, the Austro-Hungarian Bank thereupon, began to refuse to receive silver florins in exchange for bank notes. In consequence of this refusal, paper money rose to a premium over silver, and bank notes are now quoted at six per cent. above silver bullion.

This movement has been encouraged by other measures of the Austrian and Hungarian Ministers of Finance. Shortly after paper money had risen to par with silver, the *arbitrage* dealers having profited by the opportunity, during the first few weeks, to convert bullion into coin, before the Government had mixed in the business, silver florins began to appear in the circulation. The two Governments, also, began to introduce silver payments, by substituting, in part, one-

florin pieces for Government notes of the same denomination. Now, for example, payment of salaries to public officers is made four-fifths in notes and one-fifth in silver florins. To provide for these wants, the Finance Minister, over and above the coinage of twenty millions of florins, already alluded to, has made an arrangement with the bank, acting in concert with his colleague of Hungary, by which the bank has engaged to furnish ten millions of silver florins in exchange for a like amount of Government notes. This sum has been divided between the two Governments according to the legal proportion which regulates the relations of the two parts of the Empire, nearly sixty-eight per cent. to Austria, and thirty-two per cent. to Hungary. Up to the present moment this fund has not been exhausted.

In view of the fact that Austria and Hungary, since the occupation of Bosnia, have had to encounter, a considerable deficit which must be covered by an emission of gold *rente*, a reduction of the credit circulation, corresponding to the silver florins which have entered into the currency, could not have been expected. But, in order to give greater stability to this circulation of metallic florins, the Government has been advised to replace its notes of one florin, withdrawn from circulation to make room for the silver coins, with token money of greater value, usually with notes of five and fifty florins. The Government has, however, decided to pursue a different course.

There exists in Austria a peculiar description of Treasury notes, bearing four per cent. interest, secured upon the salt revenues. These Treasury notes serve to fill the gaps which occasionally happen in the credit circulation. Whenever business is so restricted that a smaller amount than usual of the circulating medium is necessary, capitalists, in order to relieve themselves of the idle money locked up in Government notes, buy Treasury bonds. In the six months ending May 31, 1879, the circulation of these interest-bearing Treasury notes increased from forty-one to eighty-seven millions of florins. The credit circulation declined nearly in the same proportion, namely forty-one millions. Government notes of one-florin, of which there were 87.7 millions in circulation on the 30th of November, 1878, amounted to not more than 69.3 millions on the 31st of May, 1879; notes of five florins declined from 118.6 to 106 millions, and those of fifty florins from 159.3 to 149.5 millions. This diminution in the general circulation has been partially covered by emissions of the Austro-Hungarian Bank, which is required to follow the fluctuations in business by proportionate extensions and reductions, both of its discount line and of its paper circulation. Following the excellent wheat harvest of 1878, the portfolio of the bank had increased from eighty-five and a half millions of florins at the end of June, to 143 millions at

the end of October; and the circulation had, in the same interval, risen from 258 to 320 millions of florins. At the present moment, the portfolio has declined again to ninety-three millions and the circulation to 287 millions, because the state of affairs no longer require so large an expansion. In a great measure, the gap has been filled by the re-appearance of silver florins. In fact these coins are beginning to show themselves everywhere in small transactions. Although people seemed at first disposed to resist the use of metallic money in place of notes, they have, by degrees, made up their minds to buy purses instead of pocket books. Nevertheless, we may observe in the resistance of the working classes, where the question related only to small sums of five or ten, or at most of twenty florins, that it would be practically impossible to assume all the consequences of the silver standard whenever the time comes that the forced currency shall be abolished and specie payments resumed. But we shall return to that subject later.

A large part of the silver florins which reappeared have gone again into the reserve of the bank. For a number of years the reserve of the Austro-Hungarian Bank has maintained an average of about 137 millions of florins, of which about seventy millions have been in silver bullion, and sixty-seven millions in gold. This situation has been the result of a prudent and forecasting policy, under which, in presence of the declining value of silver, every opportunity to increase the gold reserve has been taken advantage of. In view of the fortunate results of this policy, the bank will be placed in an advantageous position to meet any possible changes which may take place in the standard. But since the end of October, 1878, the metallic reserve of the bank has grown to 157 millions of florins, and at one time touched even the figure of 163 millions. Its average has increased twenty millions, and this increase has been exclusively in silver. These twenty millions represent, for the most part, the silver which the *arbitrage* dealers have deposited in exchange for notes—a speculation which has been suppressed for the future by the provisional closing of the mint to private parties.

The Government has, for the present confined itself to these measures. It has been asserted that the Ministers of Finance of Austria and Hungary, were preparing to introduce measures of legislation looking to a change of standards. The assertion is not well founded. For the present they are maintaining an expectant attitude, after the example of the States of the Latin Union. The fluctuations in the market price of silver are still too pronounced to encourage the Government in taking a decided position. Nevertheless, the Governments of Austria and of Hungary have already recognized by official acts, that the silver standard, pure and simple, does not answer, inasmuch as Austro-Hungarian commerce

still finds itself, in respect of the exchange of their values with foreigners, in the same position as when the parity of the credit circulation with metallic money had not yet been attained. We may fairly anticipate, therefore, that even the abolition of the forced currency will not, in any respect, modify our present *modus vivendi*. The premium on gold will remain at about five per cent. after that event as well as before. This situation seems to be the more unfortunate when we observe what is taking place in Italy. Among our Italian neighbors the premium on gold stands at only ten per cent., although the credit circulation of Italy exceeds that of Austria-Hungary, in proportion to its population, by twenty or twenty-five per cent. The principal cause of this fact is that Italy possesses the double standard which, in the existing circulation, is equivalent to gold.

The Governments of Austria and of Hungary have already made an emission of gold *rente*. Since the first of January, 1879, they have required duties on imports to be paid in gold. These two facts amount to a confession that the silver standard, pure and simple, no longer suffices for international exigencies. We shall, in a second article, examine the question whether the gold standard or the double standard has the greater chance of being adopted, when the two Governments shall find themselves encouraged by circumstances to adopt a definite resolution; for the silver standard alone is no longer sufficient, inasmuch as the metal (silver) has lost the principal quality of money, namely, fixity of value.

II.

We showed, in our former article, that in consequence of the fall in price of silver, and in spite of the "*cours forcé*" still existing in Austria-Hungary, the parity of the credit circulation with the legal-tender metallic money had been in fact realized since the month of October, 1878. We have further shown that this progress had been attended with no perceptible amelioration in international commercial business. Prior to 1872 such an economic result, obtained without any sacrifice on the part of the State, would have been received with general acclamations of joy, because it would have entirely abolished the premium upon the precious metals. In fact, gold and silver, at that date, were still at par, or rather, maintained towards each other the relation of 1 to 15½, established by the majority of legislative enactments. But as the case now stands, this event has made very little impression, because it has had hardly any influence in the matter of international trade. It is only in the payment of interest on the Austrian silver *rente* that the State is realizing some profit. Up to a certain point, the railways enjoy a similar advantage in respect of the interest on their obligations, stipulated to be paid in silver florins. But it is only in

dealings with home creditors, in Austria-Hungary, that this advantage is indisputable; on the part of German creditors, it is warmly contested, as we have shown in a former article. In foreign commerce, people derive no profit from it, because the bordering countries make use either of the double standard or of the gold standard. In both cases the current money is equivalent to gold, which commands, at this moment, a premium of about fifteen per cent. comparatively to the legal value, which was also very nearly the market value seven years ago. Notwithstanding the parity of State notes and of bank-notes with silver florins, and, consequently, the disappearance of the premium in favor of the latter, the premium on gold has not undergone any change whatever. The people of Austria-Hungary, being obliged to pay for foreign merchandise and, since the 1st of January, 1879, customs duties also, *in gold*, have gained no advantage on this score in its international transactions. The precarious situation in which trade has been placed in consequence of the frequent and marked fluctuations in the premium on silver, during thirty years past, under the *regime* of the "*cours forcé*," has not been changed. This embarrassment, which has heretofore attached to the credit circulation, has simply fallen to the inheritance of silver money. By this circumstance Austria-Hungary is placed in a position altogether *sui generis* among all the other States of Europe—with a single exception—a situation which entails continued losses; for all the fluctuations in the price of silver are reflected with a double force in the circulation of Austria-Hungary which, under existing legislation, is based on the silver standard. Business men are continually obliged to modify their prices according to the fluctuations in the value of silver bullion. Since it is not possible to foresee these fluctuations, they are obliged to add to their prices an insurance premium to cover the contingency that the price of silver may have fallen when engagements entered into may come to maturity.

The situation becomes clearer when we compare it with that of India. In India the silver standard also prevails. Now, the mischievous consequences of the fall of silver manifest themselves in India in the payments which the Indian Government is obliged to make in England and which amount annually to sixteen millions sterling. For the transmission of this amount to England the Indian Government, since the great fall of silver, sustains a loss in exchange estimated at three millions sterling. The amount of this loss is authenticated, because the Government sells its bills of exchange (*Council bills*) at public auction. But side by side with the official commerce between the two countries, there are also the individual transactions between commercial houses established in India and in Great Britain, and between Englishmen residing in India and their families remaining in

England. The losses which the residents of India encounter in their realizations in England are not made public. The case is precisely similar to that which presents itself in the international trade of Austria-Hungary. We may from this conclude that the private losses are not less, because they are not brought to light with as much publicity as the losses of the Government of India. This being so, it is quite natural that the enlightened portion of the Austro-Hungarian people should begin to demand a reform in monetary legislation; in other words, the abolition of the silver standard.

The carrying out of such a reform offers but very few difficulties for Austria-Hungary, whilst it is perhaps impossible for India, because the latter country has a circulation which has never been disturbed by the "*cours forcé*," while in Austria-Hungary, until the month of October, 1878, the circulation has been exclusively fed by credit money, and since that date has been reinforced only to a small degree by silver florins. This portion of the metallic circulation is now estimated at not more than thirty millions of florins, or less than five per cent. of the total circulation. The fractional coins of less than one florin amount only to 18½ millions.

In India, on the contrary, there is a circulation of at least 1,600 millions of rupees, and a change in the standard would involve the necessity of purchasing so large an amount of gold and of selling such a quantity of silver that the international markets would be completely upset by the process. The rise in gold and the fall in silver and in the price of merchandise would assume such proportions that a new general crisis would be inevitable. In Austria-Hungary, on the other hand, only a small part of the gold required for India would be necessary for the introduction of the gold standard into the legal circulation. Thanks to the foresight of the Bank, a considerable part of this amount has already been accumulated, for the Bank holds in its reserve from sixty-seven to seventy million florins of specie in gold. Moreover, the example of the United States, in the resumption of specie payments since January 1, 1879, proves that a people habituated to a credit circulation can restore the equilibrium between paper and coin, on abolishing the forced currency, with a stock of the precious metals far less considerable than has been supposed to be required up to the present time, in all countries where the experiment of a credit circulation has been tried.

However this may be, the abolition of the *cours forcé* with the introduction of gold into the legal circulation, whether under the system of the double standard, or of the single gold standard, would require so large a capital, that Austria-Hungary is, for the time being, not in a condition to carry out such a reform. This, however, does not prevent her from

obtaining at least a share in the advantages which are enjoyed by countries having the double standard, or the single standard of gold. We have seen with what facility the United States have disembarrassed themselves of the forced circulation, because they possessed the gold standard—and that in spite of mistakes made in legislation. I will cite only one instance of this. When the new monetary law, known as the Bland Bill, was discussed in Congress, the silver party endeavored to introduce the double standard in place of the single gold standard, which had existed legally since 1875. For this purpose, a dollar ought to have been created which would have contained a quantity of pure silver equivalent, at the market price, to a gold dollar. But Congress resolved to cause a dollar to be coined of $412\frac{1}{2}$ grains troy, which had a value about seven per cent. less than the gold dollar. Such a coin might very well serve as fractional money. In that case, its quantity would have been limited to the wants of trade, and of exchange against gold coins. But the silver party demanded the parity of silver with gold, by means of unlimited coinage. This was an exaggeration, the faults of which we have no need to indicate. Congress finally resolved to affix a certain limit to the coinage of dollars, by requiring the Secretary of the Treasury to cause not less than two nor more than four millions a month to be coined. Under a prudent administration, like that of the present President, there was no danger to be apprehended from the excessive issue of silver dollars; for by limiting himself to the minimum of the sum fixed, only twenty-four millions a year would have to be coined. Inasmuch as the people of the United States require for their retail transactions, in substitution for paper money below the denomination of five dollars, a sum of at least sixty to eighty millions of dollars, it would take three or four years to supply this vacuum. Meanwhile, all the necessary experiments can be made to convince the electors of the danger which would result from an ultimate increase of circulation in these dollar coins; when thus persuaded, the electors will not fail to change either the law or their representatives. But in reality, even such a measure will not be necessary, for the public has already taken the matter into its own hands. In the month of April, 1879, the Secretary of the Treasury had succeeded in getting only seven millions of silver dollars into circulation, while twenty-one millions of the amount coined since the law went into operation still remained in the Treasury. This is a curious illustration of the lesson taught to legislators by public opinion. At all events, the experiment made in America affords great encouragement for the re-establishment of the equilibrium of the circulation in Austria-Hungary. On the first of January, 1879, specie payments were resumed with a reserve of gold and silver

amounting to about 165 millions of dollars, and with a circulation of *greenbacks* of 347 millions, besides about 328 millions of bank notes. The premium on gold disappeared without any considerable presentation of *greenbacks* at the offices of the Treasury for redemption. Three months after resumption, the metallic reserve in the Treasury, instead of being reduced to a sum which would have occasioned apprehension, had actually increased, and stood at 204 millions of dollars; and after deducting twenty-five millions for matured interest on the public debt, the Treasury still held 179 millions with which to meet the payment of *greenbacks* which might eventually be presented—to such a degree had the public become habituated to the use of paper money.

But, notwithstanding the greater facility which is thus shown to exist, at the present day, in the restoration of specie payments, Austria-Hungary would not, as yet, be in a position to procure the capital necessary to accomplish simultaneously the monetary reform and the reform in the credit circulation. Under the second of these reforms, the task involved would be that of filling anew all the channels of the circulation with gold and silver money. Such an undertaking would require many hundred millions of florins. Now, Austria-Hungary is not, at present, in a condition to borrow such a sum and pay interest on it; because all its financial resources have been absorbed in the occupation of Bosnia, which has occasioned a deficit for 1879, of seventy-eight millions in the Austrian budget, and of more than 100 millions in the Hungarian. But this state of things should not prevent preparations being made for the monetary reforms.

The example of Italy proves that a better monetary system obtains for a State remarkable advantages, when compared with another State having a less fortunate monetary system. We have already stated that the credit circulation of Italy is, relatively speaking, twenty or twenty-five per cent. greater than that of Austria-Hungary, and yet the premium on gold in Italy reaches only ten per cent., while in Austria-Hungary it is fifteen. This fact proves that Austria-Hungary might obtain a like advantage without even troubling the "*cours forcé*" and the credit circulation, by entering at once upon the legislative and administrative measures which would be required in preparation for an ultimate monetary reform. In other words, there might be immediately introduced into Austria-Hungary the method of keeping accounts in gold, and at the same time, the gold standard might be legalized by a reform of the monetary law. The question of choosing between the single gold standard and the double standard should be reserved for a special investigation. Having been strongly impressed with the advantages which Italy enjoys as compared with Austria, I was the first to propose the plan of introducing the method of keeping accounts in gold pre-

liminarily, in the *General Augsburg Gazette* of December 2d, 3d, 5th, 7th, 9th and 13th, 1878. As to the system to be adopted in respect to the selection of values to be represented in the new gold coins, I gave the preference, in that communication, to the decimal system in force in the States of the Latin Union. By that means, the decimal system would embrace a number of contiguous States having a population of more than one hundred million souls, and one step further would have been taken towards the realization of a universal money. Recently, in a work which has just made its appearance at Vienna, Mr. Theodore Hertzka, while coinciding in this general plan, proposes another system of gold money with an intrinsic value equal, or nearly so, to the actual existing value of the present silver florin. I will postpone an analysis of this project and of the grounds on which it rests to a final article.

(To be continued.)

EGYPTIAN FINANCES.

In 1876, Hon. Stephen Cave, M.P., a British Commissioner appointed to investigate the indebtedness of Egypt, reported that in the negotiation of the loans which footed up at that time, with interest and other accumulations, £100,000,000, the Khedive had actually received only £45,000,000. The *London Times* of May 19, 1876, said :

According to the statement of Mr. Cave's report, the Khedive has only netted £45,000,000 on all the existing loans that have been floated for him; and out of that he has paid back, including the last April coupon, over £31,000,000. Of the remainder, some £10,000,000 went to defray costs connected with the Suez Canal, and the unjust awards of Napoleon III connected therewith.

In the *London Times* of November 29, 1878, there appeared the following, in a letter from Alexandria :

I have before me, a statement of the amounts paid by the Commissioners of the Public debt during the last two years. The total is positively startling when one remembers what a poor, exhausted country Egypt is so often said to be. The whole sum paid between November 18, 1876, and November 18, 1878, amounts to £12,320,901, and this sum, it must be remembered, does not include the payments made on account of the Daira debt.

By this time, Egypt must have repaid all that it ever received, besides giving up all its investments in the Suez Canal, yet its indebtedness is still stated at £100,000,000.

At what sacrifices the taxes have been paid in Egypt, to meet the usurious debts piled upon that unhappy country, will appear from the following Alexandria correspondence (May 12) of the *London Times* :

A good recent specimen of the national fiscal administration is to be found in an official report, made to the late government, of the way in which a certain £300,000 was obtained to pay the May coupon of 1878, according to the desire of England and France. A similar arrangement, by the way, was made for the recent coupon. The peasants of Upper Egypt had no money to pay their taxes, so a certain banking firm of Cairo came forward with the money, which was lent to the people, at the request of ten of their Parliamentary Delegates, who promised on their behalf that 320,000 ardebs of corn and beans should be delivered by a certain date. It was further settled that this produce should be sold in open market, and the bankers paid off, they also having the preference, if they liked, to buy at the current rates. A certain number of Princes and Pashas gave their personal guarantee for the execution of the contract. The only parties not consulted were the peasants who had to carry it out. Of course they did so, but with notable difficulty. The provinces affected were not able alone to supply the required amount, and other provinces were obliged to contribute, and even then the quantity supplied fell short by 60,000 ardebs. The market prices were not paid. In no case were the peasants allowed to conduct their own sales. The government did it for them, and charged brokerage and commission. In fact the peasants came badly out of the affair. But England had the imperial satisfaction of knowing that her insistence on the payment of the coupon received proper attention at the hands of the Egyptian Government.

The "late government" above referred to, was that of the Englishmen and Frenchmen who were expelled from power by the *coup d'état* of the Khedive in April, and for which he has now been compelled to abdicate.

Mr. Baird, the British Finance Commissioner, in a report just published, says :

Last year, when great pressure was put upon the Egyptian Government to pay the coupon due in May, the peasants were forced to sell their growing crops, and in some cases, perfectly authenticated, corn was sold to the merchants for fifty piastres per ardeb, which was delivered in one month's time and then fetched 120 piastres. These are no exceptional cases; the same thing was going on over the whole of Upper Egypt.

And at the very time when this vast taxation was being wrung out of Upper Egypt, and from the lack of money paid in corn and beans at half price, there was a terrible famine raging there. Mr. Baird states that during September, October, November, and December, 1878, there were 700,000 people in Upper Egypt who were suffering various degrees of starvation, and that 10,000 "literally died from starvation." Mr. Baird consoles the world by saying that "owing to the good crops this year [1879] the famine is almost at an end."

But of what avail will good crops be, if the corn and beans are again taken at half price to pay coupons? Mr. Baird should remember that it is only six months from one coupon to another, and that after the punishment inflicted upon the late Khedive, nobody in Egypt is likely to have the courage to attempt further resistance to the insatiable demand for their payment.

ADMINISTRATION OF THE CONTINENTAL BOARD OF TREASURY, 1779.

One of the earliest financial measures of the year was a fresh attempt on the part of Congress to provide a fund for the liquidation of all bills of credit issued by the Government, besides any additional issues that might be put forth. To this end, Congress requested the several States to raise their respective quotas of fifteen million dollars for the year 1779, and six million dollars annually for eighteen years afterwards, as a fund for sinking the emissions and loans which had now grown so numerous and heavy. As though Congress had despaired of obtaining financial aid in any other manner, it was provided "that any of the bills emitted by order of Congress, prior to the year 1780, and no others, be received in payment of the said quotas," thus restricting the use of State issues, and impairing their value; while the value of Continental money instead of improving, was unfavorably affected by the measure. Congress had recommended the States to withdraw their bills, in payment of taxes, and in other ways, but whether the States complied with the recommendation or not, they could not force the General Government to receive them contrary to the will of Congress. The resolutions also prescribed how the bills received within the time limited should be applied. Except those issued for the year 1779, the bills were to be applied first, in payment of the interest: and secondly, of the principal of loans, made by the United States prior to the year 1780, and the residue, together with those received on the quotas of the year 1779, were to be destroyed.

Congress also ordered the Board of Treasury to prepare a circular letter to the States to accompany the foregoing resolves. This may be thought a very impotent enforcement of the determination of Congress, but what else could be done? It must ever be kept in mind that many of the delegates were very jealous concerning the exercise of any authority over the States by the General Government, while their constituents at home shared this feeling still more strongly. So long as such fears existed, which were often openly expressed, is it not just to suppose that Congress went to the furthest boundary of prudence in making demands upon the States?

The circular letter accompanying the resolutions declared that "from necessity" was attempted the expedient of emitting paper money on the faith of the United States, for the expenses of the war—an expedient which had often been suc-

cessfully practiced in the separate States, while they were subjected to British domination. The implacable vengeance with which the States had been pursued, had compelled them to the most strenuous and unremitting efforts. Large issues of money consequently were indispensably necessary, and the paper currency had multiplied beyond what was competent for the purpose of a circulating medium. "This, alone, could not fail to discredit it in some degree; the arts of an unprincipled enemy have increased the mischief. In despair of subduing the free spirits of America by the force of arms or intrigues of negotiation, as their last effort, they have had recourse to fraud. Their emissaries have been employed in a variety of artifices to debase our money and to raise the price of commodities. The fears and apprehensions of the people have been alarmed by misrepresentations, while our enemies of the highest rank have not hesitated to counterfeit the bills of credit and disperse them through the United States."

These embarrassments to a free circulation of paper money, loudly called for a remedy, and Congress, from a regard to good faith, to private justice and to public safety, felt bound to apply it. To raise the value of paper money, and to redeem it, would not be difficult; nor would the effort to check and defeat the pernicious circulation of counterfeits be impracticable. Without public inconvenience or private distress, the whole of the debt incurred in paper emissions might be cancelled by taxes; and within a period so limited as to leave the possessor of the bills satisfied with his security, and if, by a continuance of the war, the public service should demand further emissions, they too might be cancelled within the same period, "it being evident that our ability to sustain a tax, must increase in proportion to the quantity of money in circulation."

The danger from counterfeits could only be avoided by calling in and exchanging the emissions with which the counterfeiter had chiefly busied himself; to publish the marks of detection, and still leave the true bills current, would not be prudent, as it would afford an opportunity of correcting defects, and cheating more securely.

"To defend the emission intended for the exchange from counterfeit, the strongest guards will be devised, and it is expected that the marks of authenticity will be so obvious, and the difficulty of successful imitation so great, as to discourage the attempt, or elude its effects."

Congress evidently had a premonition of the immense amount of paper money to be put afloat during the year, for the Committee of the Treasury were authorized to contract with proper persons to act as signers of the bills for the year, whose remuneration was not to exceed four dollars per thousand for each signer. Just before this action Congress

had ordered another issue which was to be exchanged for the counterfeits withdrawn from circulation, and during the first four months of the year, \$ 65,000,880 were issued. Congress also sought to procure a domestic loan for \$ 20,000,000 more.

The effect of these enormous emissions was to impair irretrievably the value of all the issues, yet Congress, unmindful of the extremely critical condition of the finances, and without attempting to devise proper remedies, was engaged in a profitless and discreditable controversy with Silas Deane concerning his conduct as one of the Commissioners of the United States to the French Court.

It may not be without interest to the reader to stop for a moment and look at a picture of the condition of the country drawn by a Frenchman, Baron de Boustellier, who had followed the fortunes of Lafayette, and was at this time serving as Lieutenant-Colonel in the Army :

This country is in a state of languor and despair, or rather anarchy, for every one does as he pleases, from whence proceed the greatest horrors and calamities imaginable, Among other things the dearness of provisions, and of every other necessary of life exceeds all example. Nothing is to be seen but Congress paper, which is so depreciated, that a piastre in money is worth twelve or fifteen in paper. Few ships come here, on account of the little value of Congress paper, and that there is nothing but tobacco to be had in return, which bears a very low price in France at this time. It was with the utmost difficulty that they could procure a little flour for d'Estaing's fleet, and it requires every exertion they can make to supply their own army which, after all, is wretchedly provided. Upon the whole, this country suffers more from its internal management, than from the war itself, and if peace is not soon made, and good order re-established, it will experience such revolutions as are shocking to think of. The Congress likewise are perplexed how to act, having lost all authority over the people. Every one proceeds with caution; distress and misery are daily increasing. God grant that the French arms may be successful, or this country will be undone, for the tories who are very numerous would lay violent hands on every thing that comes in their way, and there is no mercy to be expected from them.

Paper money had depreciated so much by the last of May, that the President of the Council of Pennsylvania, and other gentlemen, presented a memorial to Congress setting forth their hardships and asking for co-operation and relief. Their object was to avert an impending popular movement. A public meeting had been called for the purpose of considering the subject of depreciation, and it was feared that if the people grew excited they might become violent. The petition was referred to the Treasury Board, and their report, which was an address to the States, declared that the present situation of public affairs demanded the most serious attention, especially that the condition of the currency required the immediate, strenuous, and united efforts of all true friends to

their country for preventing an extension of the mischiefs which had already flowed from that source.

Having declared that Congress was "obliged to emit paper money," the policy was defended by affirming the people knew this expedient had "before been generally and successfully practiced on the Continent." Congress was sensible of the inconveniences—a very mild term in which to express the consequences of issuing paper money—which would attend too frequent emissions and endeavored to avoid them. For this purpose loan offices were established as early as October, 1775, and from that time to the present, Congress had repeatedly and earnestly solicited the people to loan their money on the faith of the United States. Nevertheless, the sums received in this way had proved unequal to the public exigencies. In consequence of the activity of the enemy, both on sea and land, taxation at home and borrowing abroad had been alike impracticable. Hence the necessity of continuing emissions of paper money.

But depreciation was not imputed to these causes alone. "We have too much reason to believe it has been in part owing to the artifices of men who have hastened to enrich themselves by monopolizing the necessaries of life, and to the misconduct of inferior officers employed in the public service." Vain, indeed, were the efforts of Congress to form plans of economy, to stop emissions of paper money, if the people did not zealously co-operate in promoting this design, and use the utmost industry to prevent the waste of money in every branch of service. A compliance with the recommendations for supplying money, it was properly added, might enable Congress to give speedy answers to the public that no more emissions should take place, and thereby close that source of depreciation.

At the same time Congress "judged it indispensably necessary" to call for forty-five million dollars in addition to the fifteen millions asked at the beginning of the year, which the States were requested to pay into the Continental Treasury as soon as possible, and at the farthest, before the end of the year. Probably, this was not a very acceptable reply to many a grumbler, but what better answer could Congress make? It had certainly tried in every conceivable way to raise money in addition to resorting to paper emissions.

The delegates from Rhode Island were opposed to raising so large a sum from the States, but they were almost alone in their opposition, as the representatives from only one other State shared similar views. William Ellery, one of the Rhode Island delegates, wrote Governor Greene, that the great majority on this occasion and the declarations made by members during the course of the debate, led him to believe that great exertions would be made by the States to collect their quotas. He then adds, "The more that is collected by

taxation, the less it will be necessary to loan, in order to put a stop to further emissions, which is the wish of all. A stoppage of the press once effected, our liberties are established and an end is put to the war. Our enemy's whole dependence now rests upon our being crushed with whole reams of depreciated paper money. Once remove that ground of hope and they will offer us honorable terms of peace."

The people of Philadelphia, alarmed at the condition of the money, and desirous of aiding the Government, adopted a plan at a town meeting for stopping the paper issues of Pennsylvania and for raising a reveue by subscription. It was known as the citizens' plan, and in the address directed to the President and Supreme Executive Council of the State, they were requested to confer with Congress on the subject, and to urge that body to recommend the general adoption of the plan. The Executive Council was also requested to transmit the scheme to the several States, under the sanction of their recommendation, while the citizens themselves resolved to send the plan to citizens of each State at the earliest opportunity. The people were divided upon the efficiency of this measure, and President Reed, of Pennsylvania, wrote that an interesting struggle was going on concerning the Continental money, as to whether it would die without hope of resuscitation, or whether by a vigorous political effort it would emerge from the trial having the confidence and value imposed in it during the earlier days. When received by Congress, the plan was referred to the Board of Treasury.

Shortly after the address of Congress, which has been briefly sketched, two committees were appointed, one to make thorough inquiry "into the establishments and contingent expenses of the respective boards and departments," and to report what retrenchment and reformation seemed expedient; the other was to conduct a more special investigation, with reference to the expense of the Medical Commissary-General and Quartermaster-General's Departments. These had grown enormous, and it was generally believed that this state of things arose from "allowing commissions to the numerous persons employed in purchasing for the army." Truly, there was urgent need of investigation. Extravagance had crept into every department, nor was corruption unknown even in those early days.

These committees suggested improvement in the manner of keeping the Paymaster-General's office, also that the Governors of the States should be requested to make an inquiry into the conduct of those employed to transact the business of the General Government, for the purpose of removing suspected persons, and of securing various other needed reforms.

Congress might have discovered a way of saving much by

altering the mode of enlistments in the army. The policy of enlisting men for a short time had been continued from the beginning, notwithstanding the contrary advice of Washington and others, who clearly saw the great expense and other evils growing out of the prevailing system. "Had my advice," says Washington, writing in August, 1779, "respecting this matter been pursued in the years '75 and '76, our money would have been upon a very different establishment in point of credit to what it is at this day, and we should have saved millions of pounds in bounty money, and the consequent evils of expiring armies and new levies." Yet the old system was continued, notwithstanding the obvious economy and efficiency of permanent enlistments.

The next effort of Congress in the way of raising money outside of the old expedient of issuing more bills of credit, was a loan of \$20,000,000 which Congress vainly hoped would be raised by the loan offices. The States were recommended to appoint persons of character and influence in every county, town, and district, to receive subscriptions; none were to be taken for less than five hundred dollars, and if any person subscribed ten thousand dollars or more, he might pay one-half of the subscription within fourteen days from the time of subscribing, and the remainder before the first of October; and by way of an inducement to make so large a subscription, the whole amount was to draw interest from the time of the first payment, provided the balance was punctually paid. Each lender was to elect, either to receive the principal at the expiration of three years from the date of the loan, or to continue it on interest "until the whole amount of Continental bills circulating shall not exceed the sum in circulation at the time of the loan." One of the greatest difficulties in this scheme was to regulate the payment of interest, since the Continental money was depreciating, and payment of six or seven per cent. might turn out to be an exceedingly small compensation for the use of the money. It is true that Congress, until this time, had stoutly maintained the worth of Continental paper money, but the bill which finally passed on the 29th of June, clearly recognized the fact of depreciation. Considerable discussion arose in determining the rate of interest and the subject was repeatedly taken up and postponed before reaching a conclusion. In the end, it was decided that interest should be paid annually at the loan offices where the money was subscribed, and then follows the resolution which puzzled Congress so long: "When the interest in monies which have been or may be placed in the several loan offices on or after the first day of March, 1778, shall become due and be paid the same, until some more accurate standard of value can be devised, shall be increased in proportion to the increase of the sum of Continental paper money which may be in circulation after

the date of such loans respectively." Such was the result of the deliberations of Congress in dealing for the first time with the question of a depreciated money. Doubtless, the members did this tremblingly, for they must have seen what a blow they were to give to paper money, the force of which the public would soon inevitably feel.

On the 16th of August the Board of Treasury, reported a table of the first year's interest to be paid on moneys which had been placed in the several Continental loan offices between March and September, 1778, calculated for each day on which the money had been lent, in pursuance of the resolve regulating the interest payable on the public loan, whereupon the Board was directed to take proper measures for carrying out the resolution.

While Congress was trying to borrow money through the agency of the loan-offices, that body still contrived to push out paper money into the fearfully swollen stream. Between the first of May and first of September, \$35,000,480 had been issued, yet there seemed to be no other resource. Efforts to borrow money had succeeded poorly, taxes were reluctantly paid, foreign loans were negotiated with extreme difficulty; and whatever could be done in that way, Franklin, Adams, Jay, and other agents, had accomplished. On the 26th of August, the Board of Treasury were directed to lay before Congress, by the 10th of September, an account of the money received at the loan offices to that date, and also the amount of paper emissions then afloat. Concluding that an absolute limit ought to be fixed to the emission of bills of credit, Congress resolved that on no account should more than \$200,000,000 be emitted, nor any more indeed, provided a sufficient supply of money for the public exigencies could be obtained in any other way. Two days later the same declaration was repeated.

Not long afterward, Congress issued another address to their constituents. The debt was described as consisting of \$159,948,880 already emitted and circulating, money borrowed before the first of March, 1778, amounting to \$7,545,196 bearing interest payable in France, money borrowed since that time, the interest of which was payable in America, \$26,188,909; other sums due abroad but not exactly known, as the balance had not been transmitted, were estimated at \$4,000,000. Not more than \$3,027,560 had been brought into the Treasury in the way of taxes, so that all the funds supplied to Congress by the people of America, did not exceed \$33,761,665. "Judge then," says the address, "of the necessity of emissions and loans, from whom and from whence that necessity arose."

The swelling of prices incident to the issue of so much money was considered, and also the necessity of providing troops and supplies to continue the war, after which Con-

gress proceeded to discuss the causes of the depreciation of paper money :

The depreciation of bills of credit is always either natural or artificial, or both. The latter is our case. The moment the sum in circulation exceeded what was necessary as a medium in commerce, it began and continued to depreciate in proportion as the amount of the surplus increased, and that proportion would hold good until the sum emitted should become so great as nearly to equal the value of the capital or stock on the credit of which the bills were issued. Supposing, therefore, that \$ 30,000,000 was necessary for a circulating medium, and that \$ 160,000,000 had issued, the natural depreciation is but little more than as five to one, but the actual depreciation exceeds that proportion, and that excess is artificial. The natural depreciation is to be removed only by lessening the quantity of money in circulation. It will regain its primitive value whenever it shall be reduced to the sum necessary for a medium of commerce. This is only to be effected by loans and taxes.

The artificial depreciation was regarded as a more serious matter. It had grown out of distrust entertained by the mass of the people, either in the ability or inclination of the United States to redeem their bills. The ability of the United States to redeem them depended, first, upon the success of the present revolution, and secondly, on the sufficiency of the natural wealth, value, and resources of the country.

Having shown the certainty of success in the revolution, the reasoning in the address on the second point was as follows: "Let us suppose, for the sake of argument, that at the conclusion of the war the emissions should amount to \$ 200,000,000, that exclusive of supplies from taxes, which will not be inconsiderable, the loans should amount to \$ 100,000,000, then the whole national debt of the United States would be \$ 300,000,000. There are at present 3,000,000 of inhabitants in the thirteen States; three hundred million of dollars divided among three million of people would give to each person one hundred dollars, and is there an individual in America unable, in the course of eighteen or twenty years, to pay it again? Suppose the whole debt assessed, as it ought to be, on the inhabitants in proportion to their respective estates, what would then be the share of the poorer people? Perhaps not ten dollars. Besides, as this debt will not be payable immediately, but probably twenty years allotted for it, the number of inhabitants by that time in America will be far more than double their present amount. Thus, a great part of the debt would be payable, not merely by the present number of inhabitants, but by a large addition attracted thither from the old world. Let it be remembered that paper money is the only kind of money which cannot *make unto itself wings and fly away*. It remains with us, it will not forsake us, it is always ready and at hand for the purpose of commerce or taxes, and every industrious man can find it."

Thus far the address proceeded very glibly, but the second portion, relating to the inclination of the people to pay the debt, it was not so easy to write in hopeful and inspiring language. Three questions were considered:—

Whether and in what manner the faith of the United States had been pledged for the redemption of their bills;

Whether they had put themselves in a political capacity to redeem them; and

Whether, admitting the two former propositions, there was any reason to apprehend a wanton violation of the public faith?

The first two questions Congress found no difficulty in answering; for assuredly, if ever a Government had pledged its faith, Congress again and again had pledged the public faith in respect to the payment of the bills of credit issued by their authority. Concerning the second question, Congress declared that “there does not at present exist a perfect solemn confederation, and, therefore, that the States now are and always will be in a political capacity to redeem their bills, pay their debts, and settle their accounts.”

In regard to the apprehension of a wanton violation of the public faith, Congress, with a lofty indignation, declared it was with great regret and reluctance that “we can prevail on ourselves to take the least notice of a question which involves in it a doubt so injurious to the honor and dignity of America.” In the same high-toned language Congress proceeds:

We should pay an ill compliment to the understanding and honor of every true American were we to adduce many arguments to show the baseness or bad policy of violating our national faith, or omitting to pursue the measures necessary to preserve it. A bankrupt, faithless republic would be a novelty in the political world, and would appear among respectable nations *like a common prostitute among chaste and respectable matrons*. The pride of America revolts from the idea; her citizens know for what purposes these emissions were made, and have repeatedly pledged their faith for the redemption of them; they are to be found in every man's possession, and every man is interested in their being redeemed, they must, therefore, entertain a high opinion of American credulity, who suppose the people capable of believing, on due reflection, that all America will, against the faith, the honor, and the interest of all America be ever prevailed upon to countenance, support, or permit so ruinous, so disgraceful a measure.

Such are the main points of this remarkable address, which ought to have stirred the heart of every patriot to renewed exertions in aiding the weak and throttled Government. Congress had been frank and told the people the worst—an example worthy of imitation in all governments and great institutions. Nothing was concealed; the enormous indebtedness, the weakness of the Government, the necessity of the States coming to the rescue, were put forth in the pure

color of truth. Congress now determined to make stricter requisitions upon the States. This could be done because the success of the revolution was assured, and the people had relinquished all hope of reconciliation with Great Britain. Beside, the members of Congress had recovered from their fright, and now realized the absolute necessity of getting relief from the States, or else of seizing whatever was needed in order to sustain the armies and carry on the war. Therefore, in October it was resolved to call upon the States for \$15,000,000 in addition to previous sums, which they were to raise in such a manner as they deemed most expedient, and which were to be paid into the Continental treasury or to the order of Congress in monthly installments, between the first days of February and of October following. They were also charged with interest at six per cent. upon all deficiencies in the several quotas previously requested. To encourage persons to make loans of \$10,000 or more, the time for making them was extended, and when one-half of such a loan was paid, the whole was to bear interest if the balance were forthcoming within two months from the time of the first payment.

At the same time this action was taken, a letter, was sent to the States telling them the paper money, Congress was at liberty to emit, would probably be expended by the beginning of December, after which time supplies must be furnished by the States. The prospect was dark enough, yet Congress cherished the hope that by means of taxes and other salutary measures the prices of things would be reduced; the quotas asked, in part, at least, be paid; and, after paying other expenses, a balance would be left to apply on the public debt.

Before the close of November \$200,000,000 of paper money had been issued, the final issue slightly exceeding \$5,000,000. During the year \$140,052,480 had been thrown into circulation—nearly three-fourths of the entire amount issued during the war. No wonder why such a vast mass so soon sunk out of sight.

The fountain of paper money having become completely dry, and the army being in a very reduced condition, Congress requested the States to furnish supplies of corn, wheat, and flour. Virginia was requested to furnish 20,000 barrels of Indian corn, and transport it to certain places indicated by the commissary-general, while the legislatures of Maryland and other States were requested to furnish other specific supplies. A few days later all the States were asked to contribute supplies, and each one was at liberty to furnish such things as best suited its convenience. Supplies thus furnished were credited the same as though money had been advanced. Clothing also was seized, and having been appraised, Congress ordered payment for the amount. Thus

the year ended with an exhaustion of the paper money scheme, and the systems of seizure and State supplies of provisions and other necessaries begun. Severe, indeed, were these expedients, yet had not Dionysius, Lacheses, Tachus and other Greek leaders seized and appropriated the wealth of the heathen temples for the benefit of the State two thousand years before, and had not even the many-gifted Pericles advised the Athenians to remove a portion of the gold which covered the statue of Minerva for the same patriotic purpose?

ALBERT S. BOLLES.

NOTES UPON THE SILVER QUESTION.

It may be useful to review the progress made in the discussion of the silver question, since the divergence in the value of the two precious metals which followed the German demonetization of silver. It will be found that this progress has been very material, and that the points upon which any substantial disagreement exists are now reduced to a very small number.

SILVER HAS NOT FALLEN, BUT GOLD HAS RISEN.

The observed fact being that silver had become less valuable in relation to gold, and the latter metal being the monetary standard of Great Britain, the principal European commercial nation, it was quite natural that the case should, at the first blush, be dealt with on the other side of the Atlantic, as a depreciation of silver. In truth, the vigorous and influential advocacy of the contrary view, that gold had appreciated, came from the United States. And in saying that, I do not overlook the fact that the India Government had, from the first, steadily affirmed that the purchasing power of silver, which is its value, had been rather rising, than falling. But India is in a position, much less commanding than that of the United States, in respect to the capacity of impressing its views upon the world.

The *Edinburgh Review* for April, 1879, thus describes the revolution of general opinion upon the subject :

In this country, and generally, it has been taken for granted that there has been of late years an absolute depreciation of silver, and that gold is simply maintaining its old value. A very different conclusion, however, was arrived at by the Commission appointed by the Congress of the United States. They maintained [Report of 1877, pages 4 and 5] that there had been no depreciation of silver, and that the difference in the values of the two precious metals was owing to a rise in the value of gold. Upon this matter they reported as follows :

'Changes in the relative value of the two metals are entirely different from changes in their absolute value, or, in other words, their value as compared with all other things. Thus one metal may have fallen greatly as compared with the other, and at the same time not only may not have lost, but may

even have increased in purchasing power. In describing a divergence in the relative value of the metals, without reference to the purchasing power of either, it is as correct to say that one has risen in value as to say that the other has fallen. In fact, looking only to the relation of the metals, both things have occurred. One has fallen and one has risen, each relatively to the other, to the full extent of the divergence. In order to ascertain whether silver has fallen or gold risen since 1873, not relatively to each other, but relatively to all other things, a comparison must be made between general prices in gold and silver then and now. Such a comparison would show that the purchasing power of gold has increased since then in all countries, and that the purchasing power of silver has decreased in none.'

Startling as this statement appeared at the time, there were even then many facts which tended to support the conclusion of the American Commission. Within the last four months, it is becoming acknowledged in this country that the American Commission of 1876 was substantially right.

The *Edinburgh Review* records this acknowledgment with great reluctance, and qualifies its own concurrence in it by saying that the views of the American Commission are only correct when applied to the purchasing power of the metals in those countries in which silver is one of the legal standards, or the exclusive legal standard, as in India. But the intelligent writers for that magazine must certainly see, upon giving a more deliberate attention to it, that the relative value of the metals tends constantly to become the same at any given time in all commercial markets, without reference to which may be the legal standard in each particular market; so that, for example, the price of silver purchased with gold can never vary more than a minute fraction in Calcutta from the contemporaneous price in London. The ratio of value between gold and silver being thus substantially the same in all places at any given time, the gold and silver prices of commodities must bear substantially the same relation to each other in all places at any given time.

In the latter part of 1877, the late Dr. Linderman, then Director of the U. S. Mint, published a book in which he denied that gold prices had fallen since 1873, and called attention to the fact that the American Commission had furnished no tables of comparative prices in 1873, and in the subsequent years. Doubtless, the Commission were of the opinion that tables of prices would fail to convince anybody who could be in doubt about a matter of such universal notoriety as the condition of the markets, in which everybody is constantly buying and selling.

In fact, with the exception of Dr. Linderman, no person here or in Europe, whose opinions are worth referring to, has recently ventured to deny, what is within the common knowledge of mankind, that the gold prices of commodities have steadily and largely fallen everywhere since 1873, and that the value of gold has correspondingly risen. In England especially, where the statement of this fact by the American Commission in 1877 "appeared startling at the time," it is universally admitted to be correct.

The London *Economist* of December 28, 1878, says :

It is a fact which will scarcely be disputed, that the purchasing power of gold is now considerably greater than it was in the three years 1872, 1873, 1874. This assertion may readily be corroborated by an appeal to the market prices of commodities then and now; and the result of which leaves an average fall probably exceeding twenty per cent.

Mr. Giffen, lately in charge of the Statistical Department of the British Board of Trade, said in his address before the London Statistical Society in January last :

There can be no doubt whatever, that a serious influence on prices has been exerted of late years by the appreciation in the value of gold. While the gold supply has been falling off from year to year, the demand for that metal has increased, not only with the volume of the trade of the world, but because countries which had previously required little, now base their entire coinage on gold. A sovereign will be more and more valuable as time goes on.

J. E. Thorold Rogers, in the *Contemporary Review* (London) for January, 1879, says :

There are two facts, the incidence of which is beginning to be seen, which will probably force on a reconstruction of British finance. These are, first, the unquestionable exaltation in the value of gold, and the consequent depression of general prices.

If, as is argued with much show of reason, the annual product of the gold mines is not in excess of what is annually needed for the wear and tear of gold currencies, and is quite insufficient to supply the demand for new gold currencies, we must infer that the value of gold will continue to rise, unless we assert the paradox that the value of the metals is unaffected by supply and demand.

Whatever differences of opinion may be entertained, or professed, as to the causes of the fact, there is no disagreement as to the fact itself, that the value of gold has arisen alarmingly within five or six years. This rise has been very much greater in relation to real estate and labor, than in relation to commodities, or in other words, the gold prices of real estate and labor have fallen very much more than, certainly twice as much as, the gold prices of commodities. But in respect even to commodities, the fall is greater than it has been in the gold prices of silver, so that silver has risen instead of fallen, in respect to commodities. This rise in silver is for the Chinese and East Indians, whose money is silver, an obvious matter of fact which encounters them every day in their markets, where the average range of prices of articles, native and imported, is remarkably low. It is plain enough to an Englishman as a matter of reasoning, and if he tested it by experience in the use in his markets of a given weight of silver, he would find that while he lost something as compared with 1873, in converting his silver into sovereigns, he would gain still more as compared with the same date, in converting his sovereigns into commodities, and that at the end of this double operation he would have more commodities for his silver than he could have obtained six years ago.

It is a great step forward in this discussion, to have it

cleared of all doubt as to what has happened, and what is to be dealt with. There is no such fact in the case as a fall or depreciation in silver. On the contrary, it has everywhere increased in purchasing power, or in other words, in its value. There is no longer any contention on that point.

The difficulty to be confronted, and which must be endured if there is no cure for it, but to which every available remedy should be applied, is a great and sudden rise in the value of gold.

It is sometimes said that gold prices fall as a consequence of the rise in gold, but, in truth, the value of any kind of money and the prices of commodities expressed in such money do not stand to each other in the relation of cause and effect. Changes in them occur simultaneously, and the two things are, in fact, only one thing. The value of money is nothing else than the market rate at which it exchanges for commodities.

Considering that a rise in gold and a fall in gold prices are thus the same thing, it would seem incredible, if we did not know it to be true, that the contention could have been maintained so long as to the fact of a rise in gold since 1873. Not only are market reports accessible to everybody, but everybody is in the markets personally, on a large or small scale, both as buyer and seller. It is impossible that mankind should not know that prices are falling, or rising, if the fall or rise is appreciable. But being accustomed to reckon all exchangeable values in money, they unconsciously come to regard money as being something fixed and stable in itself.*.

THE CAUSE OR CAUSES OF THE RISE IN GOLD.

But while men agree that there has been beyond doubt a large recent rise in the value of gold, and a large recent fall in gold prices in every market, they do not yet entirely agree as to all the causes of the fact. Furthermore, to the extent that there is an agreement as to the causes, there is a disagreement as to the proportionate power to be assigned to each of such causes. Such disagreements were to be expected, from the abstruse nature of the subject, and no length of time occupied in discussion is likely to remove them altogether. It has, however, always been agreed, except by a few persons to whose idiosyncracies no attention need be paid, that the volume of money is always a great factor of prices, and the controlling factor when other things remain the same. It was also too plain to require any elucidation, that to whatever extent the performance of the mone-

*The public has not forgotten the amusing account of the statement made by a banker within two years, to the Finance Committee of the U. S. Senate, that, while silver was constantly fluctuating, he had not known, in a banking experience of thirty years, a variation of more than one-fourth of one per cent. in the value of gold. Upon being enquired of, in what he measured gold, so as to determine that remarkable degree of steadiness, he replied that he measured it, as he did everything else, in gold. But upon being further enquired of, whether silver measured in silver had not been equally steady for thirty, or even a greater number of years, he very reluctantly admitted that it probably had been.

tary function is confined to one of the two precious metals, instead of being devolved upon both, the volume of money is thereby diminished, or as Alexander Hamilton expressed it nearly a century ago, "to annul the use of either of the metals as money is to abridge the quantity of the circulating medium." And it could never have been seriously doubtful, that the recent simultaneous adoption of gold as an exclusive metallic standard by several important nations, which had previously used either silver alone, or gold and silver in conjunction, must have raised the value of gold, by making a new demand for it, when there was no increase of the supply, and must therefore be one of the causes of the late and still continuing depression of gold prices. The American Commission did not regard it as the sole cause. On the contrary, their view was, that metallic prices tended to fall after 1865, because the aggregate production of both metals was thereafter nearly stationary, and did not advance at an even pace with the monetary wants of mankind. They therefore described the fall of prices in and subsequent to 1873, not as wholly caused, but as "precipitated and aggravated" by the demonetization of silver in Germany, the United States, and elsewhere.

The indications are decisive, that general opinion in Europe and America is approximating unanimity in adopting conclusions on this report, at least as strong as those announced in 1877 by the American Commission.

To the English authorities already quoted, innumerable others might be added, but selection is made of the following from the *Contemporary Review* of last April :

England has entered upon a sixth year of commercial distress and decadence. There is as yet not a single ray of light shooting up through the dark mercantile horizon. A crisis without parallel in the experience of the present generation not only rests upon us, but intensifies as time rolls on.

The practical cutting off of silver from the world's money has been at the root of much of our distress during late years, and is now one of the chief hindrances to the return of prosperity.

The world, acting under the legal injunctions of the leading monetary powers, has divorced from its monetary system that silver which from time immemorial had conjointly with gold formed its money. Widespread suffering has been the inevitable result of its folly.

In this country, Mr. McCulloch, late Secretary of the Treasury, in a lecture delivered at Harvard University on the 8th of last May, after premising that he had undergone a change of views, but preferred being right to being consistent, proceeded to say :

It is obvious that there is not gold enough in the world to fulfill the legitimate purposes of money, without such an increase in its value that prices would be greatly reduced and the burden of debts increased in the same ratio. The universal demonetization of silver is therefore impracticable. It could not be demonetized by other nations as it has been by Germany without entailing consequences too serious to be contemplated. If there were

no debts to be paid, the gold standard might be so elevated as to make the existing amount of gold equal to the wants of mankind without much harm being done, but as the world is covered all over with debts, so great an appreciation in the value of gold as that which would result from the general disuse of silver, would be overwhelmingly disastrous.

In truth, the number of persons, like Mr. McCulloch, who are changing their former views, and admitting that the scheme of an exclusively gold currency for the commercial nations is an impracticable and dangerous folly, is being constantly enlarged, both in this country and in Europe.

IS THE RISE IN GOLD REMEDIABLE ?

So far as the rise in gold has been caused, as it has in part been, by the failure of the mines to produce the two precious metals in such measure as to correspond with the increasing wants of mankind, there is no other remedy for it under human control, except the more or less extensive substitution of paper money for the metallic money in use. It is that form of remedy which Mr. Giffen, above quoted from, recommends for England, in the form of the issue of one-pound notes.

So far as the rise in gold has been caused, as it largely has been, by the recent extension in many countries of its use as the exclusive metallic money, or in other words by the recent progress in the demonetization of silver, the remedy is such political action of the nations as will preserve the use of silver as one of the moneys of the world. Happily, this remedy does not require the concurrence of all nations, as we know, both from reason and experience, that it is not only possible, but easy, to preserve both the metals as moneys of the world, although very important nations may choose to use only one of them in their internal transactions. Great Britain was for more than fifty years on an exclusively gold standard, before the suggestion was made in any quarter that that fact compelled any other nation to abandon silver.

As Mr. McCulloch said, in his address at Harvard University, immediately after what is above quoted from it:

Thus one of two things must happen. The bi-metallic standard must be adopted by all nations, or some must adopt the one and some the other.

Mr. McCulloch is clearly right in saying that the "general disuse of silver" with all its consequences, "overwhelmingly disastrous" as they would be, is inevitable, unless either all nations shall adopt the bi-metallic standard, or, if some of them shall persist in using only gold, that others shall give employment to silver and sustain its monetary value, by giving it currency, either exclusively or in connection with gold. And as we know well, that neither all nations, nor even all commercial nations will ever become bi-metallic, or at any rate not before some period indefinitely remote, it results that if silver is maintained at all as one of the

moneys of the world, it can only be done by important nations, like the United States, resolutely upholding it in their currencies, with entire independence of those nations which shall persist in demonetizing and discarding it. And, at all events, until the time shall arrive when at least all commercial nations are actually bi-metallic, the "general disuse of silver" with all its ruinous consequences, will be an accomplished and present calamity, unless there are some commercial nations which uphold silver, not by empty praises, but in the substantial and efficient fashion of coining it and giving to it by law the supreme function of money.

It by no means follows that all nations will become bi-metallic, because "the world is covered all over with debts" and because "so great an appreciation in the value of gold as that which would result from the general disuse of silver, would be overwhelmingly disastrous." There are creditors as well as debtors, and there are classes which gain by that rise in the value of money which is ruinous to others. The fierce acrimony with which the cities of New York and Boston, in which the money securities of this country are largely concentrated, resisted the restoration of silver, is too fresh to be forgotten. Nothing is more possible than that such capitalist countries as England and Germany will only cling to a gold standard the closer, because it is to them that is due so large a portion of the debts with which "the world is covered all over."

In the opinion of Mr. McCulloch, however, the "general disuse of silver" and the consequent enhancement of the value of money when "the world is covered all over with debts" would not be so disastrous as a diversity of the monetary metallic standards of the United States on one side and of Great Britain and Germany on the other side. Upon a view so extraordinary as that, it is sufficient to observe that the metallic standards of the United States and Great Britain were fundamentally different from 1816 to 1873, and that the metallic standards of the United States and Germany were fundamentally different from 1857 to 1873, without a suggestion from anybody in all those long lapses of time that this country suffered any injury thereby.

Mr. McCulloch is also of the opinion that the silver law of February 28, 1878, was a "grand mistake." He thought so when it was passed, and at that time for the reason that it was a blow at the scheme of an exclusively gold standard for all commercial nations, which he then conspicuously advocated. He now assails it from the opposite direction, as a law tending to fasten a gold standard upon Europe. He will dismiss apprehensions of that kind when he reflects that since the silver discussions in the United States, fructifying in the law of February 28, 1878, the tide in Europe, until then setting strongly in favor of gold, has now distinctly

turned the other way. No nation in Europe has since that time demonetized silver, or taken any steps in that direction, and in several countries, in which the gold party seemed on the point of triumph, it has now avowedly abandoned the field, or is silenced. In November, 1877, in an article printed in the *North American Review*, Mr. McCulloch said that France, Holland, and Belgium were determined to follow the gold lead of England and Germany. Since the passage of the silver law of the United States, and as appears probable, very much in consequence of that law, the movement of Holland towards gold has come to a dead halt, while Belgium and France have entered into positive treaty engagements to maintain in circulation until 1886, all the silver they now have, and with an expectation on the part of France, if the French Minister of Finance is good authority, of returning to the old system of the free coinage of both metals. In the summer of 1876, the Spanish Government made a formal announcement of its purpose to demonetize silver as soon as it could get gold enough to take its place. Spain is now pressing the coinage of silver to the full capacity of its mints, and we hear no more of a Spanish gold standard.

The gold standard was pressed in Europe on the grounds that silver was being abandoned and might fall into a ruinous depreciation. The resolute adoption of silver in 1878 by the United States put a final end to the assumption that all commercial nations were passing to the gold standard. That assumption became ludicrous, when the first commercial power on the globe adopted the double standard.

Furthermore, the coinage under the law of February 28, 1878, although small, has sustained the price of silver at a most critical period, when the Eastern demand for silver suddenly fell off. It is true that silver dropped in price, notwithstanding that law, but that only proves that its fall would have been most disastrous but for the support which that law gave to it.

The American silver law of February 28, 1878, was the Waterloo of the controversy of the standards throughout the world. The gold *propaganda* were worsted in it, and have been ever since in disorderly flight, with their arms thrown away and their baggage wagons abandoned. The conquerors mean to hold and push their victory, and one of the last things they will be likely to do is to throw it away by giving the command of their movements to deserters fresh from the ranks of the vanquished.

GEO. M. WESTON.

CURRENT EVENTS AND COMMENTS.

FOREIGN TRADE IN MAY.

During last May, the excess of merchandise exports over merchandise imports was \$17,002,149, as compared with an excess of \$19,543,537, during May, 1878. For the eleven months ending May 31, 1879, it was \$258,481,286, which is as much as it was during the twelve months of the fiscal year ending June 30, 1878.

The excess of the exports of gold and silver over imports, was, for May, \$881,883, and for the eleven months ending May 31, 1879, it was \$3,238,443.

SUBSIDIARY SILVER.

A telegram from Washington (July 22) states, that since the passage of the law requiring the redemption of subsidiary silver coins, the Treasury has redeemed them to the amount of \$4,270,000. The overplus in the country has arisen, not from an excess of coinage under the Act of 1875, but from the unexpected importation (which still continues from Mexico, South America and the West Indies) of small silver American coins of all dates, which were exported prior to and during the suspension of specie payments.

Before the redemption of them, which is now in progress, the stock in the Treasury was about \$6,000,000, and must now be about \$10,000,000.

The experience we had with the paper fractional currency was, that the country could use an amount equal to about one dollar *per capita* of the population. It is probable that a somewhat larger proportion of small silver money can be absorbed, as it is more likely to be hoarded than paper is.

If there is now an overstock of \$10,000,000 of subsidiary silver, the growth of population will absorb it in less than ten years, and it may be absorbed sooner from other causes.

TRADE DOLLARS.

On the 7th of July there were entered at this port 138,000 trade dollars, shipped at Southampton (England) and consigned to J. & W. Seligman & Co. In June, a consignment of 400,000 trade dollars was received from Southampton by Brown Brothers & Co. The price here, 98 or 99 cents, yields a profit over the price in China, and the fact that so few in all have been returned from China, is a proof that there are not many to be found there. It is well known that coins in use are stamped by Chinese bankers through whose hands they pass, so that they soon become indistinguishable, and are melted into what are called *shoes*, or *sycee* silver. There never was any sufficient reason for issuing such a coin as the trade dollar, and the sooner those in circulation are called in the better.

NEW HAMPSHIRE.

We have received the Governor's Message of last June, and the Treasurer's report of same date, which show that the policy of steadily reducing and finally paying off the State debt, incurred during the Civil War, and assumed since on account of it, has been abandoned. This change of policy was foreshadowed in the Governor's Message of last year. The debt at its maximum was about

five million dollars, and has been reduced by payments heretofore made, to about three and one-half millions. The instalments falling due during the last fiscal year, were paid by new loans, and the same thing is to be done during the current year. The temptation to this new method of procedure is, that loans can now be made at rates of interest which are low compared with the rates current five years ago. But it is doubtful if the rates now paid are not higher than the actual net income of the property of New Hampshire taken as a whole. The people of that State are, of course, entitled to control their own affairs, and are entirely capable of controlling them intelligently. But we doubt very much whether they have been consulted as to this new financial departure. It is certainly true that at the close of the Civil War the policy of a steady reduction of the debt resulting from it was fully considered and agreed upon by their leading men of both political parties. The debt is now within moderate and manageable limits, and there was and is everything to encourage persistency in a policy originally wise.

BRAZIL.

The following is a statement of the deliveries in Europe of Brazilian cotton during the last five seasons:

Season of 1873-4.....	600,000 bales.
" 1874-5.....	615,000 "
" 1875-6.....	347,000 "
" 1876-7.....	479,000 "
" 1877-8.....	247,000 "

The press, in this country and elsewhere, hostile to free labor, is endeavoring to create the impression that this falling off is due to the Brazilian law of September, 1873, for the gradual abolition of negro slavery. That law, however, comes into effect too slowly to have produced an effect so considerable. It is probably due rather to the more active competition of this country in the production of cotton, and to the devotion of a larger share of Brazilian industry to coffee. To whatever cause, or causes, it is due, it leaves more room in the markets of the world for United States cotton.

The Brazilians are discussing plans for the introduction of Chinese labor, and some scheme of that kind is very likely to be adopted. The present advantages of it are apparent, and it is such advantages, rather than permanent consequences, which are too apt to control legislation. Negroes were brought into this country upon precisely the same views which are now urged in support of Chinese immigration into Brazil. The consequences are still upon us, and will be for an indefinite period. An inferior immigration keeps out a superior. The European laborers, who are numerous enough to fill up Brazil, will never go there in competition with the Chinese.

GOLD.

On the 2d of July, 1879, the bullion and coin (nearly all gold) in the Bank of England reached the figure, never before known, of £35,200,000, which is exactly £5,000,000 more than it was on the 5th of July, 1876. But this increase of gold, great as it is, is only about one-third of the decrease of gold in the Bank of France, which has occurred in the same period, as will appear from the following returns of its coin and bullion distinguishing the gold and silver:

	<i>Millions of Francs.</i>			<i>Millions of Francs.</i>		
	<i>Gold.</i>	<i>Silver.</i>		<i>Gold.</i>	<i>Silver.</i>	
1876, June.....	1,475	586	....	1878, June.....	1,173	973
" December..	1,539	640	....	" December.	981	1,055
1877, June.....	1,475	817	....	1879, May.....	1,061	1,147
" December..	1,160	863	....		

EUROPEAN BANK CIRCULATION.

The bank circulation in 1878, stated in francs was 31 *per capita* in Switzerland; Germany, 25; Great Britain and Ireland, 36; Belgium, 61; France, 63; and Holland, 112. These figures are given by Scwiezer, director of a bank at Zurich. In addition there were in circulation to some extent the Treasury notes of the German States.

BRITISH CURRENCY.

In the June number of *Blackwood's Magazine*, which is one of the principal organs of the political party in Great Britain which sustains Lord Beaconsfield, we find the following in reference to recent discussions in Parliament upon the banking system:

"The Chancellor of the Exchequer stated that ere long our whole banking system will have to be reconsidered; and any one who has paid attention to the opinions on this subject expressed by our leading statesmen during the last eight or ten years, must be aware that the great change contemplated by these authorities is to abolish the existing bank-notes altogether and to claim the "right of issue" for the State. Also, in introducing the present Bill, the Chancellor of the Exchequer stated that, with a view to the larger measure which was impending, it behoved him to take care lest he increased the obstacles in the way of that impending measure."

The paper currency proper, that is to say, the paper currency not representing actual gold, dollar for dollar, is very small in Great Britain and Ireland, being, in fact, rather under \$150,000,000. A change of its character, from bank notes to Government notes would, therefore, be of far less consequence than a similar change in this country. But the evidence that British opinion is running in that direction does not seem to us so decisive as it is represented to be by *Blackwood's Magazine*. The saying of old Dr. Johnson, that "*nothing can be called certain which has not yet happened*" is especially wise in respect to the future action of governments upon questions of monetary policy.

RAILROADS OF GREAT BRITAIN.

For the first half of this year the gross receipts of the seventeen principal railroads in Great Britain show a falling off of 3¼ per cent. as compared with the first half of last year. The dividends on the shares of the British railroads fell off one-eighth of one per cent. in 1878 as compared with 1877, and another fall of one-half or three-quarters of one per cent. in 1879, as compared with 1878, is anticipated. As these reductions hardly equal the fall in the current rates of interest, they do not seem to furnish any ground to anticipate any fall in the selling prices of shares.

DISCORDANT VIEWS.

The *London Times* maintains, that so long as India has to meet so many council bills drawn in London, its capacity to purchase and import silver must be very small, and that this fact weighs heavily against the prospect of an improvement in the value of that metal. On the other side, the *London Economist* says:

"The whole of the large amounts of silver thrown upon the market by Germany have been absorbed by India, and so long as the India mints are kept open for the unrestricted coinage of silver, the absorptive power of the country must be very great."

A BRITISH COMPLAINT.

At a recent meeting of London capitalists, Sir Edward Watkin said that from inquiry in America he had found that all doubtful investments in America were held in England, whilst the good ones were invariably held in America. The worthy baronet must see that this can not be otherwise in the long run. The best markets in which to sell poor securities, are those most distant from the place where their character is most likely to be known. And, as the value of most securities is undergoing frequent changes, those who live where these securities are created, have the best chance to take advantage of anticipated falls, or rises in them. This country has no sympathy with the American sharpers who play upon the credulity and ignorance of foreigners, but it is at the same time a part of the case, that these sharpers could not succeed without the aid of foreign confederates, and that these confederates, in nine cases out of ten, get the lion's share of the spoils. In the present circumstances, our advice to foreign investors, except as to securities of the known character of the Government bonds of the United States, is to let American securities alone. This country is rich enough to absorb and hold all its own securities.

FAILURES AMONG BRITISH FARMERS.

According to Mr. Richard Seyd, quoted by the London *Economist*, the announced failures of British farmers have been as follows, comparing recent years:

<i>Years.</i>	<i>Number.</i>
1870.....	229
1875.....	354
1876.....	480
1877.....	477
1878.....	815
1879 (to June 10).....	614

The great increase during the past two years shows the effect of short crops and low prices, and illustrates the present depression of British agriculture. Farming in Great Britain requires large capital, and these bankruptcies are, on an average, for large sums.

BRITISH SILVER COINAGE.

During the British fiscal year ending March 31, 1879, the mint returns show a "loss on worn silver coin withdrawn from circulation" of £55,000. The amount originally appropriated was £25,000, but the mint report says:

"This sum was, soon after the beginning of the year, found to be quite inadequate, owing to the unprecedentedly large quantities of worn coin sent into the mint for recoinage, and it became necessary to cause a supplementary vote for £30,000 to be submitted to Parliament."

The amount of old silver coins reminted during the year was about £400,000, so that the loss of weight by wear was a little over one-eighth. The London *Economist*, in a paragraph to which we referred last month, stated that the British silver coinage is in a very bad condition. It is certainly not the fault of the British Government, which gives the public every facility, through the Bank of England and the Scotch and Irish banks, of getting rid of such silver coins as they do not choose to use.

SILVER EXPORT TO THE EAST.

During the six months ending June 30, 1879, the exports of silver from Great Britain were to India £ 2,819,227, and to China (including Hong Kong) £ 399,919, as compared with £ 3,033,995 and £ 1,103,109 during the corresponding months of 1878.

SILVER IMPORTS OF INDIA.

In a speech made by Mr. Goschen, June 12, in the British House of Commons, we find the following figures of the excess of silver imports over the silver exports of India, for the last three Indian fiscal years which end on the 31st of March:

<i>Fiscal year.</i>	<i>Net silver imports.</i>
1876-7.....	£ 7,200,000
1877-8.....	14,700,000
1878-9.....	3,390,000

Mr. Goschen calls attention to the fact that during these three years the sales of silver by Germany amounted to £ 26,000,000, being almost precisely the amount absorbed by India during the same time. He also states that during these three years, the gross silver imports of India were £ 30,000,000, and the silver exports £ 4,710,000, principally to China, Japan, and Ceylon.

AUSTRIA.

The Government is proceeding steadily in the work of withdrawing its legal-tender notes of the denomination of one florin, and substituting silver florins, which it is coining for the purpose. To the end of April it had withdrawn thirteen millions of these notes. During May it withdrew three millions. The Vienna correspondent of the London *Economist*, writing June 9, says:

"The Austrian Government is continuing to pay in silver florins. Although preparations are being made for covering the July silver coupon, still twenty per cent. of the salaries of Government *employees* were paid on first of June in silver."

The same correspondent, writing June 24, says: "The circulation of one-florin notes has decreased within the last six months almost twenty millions, and these, it must be supposed, have been entirely supplanted by silver florins."

The same correspondent, writing June 29, says; "According to a recent official calculation, eighty millions florins worth of silver have been imported into Austria and Hungary since the 1st of August, 1878, of which three-fourths were for private account, and one-fourth upon Government account. Twenty-five millions have gone into the coffers of the Bank. In the first quarter of 1879 38.7 millions of silver were imported."

The Austrian florin is about 48 cents.

THE FRENCH INDEMNITY.

Of the great sum received by Germany as a war indemnity from France, only 832,120,559 marks (the mark being equal to twenty-five cents) remain, or about one-fifth of the total of the spoils. The amount on hand consists of the invalid fund, 554,075,618 marks; the fund for the construction of forts, 128,923,267 marks; for the building of a new palace for the Reichstag, 29,121,674 marks, and the war fund of 120 million marks.

This war fund of \$ 30,000,000 is said to be held in actual gold in the tower at Spandau. That is according to the traditions of the Prussian monarchy. Frederick the Great is said to have left in hard money fifty millions of Prussian dollars.

SILVER IN GERMANY.

In his June 12th speech in the British House of Commons, Mr. Goschen said, that at the end of 1878 the Cabinet had submitted to the German Parliament a memorandum to the effect that the stock of silver in the possession and ownership of the Government and ready for sale, was a million and a half sterling. Mr. Goschen then proceeded to say, as reported in the *London Times*:

"Of the large amount of thaler pieces in circulation, sixty millions were in the hands of the Imperial Bank; that was nine millions sterling; and with the one and a half millions in ingots, the Government confessed to have in their hands, it would make ten and a half millions for sale."

Either Mr. Goschen is very badly reported in the *Times*, or he was indulging in the same looseness of language into which Lord Odo Russell fell, when he wrote that the German Government had on hand ten millions sterling of silver for sale.

The truth is, the thalers in the vaults of the Imperial Bank are no more for sale by the German Government than the unknown number of other thalers which are in the pockets of the German people. The thalers in the vaults of the bank are the property of the bank, received by it in the ordinary course of its business, and which it is obliged to accept from its debtors, because they are a legal tender and will so remain until the Government, having an unlimited discretion in relation to that matter, shall see fit to issue a notice fixing a date after which they will not be legal tenders. The Government is under no more obligation to give gold for thalers belonging to the bank, than for thalers belonging to individuals. It is authorized to do both things, but not until it sees fit to do them, and not in any sense which gives the holders of thalers, whether the bank, or individuals, the right to demand redemption of them. The Government is under no obligation to redeem thalers, until it demonetizes them, which it has not yet done.

Mr. Goschen gives no authority for his statement that the German Bank has sixty million thalers in its vaults, and it cannot be taken for anything more than the estimate of well informed persons in Berlin. The German Bank does not disclose the character of the coins it possesses. In that particular, it follows the example of the Bank of England, which refused, not a great while ago, to respond to an inquiry on that point made at a meeting of the shareholders. If Mr. Goschen's figure is correct, and it is probably not too high, nearly one-third of the metallic money of the German Bank is silver. On the 14th of June, the aggregate was £27,772,000. The same causes which have carried into the Bank of France so large a proportion of the silver coins in France, must operate in Germany as well. As a French writer expresses it, silver money, being the heaviest, "settles to the bottom," that is to say, into public and bank vaults, while gold and paper, being lighter, float on the surface of the monetary circulation.

GERMAN THALERS.

The operation of demonetizing and redeeming the two-thaler pieces in Germany has been completed. Of the total number coined, all have appeared for redemption except 17 per cent. In the opinion of the President of the German Imperial Bank, as recently expressed in the German Parliament, this is "a tolerably trustworthy indication" of the proportion of the thaler pieces which will

appear for redemption whenever it is undertaken to demonetize and call them in. The original official estimate was, that one-half, and perhaps three-fifths, of the thaler pieces had been lost, melted down, etc., and would not be presented for redemption. Subsequent estimates have been, that 25 or 30 per cent. would never show themselves. But on the basis that they will all come in except 17 per cent., and at the low prices of silver, before Bismarck stopped the sales, the President of the Bank said that if the sales had been persevered in, the loss would have been from 90 to 100 million marks, or from \$22,500,000 to \$25,000,000. He said further:

"Accustomed as he was to formidable sums, he was perfectly horrified at these figures, and he believed there were few members of the House who would not share his feelings. He had deemed it his duty to urge the Chancellor to suspend selling. The House would confer an important service, not only on the country, but also on the whole world, if, by vetoing altogether further sales, it, once for all, freed the market from the uneasiness respecting the silver of Germany. The country would no way suffer from a continuation of the circulation of thalers. Abroad, too, Germany's action in removing an important cause of the depression, prevailing for the last six years, would be received with gratitude. He concluded by earnestly recommending the House to abide by the order restraining the sale of silver."

In an address delivered in London rather more than a year ago, Mr. Ernest Seyd said that the President of the German Imperial Bank, like the President of the Bank of the Netherlands, had always been opposed to the project of transacting the business of Europe on a single metal. This statement of Mr. Seyd, which we have never seen contradicted, would seem to be confirmed by what is quoted above, in which the President of the German Bank speaks of the demonetization of silver as "*an important cause of the depression prevailing for the last six years.*"

AMSTERDAM.

The Dutch are hopeful of the restoration of the former commercial pre-eminence of Amsterdam, but they must take care that they do not make it too tempting a prize for the German Empire. The *British Mercantile Gazette* says:

"The Dutch papers have published some interesting statistics of the expenses of a vessel of one thousand tons register passing from the ocean into the docks at each of the chief European ports; these expenses include pilot, lighthouse, harbor, canal, mooring, towing, and lightering dues. The cost to London is £125; to Liverpool, £133; to Bristol, £100; to Antwerp, £93; to Hamburg, £110; whilst Amsterdam stands to-day at £81, against £187 before the completion of the new Canal. On the ground of the advantage now afforded by Amsterdam in this respect, a return of the ancient prosperity of the old Dutch city is prophesied."

LAND PRICES IN SPAIN.

A correspondent of the *London Times*, writing from Cordova, says:

"The boor of Cordova or Seville is well aware that while his own dry fields sell at the rate of £12 to £30 per acre, an acre of well-watered land in the *Vega* of Granada, or in the *Huerta* of Valencia will fetch £300 and £400."

ITALY.

A Paris telegram of June 18 to the *London Times* says: "The *Debats* announces that the delegates of the Latin Monetary Union have agreed to an arrangement supplementary to the convention of last November. Italy is thereby allowed an option as to the withdrawal of the small notes, which are to be replaced by the fractional silver coins to be returned to her by the other States of the Union on payment for the same."

If this arrangement is ratified by the Italian Chambers, the adhesion of Italy to the Latin Union, as extended to January 1, 1886, will be obtained. Italy is left free to determine when and how rapidly its fractional notes shall be withdrawn and replaced by silver. No change seems to have been made as to the restrictions upon Italy in respect to the coinage of full-tender silver.

Under this arrangement it is not probable that Italy will take any steps towards the resumption of specie payments, until the old market relation between gold and silver is restored. To resume now would be to undertake to carry its paper money up to a standard 10 or 15 per cent. higher than silver, and Italy is too heavily indebted to venture upon a policy like that.

INDIA CURRENCY AND REVENUE.

In the debate in the British House of Commons, June 12, Mr. Cross said that the Indian Government collected a revenue of 500 million rupees, of which 200 millions were sold for gold to pay debts in England, at a loss of (say) twenty million rupees. If the rupee was forced up ten per cent. in value, the saving would be twenty million rupees in paying debts in England, but the loss to the taxpayers would be fifty millions. In other words, they would be paying five in order to save two. Furthermore, the Government, having the monopoly of opium, was the seller of it to the amount of 100 million rupees, and if the rupee was raised ten per cent., would only receive ninety millions. Mr. Gladstone adopted and endorsed these views of Mr. Cross, and concurred fully with him in opposing all propositions of tampering with the India currency.

The *London Economist*, of June 21, assumes, as Mr. Goschen did in the Parliamentary debate of June 12, that the scheme of raising the value of the Indian rupee by limiting its coinage is now definitely abandoned, so that that menace to the value of silver is no longer impending over the world. The language of the *Economist* is as follows:

"The late debate on the Indian Revenue may be taken to have settled conclusively several points of importance, which it was very desirable to have cleared up. Any idea of altering the standard of value in India may now be considered as definitely abandoned, since no one in the whole course of the debate supported any of the schemes which have been under the consideration of the Indian Government."

The *Economist* quotes, with approval, the following from the June number of this Magazine:

"If England will not tamper with the coinage laws of India, but will still leave the mints of that great dependency open to silver, and permit the Eastern absorption of silver to have its natural play, the full value of that metal (relatively to commodities) will certainly be maintained."

ALTERATION OF NEGOTIABLE INSTRUMENTS.

SUPREME COURT OF IOWA, JUNE, 1879.

Knoxville National Bank vs. Clark

A promissory note was executed and delivered with a blank space preceding the amount and blank as to the place of payment. The note was afterward fraudulently raised in amount by writing in the space preceding the amount and a place of payment was also inserted, the alterations being imperceptible on ordinary scrutiny. Plaintiff purchased the note so altered of a stranger for value and before maturity. *Held*, that the maker was not liable on the note.

Action on a promissory note against the maker by the indorsee thereof. Defense that the note had been fraudulently altered. The jury rendered a verdict for the plaintiff and defendant appealed.

SEEVERS, J. When the note was presented to the defendant and executed by him, it contained blank spaces, and was as follows:

\$ 10.00

FRANKLIN, March 16, 1877.

Six months after date I promise to pay to the order of C. H. Huff..... ten dollars, at the.....Bank of..... Value received with interest at ten per cent. per annum.

.....Witness.

JOHN CLARK.

When the note was assigned to the plaintiff, it was in all respects like the foregoing, except that "one hundred and" had been written before "ten," and the figure 1 written after the dollar mark, so that it appeared to be a note for \$ 110. The words "Knoxville National," had been written in the blank which preceded "bank," and "Knoxville, Iowa," in the blank following the word "of." The bank had no knowledge of these alterations, and there was nothing on the face of the note tending to show them. It was assigned to the bank by a person purporting to be the payee thereof. About a year previous to this transaction, the plaintiff had purchased negotiable paper of C. H. Huff, executed by the citizens of Marion county, which had been paid without question. Before signing the note the defendant asked the persons to whom it was delivered why they did not fill up the blanks so as to make it payable at one of the Knoxville banks. The reply was, they did not wish to do so, because an agent of the payee would come around and collect the note when it became due. The sole question is, whether, under the facts above stated, the plaintiff is entitled to recover.

There is a class of cases holding that the payee has authority to fill a blank in a promissory note, left for the purpose of designating the place of payment. *Redlick vs. Doll*, 54 N. Y. 234; S. C., 13 Am. Rep. 573. And there is another class which holds where a negotiable promissory note is intrusted to another, for use, that there exists an implied authority to fill blanks therein. In the note in the present case, the blank for the amount was partly filled, and the serious question is, whether the maker is responsible for an unauthorized alteration or addition thereto. As to this question there is a conflict in the authorities. The case of *Young vs. Grote*, 4 Bing. 253, was decided in England in 1827. The facts were, that the plaintiff signed some blank checks and left them with his wife, with directions to have the same filled up as his business might require during his absence. Mrs. Young delivered one of the checks to her husband's clerk, and directed him to fill it up for fifty pounds and some shillings. This he did in her presence, and she desired him to get it cashed. Before doing so the clerk, without authority, altered the check by writing "three hundred and" before "fifty," so that the check, on its face, was for three hundred and fifty pounds and some shillings, and such amount was paid by the banker. The action was between him and Young, his customer. It was held the latter was liable for the amount so paid, on the

ground that the plaintiff had been negligent in so drawing the check as to allow the alterations to be made without discovery. It is not too strong an expression to say that this decision has been doubted and shaken as an authority by more than one subsequent decision of the English courts. Especially is this so as to the ground upon which the ruling is based. The most recent case to our knowledge is that of *Baxendale vs. Bennett*, decided by the English court of appeal. It will be found in the *Albany Law Journal*, vol. 19, No. 19, p. 372. The facts were, the defendant, at the request of Holmes, accepted a draft as an accommodation bill at a time when a drawer's name was not signed thereto, and sent it to Holmes, who, however, returned it to the defendant. At this time it had no drawer's name thereto. The defendant put it in an unlocked desk in his chambers, from whence it was taken by some unknown person, and came into the hands of the plaintiff as a *bona fide* holder for value. At this time the name of one Cartright was signed to the draft as drawer. The lower court found the bill had been stolen and was a forgery, but was of the opinion the defendant had, by his negligence, led to the bill being put into circulation, and, as the plaintiff was an indorsee for value, he was entitled to recover. But on appeal it was held otherwise, and that the negligence of the defendant would not justify a recovery. This case is in direct conflict with *Young vs. Grote*, as to the question of negligence, and it was said the last-named case must be regarded as shaken as authority, by what is said in *Bank of Ireland vs. Evans' Charity Trustees*, 5 H. of L. Cases, 389.

The case of *Worrall vs. Gheen*, 39 Penn. St. 388, is identical with the case at bar, except as hereafter indicated. "The fraud was so well executed that the appearance of the note was not such as to excite the suspicions of a man in ordinary business. *On inspection a difference in the color of the ink with which the words 'one hundred and' were written, may be perceived.*" The italics are ours, and indicate the only distinction between the two cases. This, however, is a distinction without a difference, because the alteration was not such as to excite the suspicion of a man of ordinary business capacity. Such distinction is not alluded to by the court. *Young vs. Grote*, however, is, and it is doubted. The fact that there was a partly filled blank in which the additional amount could be written, was held to make no difference, and it was said: "This fact shows carelessness, but it was not the carelessness of the indorser, but the forgery of the maker, that was the proximate cause that misled the holder." There is no material difference in the facts between the case just cited and *Garrard vs. Haddan*, 67 Penn. St. 82; S. C., 5 Am. Rep. 412. In this case *Young vs. Grote* is followed, and *Worrall vs. Gheen* distinguished, because it was a case of "perceptible alteration," and yet, as we have said, the ruling was not placed on the latter ground by the judges who at that time composed the court. *Zimmerman vs. Rote*, 75 Penn. St. 188, and *Brown vs. Reed*, 79 id. 370 are substantially alike. In one case the alteration consisted in cutting off a separate agreement written on one end of the paper on which the note was written, and in the other, the paper on which the maker supposed an agreement was written, was so divided by cutting as to leave a negotiable promissory note. There was a recovery in both cases. They are not identical with the case at bar, and we are not prepared to say they may not be sustained upon some principle not applicable to it.

The facts in *Cornell vs. Nebeker*, 58 Ind. 425, are like those in *Zimmerman vs. Rote*, and the decision is based thereon. No independent reasons are given, except that "public policy demands such a line of judicial decision as will tend to give confidence" in negotiable paper, "by securing the rights of the *bona fide* holder." *Harvey vs. Smith*, 55 Ill. 224, is based on *Young vs. Grote*, *Leach vs. Nichols*, id. 274, and *Subel vs. Vaughan*, 79 Ill. 257, are not applicable. In *Yocum vs. Smith*, 63 Ill. 321, the plaintiff notified the defendant of the amount of the altered note when it became due. He made no objection thereto until a suit was threatened some time afterward. The case possibly may be supported on the ground of a ratification. It is true it is not so placed. Neither the facts nor the points determined in *Capital Bank vs. Armstrong*, 62 Mo. 59, and *Iron Mountain Bank vs. Murdock*, id. 70, are such as to make them authorities in the case at bar. In *Vesher vs. Webster*, 8 Cal.

109, the note, when executed, was complete in all respects, except a blank for the rate of interest. This was afterward filled. All the court say is that "to fill a blank in a note is not an alteration." In *Joseph vs. National Bank*, 17 Kans. 256, the note, when indorsed, contained a blank for the amount. It was agreed this should be filled with \$400. Instead of this \$800 was written therein. This was a mere excess of authority. We have alluded to the principal authorities, cited by counsel for the appellee, except two or more decisions of this court, which will be referred to hereafter. On the other hand, *Wade vs. Whittington*, 1 Allen 561, and *Greenfield Savings Bank vs. Stowell*, 123 Mass. 196, are on all fours with the case at bar, and it was there held the alteration rendered the notes void. The same ruling on the same state of facts was made in *Holmes vs. Trumper*, 22 Mich. 427; S. C., 7 Am. Rep. 661. See, also, *Bradley vs. Holmes*, 37 Mich. 1. In principle there is no distinction between the foregoing and *Bruce vs. Westcott*, 3 Barb. 374. It was held in *Woodworth vs. Bank of America*, 19 Johns. 391, that the addition of words designating a place of payment discharged an indorser. We infer, however, the addition was written on the margin of the note, and not in an unfilled or partly filled blank. The same ruling was made in *Nasro & Green vs. Fuller & Patterson*, 24 Wend. 374. In this case the additional words were written at the end of the note as it was when executed. The distinction between this case and *Redlick vs. Doll*, before cited, is caused by the character of the blank. In the latter case the word "at" immediately preceded the blank. The note in *McGrath vs. Clark*, 56 N. Y. 34; S. C., 15 Am. Rep. 372, had a similar blank to that in *Redlick vs. Doll*. Not only was a place of payment written therein, but the words "with interest" added thereto. It was held the addition of the last words rendered the note void.

In *Goodman vs. Eastman*, 4 N. H. 455, Eastman signed the note as surety for Hartford—the amount of the note being \$20. Before it was delivered to the payee, Hartford so altered it that it became a note for \$120. It was held Eastman was not liable. Here the payee was an innocent holder for value. In *Watterman vs. Vose*, 43 Me. 504, the alteration was made by the maker, with the knowledge of the indorsee, before the transfer. The surety was discharged. The knowledge of the indorsee was not referred to in the opinion.

In *Steel vs. Wood*, 6 Wall. 80, the note, when executed, contained "September" without more as its date. This was stricken out, and "October 11" inserted. The alteration was apparent on the face of the note. Swayne, J., states the point to be decided as follows: "The state of the case relieves us from the necessity of considering upon whom rested the burden of proof; the nature of the presumption arising from the alteration apparent on the face of the paper, and whether the insertion of a day in a blank, left after the month, exonerates the maker who has not assented to it." It was held there could not be a recovery on the note. In *Angle vs. N. W. M. Ins. Co.*, 92 U. S. 330, Clifford, J., says: "That where a party to a negotiable instrument intrusted it to another for use as such, with blanks not filled up," there exists an implied authority to fill up the blanks, but that such authority "would not authorize the person intrusted with the instrument to vary or alter the material terms of the instrument, by erasing what was written or printed as part of the same, nor to pervert the scope and meaning of the same by filling the blanks with stipulations repugnant to what was plainly and clearly expressed in the instrument before it was delivered."

It is insisted by the appellee that this court, in *Trustees vs. Hill*, 12 Iowa 462; *McDonald vs. The Muscatine Nat. Bank*, 27 id. 319, and *Rambolt vs. Eddy*, 34 id. 440; S. C., 11 Am. Rep. 152, has determined the question under consideration in accord with the ruling below. In the first case authority was given to fill the blank left for the amount. A greater sum than had been agreed was inserted. This was a mere excess of authority. In the second case the court found the blank instrument had been delivered for some purpose, and that the filling the blank, so as to make a promissory note, was a gross fraud. The maker was held liable. The court negatively, at least, concluded a forgery had not been committed. The case, therefore, is not authority in the case at bar, as it is agreed on all hands, the alteration in the present case was

a forgery. In this last case "ten per cent. interest" was "written in a blank left in the note when executed." This case may possibly be supported on the ground that there existed an implied authority to fill the blank, or on the ground that it is put in the opinion. It is there said: "Since the defendant, by executing a note and delivering it with a blank in it for the insertion of the interest and thereby placing it in the power of the payee to do a wrong, as between him and the plaintiff, a *bona fide* purchaser for value, he ought to suffer the loss therefrom." This case cannot be regarded as authority in the case at bar, because in that case the blank was wholly unfilled. The question under consideration must be regarded as an open one in this State. The authorities cited by the appellee, and the whole doctrine on that side, rests on *Young vs. Grote* as its foundation stone. Ever since that decision has been made, there has been an apparent struggle to find some solid foundation upon which it could rest. In casting about for some principle on which it could be based, several have at various times been suggested. They are:

I. That the plaintiff owed a duty to his banker, and their peculiar relations justified the court in sustaining the payment made by the banker.

II. The fact that the check was written by the plaintiff's clerk, and intrusted to him to draw the money, and by whom the alteration was made, justified the decision. We are not called upon to either affirm or deny the sufficiency of either of the foregoing reasons.

III. That the plaintiff was estopped from showing the truth. But this has been exploded in both England and in this country. The plaintiff had not done or omitted to do any thing upon which an estoppel could be based. Unless he owed a duty to the banker, and that is not applicable to the case at bar. Besides what has been said, it may be remarked the decision was not placed on the ground the plaintiff was estopped.

IV. Negligence of the drawer of the check in leaving a blank partly filled. On this ground the court proceeded, and the decision is based on the reasoning of the civil lawyers. But could it be anticipated that such negligence would cause another to commit a crime, and can it be said a person is negligent who does not anticipate and provide against a thousand ways through or by which crime is committed? Is it not requiring of the ordinary business man more diligence than can be maintained on principle, or is practicable if he is required to so protect and guard his business transactions that he cannot be held liable for the criminal acts of another? If so, why should not the negligence of the owner of goods which are stolen excuse the *bona fide* purchaser? Can it be fairly said that the negligence of the drawer of the check, or maker of the note, was the proximate cause of loss to the holder? It seems to us the proximate cause of the loss is the forgery, and this the maker had no reason to anticipate.

V. In some of the cases following *Young vs. Grote*, the rule has been revoked, that where one or two innocent persons must suffer by the wrongful act of another, he must suffer who placed it in the power of such third person to do the wrong. It occurs to us such rule can have no application to this class of cases. It has never, we think, been carried to the extent of making one person civilly liable for the crime of another, and on principle we think it cannot be. As far as courts have gone in this direction, is to make one person civilly liable for the fraudulent acts of another, whereby some third person has sustained a loss—the fraud being made possible by the acts and conduct or negligence of the person charged. *Douglass vs. Matting*, 29 Iowa 428; S. C., 4 Am. Rep. 238, is of this character.

Lastly, it has been said the free interchange of negotiable paper requires the establishment of the rule adopted by the court below. At the present day negotiable paper is not ordinarily freely received from unknown persons. Forgeries, however, are not confined to such. But the necessities of trade and commerce do not require the law to be so construed as to compel a person to perform a contract he never made, and which it is proposed to fasten on him, because some one has committed a forgery or other crime. It should be borne in mind that much negotiable paper is executed by parties who have not in any just sense ordinary business capacity. Relying on this fact, advantages are

taken which courts are asked to sustain, because of the rules long established for the protection of good faith holders of negotiable paper. We can but think courts have gone as far in this direction as can be safely done. We are not prepared to say any steps backward should be taken, but no such advance should be taken as to validate such paper as that in the case at bar. The interests of legitimate trade do not require that this should be done,

Believing the weight of modern authority is opposed to the rule adopted by the District Court, and that upon principle it cannot be sustained, the judgment must be

Reversed.

TAXATION OF SAVINGS BANKS.

The American Bankers' Association has recently published some papers and correspondence as to the law of March 1, 1879, exempting Savings deposits from Federal taxation. The efforts for further relief are being actively prosecuted. The subjoined letter from the Commissioner of Internal Revenue shows how far the relief from taxation extends under the new law:

TREASURY DEPARTMENT, OFFICE OF INTERNAL REVENUE, }
WASHINGTON, May 17th, 1879. }

GEORGE MARSLAND, Esq., *Ass't. Sec. A. B. Association, New York City:*

SIR:—In your letter of 6th inst. you proposed the following questions relative to the Internal Revenue Act of March 1, 1879, which, in Section 22, confers certain privileges of exemption from the bank deposit tax upon Savings institutions "doing no other business than receiving and loaning or investing Savings deposits," viz.:

1st. Have any regulations been prepared by the Department for the guidance of the banks in making their returns in addition to those in blank forms 106 A and 106 B?

2d. Can the privileges of exemption under the new law be claimed by such Savings banks as have a capital stock which is loaned or otherwise used in the ordinary business of the respective institutions?

3d. Can the said privileges be claimed by such institutions as are commonly called Savings banks, though they discount commercial paper, make call loans, receive deposits subject to check at sight, and carry on, generally, a business like the ordinary business of commercial banks?

1st. In reply to your first question, you are informed that, as to Savings banks, no general instructions other than those on forms 106 A and 106 B have been issued which have construed Section 22 of the Act of March 1st, 1879.

2d. In reply to your second question, you are informed that, in the opinion of this office, the privileges of exemption under Section 3,408, R. S., as amended by said section 22, cannot be extended to any banks doing any other banking business than receiving and loaning or investing Savings deposits, and that, therefore, such privileges cannot be enjoyed by a Savings bank having a capital stock when such capital stock is loaned or otherwise used in the ordinary business of the bank.

3d. That inasmuch as the law requires that the bank entitled to exemption shall not only be known as a provident institution, but also requires that it shall do no other business than receiving and loaning or investing Savings deposits, such institutions as receive commercial deposits or deposits subject to check at sight, discount commercial paper, make call loans, or carry on, generally, a business like the ordinary business of commercial banks, are not entitled to the privileges of exemption named therein.—Very respectfully,

(Signed) GREEN B. RAUM,
Commissioner.

It is announced that a full report on the agitation for the repeal of bank taxation will be prepared for the Annual Convention of the Association in August.

ANALYSIS OF THE PUBLIC DEBT OF THE UNITED

PREPARED AT THE TREASURY DEPARTMENT, WASHINGTON,

Year.	3 per cents.	4 per cents.	4½ per cents.	5 per cents.	6 per cents.	7 3-10 per cents.	Total interest-bearing debt.
July 1	\$	\$	\$	\$	\$	\$	\$
1856	—	—	—	3,632,000	28,130,761	—	31,762,761
1857	—	—	—	3,489,000	24,971,958	—	28,460,958
1858	—	—	—	23,538,000	21,162,838	—	44,700,838
1859	—	—	—	37,127,800	21,162,938	—	58,290,738
1860	—	—	—	43,476,300	21,164,538	—	64,640,838
1861	—	—	—	33,022,200	57,358,673	—	90,380,873
1862	—	57,926,116	—	30,483,000	154,313,225	122,582,485	365,304,826
1863	—	105,629,385	—	30,483,000	431,444,813	139,974,435	707,531,634
1864	—	77,547,696	—	300,213,480	842,882,652	139,286,935	1,359,930,763
1865	—	90,496,930	—	245,709,420	1,213,495,169	671,610,397	2,221,311,918
1865*	—	618,127	—	269,175,727	1,281,736,641	830,000,000	2,381,530,294
1866	—	121,341,879	—	201,982,665	1,195,546,041	813,460,621	2,332,331,207
1867	—	17,737,025	—	198,533,435	1,543,452,080	488,344,846	2,248,067,387
1868	64,000,000	801,361	—	221,586,185	1,878,303,984	37,397,196	2,202,088,727
1869	66,125,000	—	—	221,588,300	1,874,347,222	—	2,162,060,522
1870	59,550,000	—	—	221,588,300	1,765,317,422	—	2,046,455,722
1871	45,885,000	678,000	—	274,236,450	1,613,897,300	—	1,934,696,750
1872	24,665,000	678,000	—	414,567,300	1,374,883,800	—	1,814,794,100
1873	14,000,000	678,000	—	414,567,300	1,281,238,650	—	1,710,483,950
1874	14,000,000	678,000	—	510,628,050	1,213,624,700	—	1,738,930,750
1875	14,000,000	678,000	—	607,132,750	1,100,865,550	—	1,722,676,300
1876	14,000,000	—	—	711,685,800	984,999,650	—	1,710,685,450
1877	14,000,000	—	140,000,000	703,266,650	854,621,850	—	1,711,888,500
1878	14,000,000	98,850,000	240,000,000	703,266,650	738,619,000	—	1,794,735,650
1879	14,000,000	741,522,000	250,000,000	508,440,350	283,681,350	—	1,797,643,700

* August 31. See notes on following page.

THE AMOUNT OF NOTES AND FRACTIONAL SILVER COIN

Year ending June 30.	State-bank circulation.	National-bank circulation.	Demand notes.	Legal-tender notes.	One and two-year notes of 1863. (See Note 6, next page.)	Compound-interest notes. (See Note 5, next page.)
	\$	\$	\$	\$	\$	\$
1860	207,102,477 00	—	—	—	—	—
1861	202,005,767 00	—	—	—	—	—
1862	183,792,079 00	—	—	—	—	—
1863	238,677,218 00	—	53,040 000 00	96,620,000 00	—	—
1864	179,157,717 00	31,235,270 00	3,351,019 75	297,767,114 00	89,879,475 00	—
1865	142,919,638 00	146,137,860 00	780,999 25	431,178,670 84	153,471,450 00	15,000,000 00
1866	19,996,163 00	281,479,908 00	472,603 00	432,687,966 00	44,338,710 00	193,756,080 00
1867	4,484,112 00	298,625,379 00	272,162 00	400,619,206 00	3,454,230 00	159,012,140 00
1868	3,163,771 00	299,762,855 00	208,432 00	371,783,597 00	1,123,630 00	122,394,480 00
1869	2,558,874 00	299,929,624 00	141,723 00	356,000,000 00	555,492 00	28,161,810 00
1870	2,222,793 00	299,766,984 00	123,739 25	356,000,000 00	347,772 00	2,871,410 00
1871	1,968,058 00	318,261,241 00	106,256 00	356,000,000 00	248,272 00	2,152,910 00
1872	1,700,935 00	337,664,795 00	96,505 50	356,000,000 00	198,572 00	768,500 00
1873	1,294,470 00	347,267,061 00	88,296 25	357,500,000 00	167,522 00	593,520 00
1874	1,009,021 00	351,981,032 00	79,967 50	356,000,000 00	142,105 00	479,400 00
1875	786,844 00	354,408,008 00	76,732 50	382,000,000 00	127,625 00	415,210 00
1876	658,938 00	332,998,336 00	70,107 50	375,771,580 00	113,375 00	367,390 00
1877	521,611 00	317,048,872 00	66,917 50	369,772,284 00	104,705 00	328,760 00
1878	426,504 00	324,514,284 00	63,962 50	359,764,332 00	95,725 00	296,630 00
1879	352,452 00	329,691,697 00	62,297 50	346,681,016 00	90,485 00	274,920 00
			61,470 00	346,681,016 00	86,185 00	259,090 00

STATES, FROM JULY 1, 1856, TO JULY 1, 1879.
D. C., JULY 1, 1879. (CENTS OMITTED.)

Annual interest charge.	Debt on which interest has ceased.	Debt bearing no interest.	Outstanding principal.	Cash in Treasury July 1.	Total debt, less cash in Treasury.	Population of the United States.	Debt per capita.	Int. per capita.	Year.
\$	\$	\$	\$	\$	\$		\$	\$	Jm. 1.
1,869,445	209,776	—	31,972,537	21,006,584	10,965,953	28,083,000	36	07	1856
1,672,767	238,872	—	28,699,831	18,701,210	9,998,621	28,916,000	35	06	1857
2,446,670	211,042	—	44,911,881	7,011,689	37,900,191	29,753,000	28	07	1858
3,176,166	206,099	—	58,496,837	5,091,603	53,405,234	30,596,000	1 75	10	1859
3,443,687	201,449	—	64,842,287	4,877,885	59,964,402	31,443,321	1 91	11	1860
5,092,630	199,999	—	90,580,873	2,862,212	87,718,660	32,064,000	2 74	16	1861
22,048,509	280,195	158,591,390	524,176,412	18,863,659	505,312,752	32,704,000	15 45	67	1862
41,854,148	473,048	411,767,456	1,119,772,138	8,421,401	1,111,350,737	33,365,000	33 31	1 25	1863
78,553,487	116,335	455,437,271	1,815,784,370	106,332,093	1,709,452,277	34,046,000	50 21	2 32	1864
137,742,617	2,245,771	458,090,180	2,680,647,869	5,832,012	2,674,815,856	34,748,000	76 98	3 97	1865
150,977,697	935,092	439,969,874	2,773,236,173	137,200,009	2,756,431,571	35,228,000	78 25	4 29	1866
146,068,196	1,840,615	428,218,101	2,678,126,103	169,974,892	2,432,771,873	37,576,000	74 32	4 12	1866
138,892,451	1,197,340	408,401,782	2,611,687,851	130,834,437	2,480,853,413	36,573,000	67 10	3 48	1867
128,459,598	5,200,181	421,131,510	2,588,452,213	155,660,340	2,432,771,873	37,576,000	64 43	3 32	1869
125,523,998	3,708,641	430,508,064	2,480,672,427	149,502,471	2,331,169,956	38,558,371	60 46	3 08	1870
118,784,960	1,948,902	416,568,680	2,353,211,332	106,217,263	2,246,994,068	39,555,000	56 81	2 83	1871
98,049,130	7,926,797	430,530,431	2,253,251,328	103,470,798	2,149,780,530	40,604,000	52 95	2 56	1872
103,984,463	51,929,710	472,069,332	2,234,482,993	129,020,932	2,105,462,060	41,704,000	50 49	2 35	1873
98,796,004	3,216,590	509,543,128	2,251,090,468	147,541,314	2,104,149,153	42,866,000	49 10	2 31	1874
98,355,690	1,425,820	498,182,411	2,232,284,531	142,243,301	2,090,041,170	44,060,000	47 44	2 19	1875
95,104,269	3,902,420	465,807,196	2,180,395,066	119,469,726	2,060,925,340	45,316,000	45 48	1 10	1876
93,160,643	16,648,800	476,764,031	2,205,301,392	186,025,960	2,019,275,431	46,624,000	43 31	2 00	1877
94,954,472	5,594,560	455,875,682	2,256,205,892	256,823,612	1,999,382,280	47,983,000	41 67	1 97	1878
83,773,778	37,015,630	410,835,741	2,245,495,072	249,080,167	1,996,414,905	49,395,000	40 42	1 69	1879

* August 31. See notes on following page.

OUTSTANDING AT CLOSE OF EACH FISCAL YEAR 1860-1879.

Silver certificates.	Fractional currency, paper.	Fractional currency, silver. (See Note 7, next page.)	Total amount in currency.	Value of paper dollar in coin July 1 of each yr.	Value of currency in gold.	Year ending June 30.
\$	\$	\$	\$	\$	\$	
—	—	—	207,102,477 00	—	—	1860
—	—	—	202,005,767 00	—	—	1861
—	—	—	333,452,079 00	0 86.6	288,769,500 41	1862
—	20,192,456 00	—	649,867,282 75	0 76.6	497,798,338 59	1863
—	22,804,877 25	—	833,718,984 34	0 38.7	322,649,246 94	1864
—	25,005,828 76	—	983,318,685 76	0 70.4	692,256,354 77	1865
—	27,070,876 96	—	891,904,685 96	0 66.0	588,657,092 73	1866
—	28,307,523 52	—	826,927,153 52	0 71.7	592,906,769 07	1867
—	32,626,951 75	—	720,412,602 75	0 70.1	505,009,234 52	1868
—	32,114,637 36	—	693,946,056 61	0 73.5	510,050,351 61	1869
—	39,878,684 48	—	700,375,899 48	0 85.6	599,521,769 95	1870
—	40,582,874 56	—	717,875,751 06	0 89.0	638,909,418 44	1871
—	40,855,835 27	—	738,570,903 52	0 87.5	646,249,540 58	1872
—	44,799,365 44	—	750,062,368 94	0 86.4	648,053,886 76	1873
—	45,881,295 67	—	781,490,916 17	0 91.0	711,156,733 71	1874
—	42,129,424 19	—	773,646,728 69	0 87.2	674,619,947 42	1875
—	34,446,595 39	10,926,938 00	749,303,473 89	0 89.5	671,773,937 62	1876
—	20,403,137 34	33,185,273 00	731,379,542 84	0 94.7	604,375,246 54	1877
—	16,547,768 77	39,155,633 00	729,215,508 27	0 99.4	725,083,924 62	1878
1,462,600 00	15,842,605 78	39,360,529 00	734,801,994 78	1 00.0	734,801,994 78	1879

NOTES TO PRECEDING TABLES.

Prepared at the Treasury Department, July 1, 1879.

NOTE 1.—The annual-interest charge is computed upon the amount of outstanding principal at the close of the fiscal year, and is exclusive of interest-charge on Pacific-Railway bonds.

NOTE 2.—The statement of population for 1860 and 1870 is by enumeration, and for other years from estimates prepared by Professor E. B. Elliott, of this Department.

NOTE 3.—The figures for July 1, 1879, are made up assuming pending funding operations to have been completed. A slight revision of them may be necessary hereafter.

NOTE 4.—The Temporary Loan, per Act of July 11, 1862, is included in the four-per-cents. from 1862 to 1868, inclusive, with the exception of the amount outstanding for August 31, 1865, this being the date at which the public debt reached its highest point. This loan bore interest from four per cent. to six per cent., and was redeemable on ten-days' notice after thirty days, but being constantly changing, it has been considered more equitable to include the whole amount outstanding as bearing four per cent. interest on an average for the year.

NOTE 5.—The amount of State and National-bank circulation is compiled from the reports of the Comptroller of the Currency at the nearest dates obtainable to the end of each fiscal year; the other amounts are taken from the official printed reports of the Secretary of the Treasury.

NOTE 6.—The one and two-year notes of 1863, and the compound-interest notes, though having a legal-tender quality for their face-values, were in fact interest-bearing securities, payable at certain times, as stated on the notes. They entered into circulation for but a few days, if at all, and, since maturity, those presented have been converted into other interest-bearing bonds, or paid for in cash, interest included.

NOTE 7.—The amount of fractional silver in circulation in 1860, 1861, and 1862, cannot be stated. The amounts stated for 1876, 1877, 1878, and 1879, are the amounts coined and issued since January, 1876. To these amounts should be added the amount of silver previously coined which has come into circulation.

THE PROFIT UPON NATIONAL-BANK CIRCULATION.

The statement prepared by the Comptroller for the *BANKER'S MAGAZINE*, and published in our July number, showed that the National banks now in existence are entitled to receive upon their present capital, under section 5171 of the Revised Statutes, \$389,372,916 of circulating notes, while the amount issued is only \$313,045,346. The banks already in operation are therefore entitled to receive, upon the deposit of the necessary amount of United States bonds, \$76,327,570 of additional circulation. In other words, they can increase their circulation one-fifth, if at any time profit can be made by an additional issue.

The Comptroller of the Currency has prepared a statement which shows that the gross amount of interest received by the National banks upon bonds deposited as security for circulation was, on July 1, \$16,912,736. If from this amount be deducted 10 per cent. (\$1,691,273), which is the interest upon that portion of the bonds on which the banks receive no circulation, and also the 1 per cent. tax upon circulation (\$3,188,298, or a total of \$4,879,564) there will remain \$12,033,172, which was the net amount of interest received by the banks upon 90 per cent. of the bonds deposited as security for their circulating notes. The National banks now hold about \$20,000,000 of ten-forty bonds. If these are converted into 4 per cents the net amount of interest received by the banks on the 1st of August will be \$11,776,207. If all of the bonds held by the National banks are converted into 4 per cents and the same deductions made as before, the net amount of interest received by the National banks upon the 90 per cent. of bonds upon which circulation is issued will be \$9,564,875.

If the present capital of the National banks was loaned upon commercial paper or bonds and mortgages at 8 per cent. it would yield \$29,892,051 interest annually. The net income derived by the National banks from United States bonds at 4 per cent., and from the loan of the circulation issued upon these bonds at 8 per cent., would leave a difference of \$6,520,567 as the profit upon circulation, which is equal to $1\frac{1}{10}\%$ per cent. on the capital invested.

The following statement presents the details which show this result:

The amount of National-bank notes outstanding July 1, 1879, was \$329,691,697.

The amount of U. S. bonds required to be deposited in the Treasury to secure this amount of circulation is \$366,324,150.

The interest at 8 per cent. per annum on the loanable amount of circulation, which, after providing for the 5-per-cent. redemption fund, is \$313,207,112, is.....	\$ 25,056,566
The interest at 4 per cent. per annum on the bonds required to secure the circulation is.....	14,652,966
Total income to the banks from their bonds and loanable circulation	39,709,535
Deduct 1 per cent. of the circulation for the annual U. S. tax thereon.	3,296,917
Net income upon capital employed, if in National banks ..	\$ 36,412,618
The capital necessary to purchase the bonds required to secure the circulation, which is \$373,650,633 (4 per cent. bonds being quoted at a premium of 2 per cent.), loaned at 8 per cent. per annum would produce.....	29,892,051
Difference representing the profit derived by the National banks from their circulation, if the whole amount available for use be loaned continually throughout the year	\$ 6,520,567
This difference or profit on circulation is equal to $1\frac{7}{10}$ per cent. on the \$373,650,633 capital invested.	
If the market rate for loans is 6 per cent., the result of the computation shows the following :	
The interest at six per cent. per annum on the loanable amount of circulation, which, after providing for the five-per-cent. redemption fund is \$313,207,112 is.....	\$ 18,792,427
The interest at four per cent. per annum on the bonds required to secure the circulation is.....	14,652,966
Total income to the banks from their bonds and loanable circulation	33,445,393
Deduct one per cent. of the circulation for the annual U. S. tax thereon.	3,296,917
Net income upon capital employed, if in National banks.....	\$ 30,148,476
The capital necessary to purchase the bonds required to secure the circulation, which is \$373,650,633 (four per cent. bonds being quoted at a premium of two per cent.) loaned at six per cent per annum, would produce.....	22,419,938
Difference, representing the profit derived by the National banks from their circulation if the whole amount available for use be loaned continually throughout the year.....	\$ 7,729,438
This difference or profit on circulation is equal to $2\frac{1}{10}$ per cent. on the \$373,650,633 capital invested.	

ABUSES IN INDIA.

In the British House of Commons, June 12, Mr. J. K. Cross stated that the Indian Government employed, in connection with public works, eleven hundred British civil engineers, with salaries averaging £600, or \$3,000, and that in this way the charges for supervising the works were swollen to twenty-three per cent. of their total cost. Mr. Fawcett had already stated that the superfluity of engineers was so great that many of them had absolutely nothing to do. They all get retiring pensions after a certain term of service. India will not be able to bear such drains much longer. These civil engineers and other India officials have very naturally desired to increase their emoluments by limiting the coinage of the rupees in which they are paid and thereby giving them an artificial value.

BOOK NOTICES.

A Treatise on the Law of Negotiable Instruments. By JOHN W. DANIEL, of the Lynchburg (Va.) Bar. Second Edition. 2 vols. 8vo. pp. 771 and 840. New York: Baker, Voorhis & Co. 1879.

The first edition of this work was published in April, 1876. Its very great merits were soon recognized, and its reputation is now firmly established as perhaps the best American treatise on the subject to which it relates. The call for it has been so large that the first edition was exhausted in a short time. The second edition has been awaited for more than a year. It contains one hundred and four pages of new matter, and citations of over a thousand cases not adduced in the first edition. All important adjudications of the English and American courts since the spring of 1876 are collected, so that the present edition is, in the language of the author, "a faithful record of the Law of Negotiable Instruments, as it is now interpreted and practiced."

The style of the work is so perspicuous that it will have a wide circulation outside of the legal profession. Bankers and commercial men will find it a most useful book to refer to. Upon the subject of bank checks especially, it is recognized as an authority of the highest value.

A Treatise on the Law Relating to Banks and Banking. By JOHN T. MORSE, JR., of the Suffolk Bar. Second Edition. 8vo. pp. 691. Boston: Little, Brown & Co. 1879.

The general characteristics of this treatise (of which the first edition was published in 1870) are well known to bankers, by whom it is highly approved. Comparing the present edition with the first, about four hundred new cases are cited and commented upon. The addition to the number of pages is, however, only one-fifth, as special pains have been taken to condense the text. On that point the author now observes:

"A still greater amount of compression would have improved the book even more in the opinion of the professional man. But it purports to be a treatise, not a mere collection of authorities; and it has also been extensively used among business men engaged in banking, who require a somewhat fuller elucidation of rules and principles than would suffice for the lawyer. For these reasons I have felt justified in employing greater elaboration than would have been proper in a book intended only for legal reference."

The subjects treated comprise: definitions; the franchise and power thereunder; depositors and customers; powers, duties, and liabilities of officers and agents; official bonds; checks; collection; usages and customs; bank bills or notes; shareholders; rights of action against banks; evidence; national banks, etc.

As a manual to the banker or bank officer, this treatise is exceedingly valuable. It is an instructor in those principles which underlie the business transactions of every day, and in the cases of doubt and dispute which so frequent-

ly arise, it may be consulted with benefit by the experienced cashier as well as by one to whom banking is a new vocation. There are few who would fail to profit by the careful study of this excellent work.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

L. GUARANTEE OF IRREGULAR INDORSEMENTS.

A check is presented for payment which reads, "Pay to Thomas Brown, or order, etc.," and is endorsed as follows:

*Pay Henry Smith, or order :
Thomas Brown.
Henry Smith, by Jones.*

And is forwarded to a correspondent with the usual indorsement of the bank forwarding the same. Now the question arises, whether the drawee (a bank, of course) would have the legal right to refuse payment of the check, because of the indorsement of "Henry Smith, by Jones"? Could not the bank require a guarantee of this indorsement, or the authority of Jones for the indorsement to follow the check?

REPLY.—As this question is stated we understand that the check, when presented to the drawee bank, bears under the indorsement "Henry Smith, by Jones" the indorsement of the bank forwarding it for collection. As explained in the last April number, p. 817, in reference to a similar inquiry, this indorsement is equivalent to a special guarantee, by the forwarding bank, of the authority of Jones, and, assuming that the drawee has a strict legal right to demand any guarantee, the indorsement is sufficient for all purposes. If Jones has authority to sign the name of Smith, the check, by force of his indorsement, becomes payable to bearer, and the legal position of the parties, when a check so indorsed is presented for payment to the drawee by a bearer, we believe to be this: The drawee has undertaken to pay its customers' checks according to the law merchant, but is liable to him alone for any breach of this undertaking. A check payable to order is authority to the bank only to pay it to the payee, or to any person who becomes holder by a genuine indorsement; and if there be a genuine indorsement in blank, this is authority thereafter to pay to any person who seems to be the holder. Upon the presentation of such a check the bank must decide, under peril of becoming liable to its customer for a refusal to pay, whether it will pay or not. It, accordingly, has a reasonable time to become satisfied as to the genuineness and validity of the indorsements (which, of course, must depend for its length upon the circumstances of each particular case) before it can be held liable for such refusal. How far it is the duty of the bank to take an *active* part in such an inquiry is perhaps uncertain, though the better opinion is that it cannot be compelled to take any trouble for such purpose. As a matter of practice the universal custom of banks is, in cases of doubt, to require the bearer of the check to bring satisfactory evidence of the genuineness and validity of the indorsements. And, as the bank is not

liable to the check holder, the latter, for the sake of obtaining payment, is generally willing to furnish the necessary evidence, or to indorse the check as he is frequently required to do, in the same manner as he procures himself to be identified to the satisfaction of the paying teller. In strictness of law, however, the drawee has no right to demand an indorsement or a special guarantee by the bearer in such cases; and, when it pays the check on such indorsement or special guarantee, without being satisfied as to the indorsements, it has done what it was not obliged to do, and must look to the indorser or guarantor for indemnity in case the indorsements prove invalid. We explained, in the reply referred to, how the practice of giving special guarantees has grown up. We think the proper position of the drawee in such cases would be this, viz., to say to the bearer, "These indorsements are irregular on their face, and we cannot take the risk of paying the check until you have furnished us evidence of their validity;" and then, if satisfied of the responsibility of the bearer, "but we will pay if you will guarantee us, by your indorsement, against loss in case the indorsements prove invalid."

II. ERRONEOUS INDORSEMENTS.

A B draws check on a bank in the country to order of C D,—C D in city indorses "For deposit only to my credit." His city bank indorses, "Please remit me, E F." *Query*, Is it correct for the country bank to remit to city bank E F?

I think C D literally says to country bank "Deposit this in your bank for me," and if the country bank pays city bank, it is *responsible to C D* if the city bank should fail. Why don't the city customer say, "Pay city bank or order?"

REPLY.—The indorsement upon a check is addressed to the drawee, and in this case there is clearly no authority to pay it to the city bank E F. The proper indorsement would be, "Pay to the order of E F." This particular form of carelessness is by no means rare among business men who ought to know better, and it should not be allowed to pass through a bank without correction.

III. DUPLICATE PENSION CHECKS.

Why is it that U. S. Pension Agents refuse to issue duplicates until *six months* have elapsed? Recently I mailed a letter containing five drafts, which failed to reach its destination and was undoubtedly stolen. Upon application all the parties promptly sent us duplicates, except the Pension Agent at Knoxville, who says, "a duplicate check cannot issue till *six months* from date of original."

REPLY.—The law regulating the issue of duplicate pension checks is found in Sec. 4770, U. S. Revised Statutes, and is as follows:

"In place of original checks issued for pensions when lost, stolen, or destroyed, disbursing officers and agents of the United States are authorized, after expiration of six months from the date of such checks, to issue duplicate checks, and the treasurer, assistant treasurers, and designated depositaries of the United States are directed to pay such checks, drawn in pursuance of law by such officers or agents, upon notice and proof of the loss of the original checks, under such regulations in regard to their issue and payment, and upon the execution of such bonds, with sureties, to indemnify the United States, as the Secretary of the Treasury may prescribe. But this section shall not apply to any check exceeding in amount the sum of five hundred dollars."

RAILROADS OF THE UNITED STATES.

From the twelfth annual number of the *Manual of Railroads of the United States* by H. V. & H. W. Poor, just issued, we take some encouraging statistics of the condition of the railway interests of this country. For the first time since 1873, an improvement in aggregate earnings is shown. The gross earnings of all our railroads for last year were \$490,103,361 as compared with \$472,909,272 for the previous year, a gain of \$17,194,089, or three and a half per cent. In view of the rates of transportation, this is a very satisfactory report, and shows that the industries of the country have been steadily improving. During 1878, the miles of railroad built were 2,694, an increase of 355 miles as compared with 1877. The total number of miles now in operation is 81,841. From the introduction to this work we take the following summary:

"In our present number we are able, for the first time for several years, to report a very decided recovery of the railway interest of the country from its recent exceedingly depressed condition. During the year ending December 31, 1878, 2,694 miles of new line were opened, the total mileage in operation in the United States at that date being 81,841 miles. The construction of these routes has again been entered upon with renewed activity and spirit, and is likely to continue. As not one-half of our public domain is yet occupied, it is fair to assume that not one-half of our future railroad mileage has been built. Its construction will proceed rapidly till we have a mileage exceeding twice its present extent. It is certain to keep pace, for a long time, in the older States, with the increase of their population, and of their commercial and industrial development. In the new States and territories the progress of our railroads keeps pace with that of our people, supplying the avenues through which new lands are reached and their products sent to market.

"Another favorable feature connected with our railroads is the reorganization of the affairs of great numbers of those that had become pecuniarily embarrassed. Their reorganization has, as a rule, been upon a plan or scheme to reduce their interest-bearing securities to a sum the interest on which could in all probability be met by the accruing incomes, leaving dividends on common or preferred stock to be paid as earned. Such an arrangement will have the advantage to place these enterprises upon a firm and stable foundation, and will help to give a market value to their securities somewhat in ratio to their actual value. The reorganization of our railroads cannot fail to exert a most salutary influence upon the general business interests of the country.

"There have been constructed in the United States since the great crash in 1873, and within a period of five years, 11,563 miles of railroad. In the same time the increase of population in the country has equalled fully 7,000,000. The greater part of this increase has been in the extreme Western and in the mining States and territories. A corresponding demand has been created for the products of manufacturing and commercial industries of the Eastern States. Labor is, in fact, more productive in the new States and territories, than in the older States. With the general recovery witnessed on every hand, and with an enormous balance of trade with foreign countries in our favor, there is every reason to believe that the country, and particularly its railroads, are entering upon a career of unwonted prosperity. During the recent long-continued depression the means for a lucrative traffic for our railroads for the future have, strange as it may seem, been created. A most encouraging feature is their rapid construction through the territories, surpassingly rich in the precious metals. Every mile constructed adds to the traffic of those already in operation. It seems probable that within a little more than a year another railroad—the Southern Pacific—will be constructed across the continent, and that the Northern Pacific will soon be able to reach the base of the Rocky Mountains, opening the newly-discovered deposits of the precious metals in that quarter, as well as a vast and fertile extent of public lands."

BANKING AND FINANCIAL ITEMS.

THE DISBURSEMENT OF SILVER.—The Secretary of the Treasury issued on July 17th the order below:

The Hon. JAMES GILFILLAN, *Treasurer of the United States.*

SIR: You are hereby authorized and directed to pay out on public obligations and on advances to disbursing officers standard silver dollars, the same as other coin or lawful money of the United States. For your information and guidance I inclose herewith a copy of a circular on the same subject this day addressed to each National bank depository.—Very respectfully,

JOHN SHERMAN, Secretary.

The following is the text of the circular referred to :

SIR: You are hereby authorized and directed to pay out on public obligations and on advances to disbursing officers standard silver dollars, the same as other coin or lawful money of the United States, a full supply of such dollars being now in the Treasury. To secure your bank a full supply for such purpose, the Treasurer of the United States, upon receipt from you of a certificate stating that the sum of \$500 or any multiple thereof has been credited to his account, will send you, free of charges for transportation, a like amount of standard silver dollars. Very respectfully,

JOHN SHERMAN, Secretary.

It was announced on July 20th that the Secretary of the Treasury has decided to discontinue the payment of express charges upon subsidiary silver coin to the banks when ordered by them in exchange for other currency.

DIVIDENDS.—The Comptroller of the Currency has declared, during July, dividends payable to the creditors of National banks, as follows:

	<i>Per ct.</i>	<i>Total div.</i>
July 5, Washington County National Bank, Greenwich, N. Y.	5	100
" 9, Commercial National, Saratoga Springs, N. Y.....	30	60
" 19, Third National Bank, Chicago, Ill.....	5	90
" 21, First National Bank, Allentown, Pa.....	15	50

A NEW FIRM.—The house of Watson, LaGrange & Gibson, No. 60 Wall Steet, this city, and No. 426 California Street, San Francisco, has just been established.

The firm is composed of T. L. Watson, of the banking house of Hatch & Watson, of Bridgeport, Conn., who is personally familiar with the mining regions; Gen. O. H. LaGrange, President of the Mono County Bank, Bodie, California, who was Superintendent of the U. S. Mint at San Francisco for over eight years, and George R. Gibson, of San Francisco, who has been a contributor to the *BANKER'S MAGAZINE*, and for some time past interested in the Western mines in connection with prominent Eastern capitalists. This firm will do a general banking and investment business, and by reason of the general interest now being taken in mining matters, will give special attention to furnishing late and accurate information concerning mining securities. In this direction, the residence at San Francisco of one of its members (Mr. Gibson) will give them unusual facilities. With ample means and good business ability, this house may be welcomed as a valuable accession to banking circles.

HAMBURG.—The International Bank has decided on voluntary liquidation. The London *Standard*, of July 26th, says of that bank: "Its career since the financial crash, which followed the Franco-German war, has been one of unbroken misfortune. Its capital, amounting to \$4,000,000, has been expended in supporting many schemes in railroads, banking, and land, most of which have long since collapsed. Voluntary liquidation has been long urged by the shareholders of the bank."

CONNECTICUT.—Mr. Albert F. Smith, of Norwich, who died suddenly on Monday, July 21st, was a citizen whose loss will be deeply felt in that city. In all ranks of society he was honored and respected for his fine personal qualities, and in every capacity he distinguished himself by great ability and strict business integrity. In addition to many other public honors, Mr. Smith was elected a director of the Second National Bank in 1868; in 1869 he succeeded the Hon. Wm. A. Buckingham, as President of the Norwich Lock Company, from which he resigned after a brief term of service; in 1872 he succeeded the late David Smith, as President of the Norwich Water Power Company, and also as President of the Second National Bank, both of which positions he continued to hold until his decease. With the presidency of five corporations on his hands, besides the supervision of the building of the Laurel Hill tunnel and the improvements there, and the building of the viaduct for the past two years at Worcester, he had begun to break down in health, and but a few months ago contemplated making a European tour for recreation, but this much-needed step was deferred until too late.

ILLINOIS.—The business of the late Corn Exchange National Bank has been merged into that of the "Corn Exchange Bank," which, although a private bank, has the handsome capital of one million dollars. The officers are Orson Smith, Cashier, and C. L. Hutchinson, Assistant Cashier.

IOWA.—The Commercial National Bank of Dubuque has paid to its stockholders since April, 1871, yearly dividends of ten per cent. (one year twelve per cent.) amounting to \$83,806 15. It has also paid out of its surplus earnings during the same time, \$18,900 premiums for Government bonds, and has now a surplus of \$10,000; making net earnings in eight and a quarter years, \$112,706 15, on a capital of \$100,000. This record is a commendable example of healthy banking.

BANKERS' LIFE ASSOCIATION.—Articles of incorporation of the "Bankers' Life Association" were filed at Des Moines, Iowa, on the 11th of June. On July 1st, the directors met in that city and completed the organization by the election of officers, as follows:

President—Edward A. Temple, Cashier First National Bank, Chariton, Iowa.

Vice-President—P. M. Casady, of Des Moines Bank.

Treasurer—Lyman Cook, President First National Bank, Burlington, Iowa.

Secretary—Simon Casady, of Des Moines Bank.

Financial Director—M. S. Smalley, Cashier First National Bank, Galesburg, Ill.

Medical Director—Dr. George Glick, President First National Bank, Marshalltown, Iowa.

Judicial Director—B. F. Elbert, Cashier First National Bank, Albia, Iowa.

The articles of incorporation are signed by upwards of forty bankers in Iowa and Illinois, and indicate a new departure in co-operative Life Insurance. The progress of this undertaking will be watched with interest, and we hope that the experiment may prove to be a successful one.

LOUISIANA.—The Louisiana Savings Bank and Safe Deposit Company, New Orleans, suspended on June 30th, and has gone into liquidation. It was stated that the bank was put into liquidation for the protection of its creditors, and that, if no objection was made by the creditors to this movement, they would undoubtedly be paid every dollar due them, as the assets of the bank were far in excess of the liabilities. An examination into its affairs discloses the fact that the list of doubtful and bad securities amounts to \$408,674. The bills of exchange and notes may be scaled about fifty per cent. Some of the claims are likely to end in litigation.

St. Louis.—William J. Lewis, a prominent merchant and banker, was overcome by the heat at Carondelet, on July 14th, and died in twenty minutes. Mr. Lewis belonged to the firm of Bartholow, Lewis & Co., bankers. He was president of the Commercial Bank, and was one of the most active and influential business men in the city.

MISSOURI.—The bankers of this State held their convention at Sweet Springs, Saline County, on July 8th, 9th, and 10th, and organized under the title of "The Missouri Bankers Association." The officers elected were as follows: President, Col. Joseph L. Stephens, of the Central National Bank, Boonville; Secretary, George Wilson, Jr., of the Aull Savings Bank, Lexington; Treasurer, John Nickerson, of the St. Louis National Bank. A Vice-President was chosen from each Congressional district of the State, except the first and second, which together have only one. The meeting is reported as having been a very interesting one, and all went away pleased with its results. About one-fourth of the banks in the State were represented and have entered into the organization, which gives promise of large growth by another year. An address was made by Col. Stephens in favor of the National banking system, and one against this system by Mr. Wilson, who spoke also in opposition to the issue of currency by the Government. There were interesting discussions and comparing of notes in the matter of collection paper, the handling of which has become troublesome and unprofitable. It was agreed that a large proportion of this business has grown into an aggravating nuisance. Parties who have any kind of paper seem to think that the banks will do their dunning without any charge unless the paper is collected.

On the question of a repeal of the tax on bank deposits, it was agreed that the people are beginning to see that a reduction of capital is taking revenue from the State, county, and town, and many of them now listen to reason who would not hear it before.

OHIO.—A new banking firm has been established at Van Wert, which is composed of Dr. Charles Emerson, Col. J. M. C. Marble, and Mr. W. H. Pennell, under the firm name of Emerson, Marble & Co. They begin business with an established reputation for experience, skill, and integrity as bankers, and with a capital of \$100,000. Mr. A. S. Burt, one of the best-posted and most favorably-known bankers in this part of the State, will be connected (as assistant cashier) with the new firm, who have leased Mr. Burt's handsome banking house.

A new banking house has also been opened at Ironton, by Mr. Halsey C. Burr, who has been for twenty years connected with the First National Bank, of Ironton, and its predecessor, the Iron Bank.

THE FIRST CLEARING-HOUSE.—Besides the constitution of the English corn market by Gresham, another financial reform is associated with the Grasshopper, and that is that the clearing among London bankers was first and for a long time held there. This institution of the clearing by London bankers has had an enormous influence on the London market, for it has enabled an extraordinary facility and rapidity to be given to transactions and an enormous economy in the use of money. It is this feature of the London money market, the small amount of actual money with which it is worked, which distinguishes the London money market from others. It was in its beginning a very simple expedient; that bankers, instead of paying separately, should exchange the checks they held against each other, and only pay once a day the balance in cash. This has since been greatly extended and improved, and in 1810 the bankers were obliged to take a clearing house for themselves in Lombard Street, and now they want a larger one. Upon the model of this banking institution the great railway clearing house has been established here, and other like establishments in other countries. The tickets that pass over several lines, and the payment for which has to be divided among the companies in various proportions, are thus cleared. By this means not only is a passenger in this country enabled to take one ticket anywhere in these islands, but from London to St. Petersburg or Constantinople, or from New York to San Francisco. Thus, one good principle receives various developments, and institutions dissimilar in form grow from a healthy root. The connection of the Clearing house is held to be recorded by an entry in the ledger for 1773: "Quarterly charge for use of Clearing room, 19 shillings 6 pence." Unluckily, in this grand series of books, still ranging from 1731 to this day, there is a very ugly entry in 1751: "For Brydges, for killing the bugs in the shop, £1 1 shilling." The smaller animals, nevertheless, kept up the war and mastered the great bankers; so that in 1794 they had to pull down the house, and for a time move into Change Alley, beyond their back door.—*London Society*.

TRANSPORTING GOVERNMENT MONEY.—The Government collects from \$10,000,000 to \$12,000,000 per annum at San Francisco. Heretofore from \$7,000,000 to \$8,000,000 of the amount has been received in gold coin. The Government disbursements have been chiefly made in the United States notes. These notes are made at Washington. The result has been a large transportation of Government money back and forth between New York and San Francisco for many years. This, of course, has been attended with great expense. In early times the coin received at the Sub-Treasurer's office from the Custom House was boxed up and shipped to New York by Panama steamer. That was some years before the opening of the railroad across the continent. Subsequently the coin was shipped through the mails. Within the past ten years this coin has been remitted to New York in various ways. It has been sent East in special cars under a military escort, through the mails as third-class matter, and also by means of telegraphic transfers on New York through San Francisco banks. It is now three years since the Government sent out a detachment of troops to guard a large remittance of United States notes forwarded from New York to San Francisco. The same soldiers acted as escort for a return shipment of coin. Within the past year, Sub-Treasurer Sherman has probably sent over \$12,000,000 in gold coin to New York through the mails. He has a large quantity of mutilated United States notes that ought to be sent East immediately, and he stands in great need of a fresh installment of these notes. Negotiations are now pending between the Government and Wells, Fargo & Co's Express Company for the transportation of public money between New York and San Francisco. As we understand it, the Express Company offers to bring out United States notes and take back gold coin at one-fourth of one per cent., or \$2.50 per \$1,000 each way, and \$10 per \$1,000 for silver. Under the post office regulations, it costs about sixty cents per \$1,000 to ship gold coin as third-class mail matter from this city to New York. There are great risks attending transportation in this way that would be avoided were the contract awarded to the Express Company. The Express people have been trying to get the contract for a year or more. The remittance by mail is the cheapest, but if the mails should happen to be robbed, it might become the dearest.—*San Francisco Evening Bulletin, June 23.*

COLLECTIONS THROUGH THE POST OFFICE IN EUROPE.—The Paris correspondent of the London *Economist*, writes as follows :

“The Chamber of Deputies passed this week the bill to authorize the Post Office to collect tradesmen's bills, letters of exchange, and other accounts. The system has long been applied in Belgium, Switzerland, and Germany, and the Minister of Posts and Telegraphs stated in the course of the session that in Germany, in 1876, 2,275,000 accounts amounting to 325 millions of francs were collected. The manner in which the business will be transacted in France is this : The tradesman or other person who has an account to collect first purchases a special envelope on which instructions are printed, for which 25 centimes [5 cents] will be charged. He encloses in it the account to be collected, and forwards it to the postmaster of the district in which the debtor resides. The account is given to the postman to collect on his rounds, and if the money is paid the postmaster deducts, if the sum is 100f. or above (the maximum allowed is 500f.), 25 centimes for himself, 25 centimes for the postman, and then sends the balance on to the creditor by a Post-Office order, charging of course the cost of the order, which is one per cent. of the amount. If the sum collected is less than 100f. the fee for the postmaster and letter carrier is fixed at 5 centimes per 20f. each ; in no case can they receive more than 25 centimes each. The charge for the envelope is invariable at 25 centimes. To take two examples : for a sum of 60f. collected, the charges would be, 25c. ; postmaster and postman each, 15c. ; money order, 60c. ; total, 1f. 15c. ; for a sum of 500f., envelope, 25c. ; the two fees of 25c. each ; money order at one per cent., 5f. ; total, 5f. 75c. If the account is not paid on presentation the postmaster will return it by post without charge. The Post Office will not undertake to make protest in case of non-payment, although this appears to be done in Belgium, nor will it accept part payments on account. The system will be first applied only to the chief towns of departments, but will be gradually extended to all the localities having a postmaster.”

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from July No., page 72.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
N. Y.	CITY & SAN FRANCISCO.	Watson, La Grange & Gibson	.....
IND	.... Fremont.....	C. J. Gilbert.....	.....
IOWA	.. Conway	Conway Exch. Bank (N. P. Nelson)	Kountze Bros.
KANSAS.	Girard.....	Bank of Girard.....	National Park Bank.
		E. R. Moffet, <i>Pr.</i> J. L. Moffet, <i>Cas.</i>	
NEB	.... David City	Merch. & Fars. B'k (Bell & Leonard)	.....
"	.. Wahoo.....	Saunders Co. B'k (Dickenson & Dorsey)	Kountze Bros.
N. Y.	.... Lyons.....	J. L. Cole	National Park Bank.
OHIO	.. Ironton.....	Halsey C. Burr & Co.	.....
"	.. Van Wert.....	Emerson, Marble & Co.	.....
PENN.	.... Bradford	Bradford National Bank..	Chemical Nat'l Bank.
		R. F. Borckman, <i>Pr.</i> , John F. Merrill, <i>Cas.</i>	
WIS.	.... Boscobel.....	A. J. Pipkin	Imp. & Tra. National Bank.
"	.. La Cross	Holley & Borresen.....	Drexel, Morgan & Co.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from July No., page 73.)

NEW YORK CITY.....	Lawrence Brothers & Co.; removed to 31 Broad Street.
GA..... Columbus.....	Merchants & Mechanics' B'k; capital increased to \$100,000.
IND.... Tipton	Tipton County Bank; now owned by E. H. Shirk and E. H. Shirk, Jr.
IOWA .. Essex	B. M. Webster & Co.; now B. M. Webster.
MICH... Lyons.....	W. H. Freeman; now J. R. Dougherty & Co.
MINN... Winona	Merchants' Nat. B'k; now Merchants' B'k. Same officers.
N. Y... Albany	N. Y. State National Bank; capital reduced to \$250,000.
" ... Gouverneur ...	Charles Anthony & Co.; now Bank of Gouverneur.
PENN... Bradford	Bradford B'k, limited; now Bradford Nat'l B. Same officers.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from July No., page 73.)

ILL.... Champaign....	D. Gardner & Co.; failed.
IND.... Bluffton.....	Citizen's Bank; closed.
" Tell City.....	F. Steiner; assigned to Robert Payne and Henry Ludwig.
KANSAS. Clyde	J. A. Farnham; suspended.
LA.... New Orleans..	Louisiana Savings Bank; suspended.
MICH .. Detroit.....	O. F. Hall; assigned to J. B. Clarkson.
N. Y... Prattsburgh....	G. R. R. Ainsworth; assigned.
PENN... Brookville.....	William F. Clark & Son; dissolved and discontinued.
" ... Butler.....	First National Bank; closed. In hands of bank examiner.
S. C.... Charleston....	Geo. W. Williams & Co.; now Robertson, Taylor & Co.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from July No., page 72.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
CAL.	Bank of Butte County, Chico	N. D. Rideout, <i>Pr.</i>	H. Bay.
		A. H. Chapman, <i>V. P.</i>.....	.....
"	First National B'k, Leadville.	F. A. Reynolds, <i>Pr.</i>	J. F. Eshelman.
		Nelson Hallock, <i>V. P.</i>	F. A. Reynolds.
		A. L. Ordean, <i>A. C.</i>.....	.....
ILL.	Belleville Savings Bank, Belleville	Richard Wangelin, <i>Cas.</i>	R. C. Hilgard.
		R. C. Hilgard, <i>A. C.</i>	R. Wangelin.
IND.	First National Bank, Lebanon..	Wes. Lane, <i>Cas.</i>	W. V. Saltzgeber.
"	Tipton County Bank, Tipton	E. H. Shirk, <i>Pr.</i>.....	.....
		E. H. Shirk, Jr., <i>Cas.</i>	E. W. Shirk.
KY.	Western Finan'l Corporation, Louisville	John B. Smith, <i>Pr.</i>	S. B. Weisiger.
		H. M. Burford, <i>Cas.</i>	J. B. Smith.
LA.	State National Bank, New Orleans	Chevalier Jumonville, <i>Cas.</i>	C. L. C. Dupuy.
		J. E. Jarreau, <i>Act'g Cas.</i>	C. Jumonville.
MASS.	Fourth National B'k, Boston..	A. W. Newell, <i>Cas.</i>	F. N. Robbins.
"	Market National B'k, "	Josiah O. Bennett, <i>Cas.</i>	J. Brown.
"	Maverick Nat'l B'k, "	John J. Eddy, <i>Cas.</i>	S. Phillips.
"	Nat. B'k Commonwealth "	Abram T. Collier, <i>Cas.</i>	J. J. Eddy.
"	First Nat'l B'k, Yarmouth Port.	Joshua C. Howes, <i>Pr.</i>	D. K. Akin.
MICH.	State Bank, Fenton.....	Louis Walton, <i>Cas.</i>.....	.....
"	Lumberman's State Bank, Whitehall	I. M. Weston, <i>Pr.</i>	W. Weston.
		Carl. A. Hammond, <i>Cas.</i>	I. M. Weston.
N. J.	Farm. & Mech. B'k, Matawan..	Wm. H. Hendrickson, <i>Pr.</i>	Not Henderson.
N. Y.	N. Y. State National Bank, Albany	J. Howard King, <i>Pr.</i>	F. Townsend.
		J. H. Van Antwerp, <i>V. P.</i>	J. H. King.
		D. W. Wemple, <i>Cas.</i>	J. H. Van Antwerp.
"	First National Bank, Albion...	Alexander Stewart, <i>Pr.</i>	R. S. Burrows.*
"	German Bank, Buffalo.....	Eugene A. Georger, <i>Cas.</i>.....	.....
"	First National Bank, Lockport.	J. J. Arnold, <i>Cas.</i>.....	.....
"	National Bank of Vernon.....	A. P. Case, <i>Cas.</i>	E. Case.
N. C.	Traders' Nat'l Bank, Charlotte.	R. I. McDowell, <i>Pr.</i>	S. P. Smith.
OHIO.	Commercial Bank, Cincinnati	Charles B. Foote, <i>Pr.</i>.....	.....
		William N. King, <i>Cas.</i>	H. Colville.
"	Farmers & Mech. B'k, Crestline	C. H. D. Stewart, <i>Cas.</i>	Edwin Booth.
"	Pomeroy National Bank, Pomeroy	John McQuigg, <i>A. C.</i>	A. F. McGown.
PENN.	Farmers' Bank, Carlisle.....	Thomas Paxton, <i>Pr.</i>	R. Given.*
"	First Nat'l Bank, North East..	Joseph T. McCord, <i>Cas.</i>	W. A. Ensign.
TEXAS.	City Bank, Dallas.....	Thos. H. Fergusson, <i>Cas.</i>.....	.....

* Deceased.

CHARITABLE SUBSCRIPTIONS.—At Ningpo, China, the officials have a novel but very effective way of soliciting contributions to the local funds for the relief of the famine: A certain illustrious banker who put his name down with great liberality, but who continued to postpone the payment of his subscription, was eventually hauled before the prefect. In the presence of the august magistrate he remained for hours in the well-known attitude of Eastern respect, eating nothing, drinking nothing, saying nothing, and especially paying nothing. A Chinese, girt with high authority, may, in course of time, lose his patience, but his respect for wealth and position, never. So the man of power would not allow the baser portion of the opulent delinquent's person to be flagellated, but ordered the palms of his hands to be chastised. An argument so mildly persuasive was fully as effective as rude coercion would have been. The banker disbursed fourteen thousand taels.—*Tokio Times.*

THE BANKS OF CANADA.

Abstract of Returns for month ending June 30, 1879, as compared with those of May 1879, and June 1878.

LIABILITIES.			
	June, 1879.	May, 1879.	June, 1878.
Capital authorized	\$ 62,966,666	\$ 62,966,666	\$ 63,966,666
Capital paid up.....	57,983,028	57,972,921	58,041,461
Circulation.....	\$ 15,977,509	\$ 15,393,592	\$ 17,162,000
Government deposits.....	5,719,408	5,515,594	5,821,000
Public deposits.....	58,658,617	56,214,995	58,444,000
Due banks in Canada.....	1,935,094	1,820,897	1,857,000
Due banks not in Canada.....	1,364,873	2,008,981	1,564,000
Other liabilities.....	70,714	160,933	158,000
	<u>\$ 83,726,215</u>	<u>\$ 81,114,992</u>	<u>\$ 85,508,000</u>
ASSETS.			
Specie and Dominion notes.....	\$ 13,083,616	\$ 13,139,793	\$ 12,645,000
Notes and cheques on other banks.	3,414,258	2,834,631	3,678,000
Due from banks in Canada.....	3,970,914	3,659,963	3,875,000
Due from banks not in Canada ..	5,725,650	4,883,412	5,595,000
Available assets	<u>\$ 26,194,438</u>	<u>\$ 24,517,799</u>	<u>\$ 25,793,000</u>
Government Stock.....	\$ 1,950,275	\$ 2,155,701	\$ 2,550,000
Loans to Government.....	474,114	107,463	946,000
Loans on Stocks and Bonds.....	6,972,935	6,863,264	7,877,000
Loans to Corporations	3,382,008	3,412,882	3,542,000
Discounts	102,453,570	102,916,997	105,692,000
Overdue debts, secured and unsecured	5,497,451	5,431,047	5,580,000
Real Estate and Bank Premises . }	1,991,676 }	5,322,349	5,010,000
	3,171,046 }		
Sundries	1,296,527	1,325,658	1,432,000
	<u>\$ 153,384,040</u>	<u>\$ 152,053,160</u>	<u>\$ 158,722,000</u>

LIABILITY OF COMMON CARRIERS TO BONA-FIDE HOLDERS OF BILLS OF LADING.—*First National Bank vs. Northern Railroad.* Supreme Court of New Hampshire. In this case, recently decided, it was held that a common carrier by railroad, who delivers goods entrusted to him for carriage, without production of the bill of lading describing the goods, is liable in trover for their value to a *bona-fide* holder of such bill, taken for value, before the delivery of the goods at their destination. It is well settled that the transfer of a bill of lading to a *bona-fide* purchaser for value, or as security to one who makes advances on the goods described in the bill, entitles the assignee or pledgee to the possession of such goods subject only to the lien of the carrier for freight, or to the claims of a consignee into whose possession the property may have come before transfer of the bill of lading. *Lickbarrow vs. Mason*, 6 East 21; *Walter vs. Ross*, 2 Wash. 283; *Ryberg vs. Snell*, Id. 294; *Winslow vs. Norton*, 29 Me. 419; *Emery's Sons vs. Irving National Bank*, 25 Ohio St. 360; S. C. 18 Am. Rep. 299; and the delivery of the bill of lading takes the place of the delivery of the goods, for no delivery of the latter is practicable at the time, and the symbolical delivery of the bill is sufficient to pass the title. *Ricker vs. Cross*, 5 N. H. 570; *Portland Bank vs. Stacey*, 4 Mass. 663; *Pratt vs. Parkman*, 24 Pick. 46; *Gardner vs. Howland*, 2 Pick. 601.

NATIONAL BANKS OF THE UNITED STATES.

June, 1879.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National Banks of the UNITED STATES, at the close of business on June 14, 1879; also on June 29, 1878, and June 22, 1877.

LIABILITIES.	1879.	1878.	1877.
	June 14, 2,048 banks.	June 29, 2,056 banks.	June 22, 2,078 banks.
Capital stock paid in.....	\$ 455,244,415 .	\$ 470,393,366 .	\$ 481,044,771
Surplus fund.....	114,321,375 .	118,178,530 .	124,714,072
Other undivided profits	45,802,905 .	40,482,522 .	50,508,351
National bank notes outstanding.	307,328,895 .	299,621,059 .	290,002,057
State bank notes outstanding ...	339,867 .	417,808 .	521,611
Dividends unpaid.....	1,309,059 .	5,466,350 .	1,398,101
Individual deposits.....	648,934,141 .	621,632,160 .	636,267,529
United States deposits	248,421,340 .	22,686,619 .	7,187,431
Deposits of U. S. disburs'g officers	3,682,320 .	2,903,531 .	3,710,167
Due to other National banks ...	137,350,091 .	117,845,495 .	121,443,601
Due to State banks and bankers	50,413,064 .	43,360,527 .	48,352,583
Notes and bills re-discounted ...	2,226,396 .	2,453,839 .	2,953,128
Bills payable.....	4,510,876 .	5,022,894 .	6,249,426
<i>Aggregate Liabilities.....</i>	<i>\$ 2,019,884,749</i>	<i>\$ 1,750,464,706</i>	<i>\$ 1,774,352,833</i>
RESOURCES.			
Loans and discounts.....	\$ 832,355,824 .	\$ 835,078,133 .	\$ 901,731,416
Overdrafts.....	3,519,188 .	.....	.....
U. S. bonds to secure circulation	352,208,000 .	347,332,100 .	337,754,100
U. S. bonds to secure deposits...	257,038,200 .	28,371,900 .	14,971,000
U. S. bonds on hand.....	62,181,131 .	40,479,900 .	32,344,050
Other stocks, bonds & mortgages	37,617,015 .	36,694,996 .	35,653,755
Due from approved reserve ag'ts	93,443,663 .	78,875,055 .	82,132,099
Due from other National banks..	48,192,531 .	41,897,858 .	44,567,303
Due from State banks & bankers	11,258,520 .	12,232,316 .	11,246,349
Real estate, furniture & fixtures.	47,796,108 .	46,153,409 .	44,818,722
Current expenses and taxes paid	6,913,430 .	4,718,618 .	7,910,864
Premiums paid.....	5,674,497 .	7,335,454 .	10,320,674
Checks and other cash items ...	10,208,668 .	11,525,376 .	10,099,988
Exchanges for Clearing House..	83,152,359 .	87,498,287 .	57,861,481
Bills of other National banks...	16,685,484 .	17,063,576 .	20,182,948
Fractional currency.....	446,696 .	610,084 .	1,055,123
Specie.....	42,333,290 .	29,251,469 .	21,335,996
Legal-tender notes.....	67,059,152 .	71,643,402 .	78,004,386
U. S. certif. for dep. legal-tenders	25,160,000 .	36,905,000 .	44,430,000
Five-per-cent. Redemption fund	15,324,799 .	.....	.....
Due from U. S. Treasurer.....	1,316,186 .	16,798,667 .	17,932,574
<i>Aggregate Resources.....</i>	<i>\$ 2,019,884,749</i>	<i>\$ 1,750,464,706</i>	<i>\$ 1,774,352,833</i>

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

INTEREST BEARING DEBT.

	June 1, 1879.	July 1, 1879.
Bonds at six per cent.....	\$ 354,910,750 ..	\$ 310,932,500
Bonds at five per cent.....	602,445,550 ..	646,905,500
Bonds at four-and-a-half per cent.....	250,000,000 ..	250,000,000
Bonds at four per cent.....	627,334,800 ..	667,029,900
Refunding certificates.....	28,723,660 ..	12,848,210
Navy pension fund.....	14,000,000 ..	14,000,000
Total principal.....	\$ 1,967,414,760 ..	\$ 1,901,716,110
" interest.....	25,779,768 ..	28,716,966
DEBT ON WHICH INTEREST HAS CEASED.....	55,306,660 ..	37,015,630
Interest	2,070,977 ..	2,066,768

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes.....	346,742,546 ..	346,742,486
Certificates of deposit.....	26,795,000 ..	30,370,000
Fractional currency.....	15,874,777 ..	15,842,605
Gold and silver certificates.....	17,780,660 ..	17,880,650
Total principal.....	\$ 407,192,983 ..	\$ 410,835,741
Unclaimed Pacific Railroad interest.....	8,617 ..	8,617
Total debt.....	\$ 2,429,914,403 ..	\$ 2,349,567,482
Interest.....	27,859,362 ..	30,792,351
TOTAL DEBT, principal and interest.....	\$ 2,457,773,765 ..	\$ 2,380,359,833
Total Cash in the Treasury.....	430,591,297 ..	353,152,577
Debt, less Cash in the Treasury at date.....	\$ 2,027,182,468 ..	\$ 2,027,207,256
Increase of debt during the month.....	62,250 ..	24,788
Decrease of debt since June 30, 1878.....	8,604,363 ..	8,579,575

CURRENT LIABILITIES.

Interest due and unpaid.....	\$ 5,126,876 ..	\$ 4,897,621
Debt on which interest has ceased.....	55,306,660 ..	37,015,630
Interest thereon.....	2,070,977 ..	2,066,768
Gold and silver certificates.....	17,780,660 ..	17,880,650
U. S. notes held to redeem certificates of deposit.....	26,795,000 ..	30,370,000
" " " fractional currency.....	8,408,106 ..	8,375,934
Called bonds not matured, for which 4% bonds have been issued.....	169,771,060 ..	104,072,410
Cash balance available at date.....	145,331,957 ..	148,473,563
	\$ 430,591,297 ..	\$ 353,152,577

AVAILABLE ASSETS.

Cash in the Treasury.....	\$ 430,591,297 ..	\$ 353,152,577
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BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES.

Principal outstanding.....	\$ 64,623,512 ..	\$ 64,623,512
Interest accrued and not yet paid.....	1,615,587 ..	1,938,705
Interest paid by the United States.....	41,773,745 ..	41,773,745
Interest repaid by transportation of mails, etc.....	11,177,435 ..	12,596,953
Balance of interest paid by the United States....	30,596,309 ..	29,177,691

NOTES ON THE MONEY MARKET.

NEW YORK, JULY 24, 1879.

Exchange on London at sixty days' sight, 4.86½ a 4.87½ in gold.

The rates for money have been somewhat better, but, as usual at this season of the year, the accumulation of capital seeking investment is such as to check any noteworthy upward tendency.

The fluctuations due to temporary causes and tending to harden the rates of interest have not produced much effect upon the general volume of the transactions, and at the close of business to-day money is easy at 2½ to 3½ per cent. after loaning at four per cent. On Government collaterals, in exceptional cases, loans are running at two per cent. Some difference of opinion continues to prevail as to the rates which are likely to rule in the early future. There is a large amount of idle money in the great financial centers, but numerous changes are in progress which make it a difficult task to forecast the future rise and fall of the monetary barometer. In the West the direct trade with Europe has received of late a considerable impetus, which creates a rapidly growing volume of transactions in foreign exchange. During the last two years the increase of this business has been such as would surprise those who have not given special attention to the causes and the development of this promising branch of our national commerce. The changes in the monetary movements of the country, due to these and similar causes, are so active and, at the same time, so imperfectly understood in their general results, that all attempts to predict the course of the money market have been attended with special difficulties. Another cause of uncertainty to which much attention has been given is the movements of the Treasury. Since the admission of the New York Sub-Treasury as a member of the Clearing House, the connection of the banks with the Treasury has become much more close than at any previous period since the establishment of the independent Treasury, nearly a quarter of a century ago. The work of refunding has, however, advanced so far that we may safely conclude that the disturbing elements of uncertainty, hanging over the markets from the negotiations of the Secretary of the Treasury, have ceased in part to exercise the powerful influence which has been the subject of so much comment and so little real perturbation. The banks of this city have now \$10,482,025 excess in their legal-tender reserve, as will be seen from the following aggregates of the New York Clearing House :

1879.	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.	Excess of Reserve.
June 28.....	\$ 253,573,500 .	\$ 19,666,400 .	\$ 46,902,600 .	\$ 20,371,300 .	\$ 226,113,600 .	\$ 10,040,600
July 5.....	257,082,500 ..	19,883,600 ..	49,544,600 ..	20,542,900 ..	236,007,300 ..	10,432,375
" 12.....	262,951,900 ..	19,971,500 ..	51,301,900 ..	20,509,900 ..	241,328,800 ..	10,941,200
" 19.....	262,719,800 ..	20,011,700 ..	50,508,900 ..	20,531,600 ..	240,154,300 ..	10,482,029

The Boston bank statement for the same period is as follows :

1879.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
June 28.....	\$ 130,583,300	.... \$ 3,547,400	.... \$ 4,423,500	.... \$ 73,734,000	.... \$ 26,578,300
July 5.....	131,824,800	.... 3,585,200	.... 4,717,100	.... 73,734,300	.... 26,640,000
" 12.....	129,931,700	.... 3,620,400	.... 5,433,900	.... 73,751,300	.... 26,915,300
" 19.....	128,606,500	.... 3,590,900	.... 5,390,800	.... 72,144,800	.... 26,538,700

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

1879.	Loans.	Reserve.	Deposits.	Circulation.
June 28.....	\$ 61,740,307	.... \$ 15,790,181	.... \$ 50,309,722	.... \$ 11,353,105
July 5.....	62,221,496	.... 16,205,151	.... 51,378,936	.... 11,398,306
" 12.....	62,171,993	.... 16,533,493	.... 51,811,642	.... 11,406,680
" 19.....	61,974,527	.... 16,307,446	.... 51,512,347	.... 11,423,816

The stock market is active, in consequence of the large amount of capital released by dividends and otherwise. Private investors are purchasing freely of Government securities, and the supply is limited as the Syndicate have sold all their bonds. The movements of prices since January 1st, 1879, compare as follows for Government bonds :

	—Range since Jan. 1, 1879.—		—Amount July 1, 1879.—	
	Lowest.	Highest.	Registered.	Coupon.
6s, 1880-1.....coup.	x04¾ July 11	.. 107¾ June 23	.. \$ 203,311,900	.. \$ 79,424,450
6s, 5-20s, 1867.....coup.	.....	..	.. 2,851,450	.. 4,296,150
6s, 5-20s, 1868.....coup.	.....	..	.. 7,046,600	.. 13,056,950
5s, 10-40s.....coup.	.....	..	.. 96,279,350	.. 42,145,800
5s, funded, 1881.....coup.	x10¾ May 1	.. 107¼ Jan. 15	.. 264,938,400	.. 243,501,950
4¾s, 1891.....coup.	104 Mar. 21	.. 108 May 21	.. 165,910,750	.. 84,089,250
4s, 1907.....coup.	x99 Apr. 1	.. 103¾ May 21	.. 419,280,500	.. *247,749,400
6s, currency.....reg.	119¾ Jan. 4	.. 128 May 31	.. 64,623,512	..

* This amount does not include \$ 12,848,210 of Refunding Certificates outstanding on July 1.

In State securities the business is light. The new North Carolina bonds are neglected except by purchasers within the State, from whom there is some demand. In Tennessee bonds little is doing, as on the 7th of August the popular vote is to be taken on the proposed compromise with the bondholders of the State. Louisianas close at thirty-seven, with a firmer tendency. The closing prices compare as follows :

States.	June 27.	July 3.	July 11.	July 18.	July 24.	—Range since Jan. 1, 1879.—
						Lowest. Highest.
Louisiana consols.....	48¾	47¾	44¾	43½	36	36 July 24 . 69 Jan. 6
Missouri 6s, '89 or '90.....	108¾	105½	106½	*105½	104¾	103¾ Mar. 5 . 107¾ June 10
North Carolina 6s, old.....	25¾	25	25	*24½	*24½	18 Feb. 8 . 25¾ June 14
Tennessee 6s, old.....	33¾	33	33½	*33½	*34¾	33½ July 11 . 42 Feb. 13
Virginia 6s, consol :.....	78	78	78	*78	*78	73¾ June 20 . 73¾ June 20
do. ad series.....	38¾	—	41¾	—	—	41¾ Apr. 29 . 44 Mar. 28
District of Columbia, 3-65s.....	86¾	87¾	79¾	88	88½	79½ Jan. 3 . 88¾ May 23

* Bid prices.

Railroad bonds continue in favor. Investment bonds are held at high prices, and the number of buyers is increasing from the same causes which give activity to the market for Governments. It is said that some large holders of certain descriptions of railroad bonds are selling out and transferring their investments. The defaulting railroad bonds do not seem to increase much in public favor, though active efforts are made to attract towards them some of the accumulated stores of money now in quest of safe and profitable employment.

Railroad shares are feverish but stronger. Those of the Western roads are more active, and telegrams are daily circulated showing that harvesting is

going on with great rapidity in the North-west, and that the weather has been favorable for the gathering of the crops. In Minnesota the yield of wheat appears to be over the average, and in Wisconsin the crop is reported large. From Iowa and other States the wheat harvest is reported likely to exceed the estimates of a few weeks since. The Granger and other Western shares have received an impulse, as the roads leading to and from the West depend largely for their dividends upon the fall traffic in passengers and in breadstuffs, which promises to be enhanced by the large harvests. While the prospect of this increase in railway earnings is daily carrying prices up in Wall street, the condition of the European crops is receiving much attention. The list reports show that Great Britain, Italy, France, Spain, Holland, Belgium, and Switzerland will this year have to draw upon other countries for about 280,000,000 bushels of wheat, of which England alone will want 120,000,000 bushels, and France 115,000,000 bushels. It is affirmed that, to meet this demand, the supply of wheat from the countries having a surplus will reach 226,000,000 bushels, of which amount the United States is set down for 158,000,000 bushels. These facts indicate clearly a large export demand. The inference is that the movement of this immense amount of wheat, to say nothing of other cereals and products, will not only give a large traffic to the railroads, but will aid the revival of our financial prosperity, ensure active employment to labor and shipping, and help us to solve the difficulties between capital and labor. The coal stocks have shown less activity of late, and the question is much discussed whether the demand for anthracite coal has not received a check from the troubles of past years, which will tend, with other causes, to prevent the recuperation of the coal stocks, by curtailing their profits and injuring their future business. Subjoined are our usual quotations:

QUOTATIONS :	June 26.	July 5.	July 11.	July 18.	July 24.
U. S. 5-20s, 1867 Coup.	102½ ..	102½ ..	102½ ..	102½ ..	102½
U. S. 10-40s Coup.....	101½ ..	101½ ..	101½ ..	101½ ..	101½
West. Union Tel. Co..	93½ ..	92½ ..	91½ ..	89¾ ..	90¾
N. Y. C. & Hudson R.	118 ..	118½ ..	118½ ..	118 ..	118
Lake Shore.....	75½ ..	72¾ ..	74 ..	76¾ ..	77¾
Chicago & Rock Island	138½ ..	138½ ..	137¾ ..	139 ..	139½
New Jersey Central...	51¾ ..	51½ ..	51½ ..	53¾ ..	53
Del. Lack. & West ...	57¾ ..	58 ..	57¾ ..	59¾ ..	59¾
Delaware & Hudson..	47¾ ..	47 ..	46½ ..	48¾ ..	47¾
North Western.....	65¾ ..	64¾ ..	65¾ ..	71¾ ..	71¾
Pacific Mail.....	15½ ..	15½ ..	15 ..	14¾ ..	14¾
Erie.....	27¾ ..	27¾ ..	27¾ ..	27¾ ..	27¾
Call Loans.....	2 @ 3 ..	2 @ 3 ..	3 @ 4 ..	2½ @ 3 ..	2 @ 3
Discounts	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	3 @ 4
Bills on London.....	4.86½-4.88½ ..	4.85¾-4.87½ ..	4.85¾-4.87½ ..	4.85-4.87 ..	4.84-4.86
Treasury balances, cur.	\$ 33,766,534 ..	\$ 35,487,275 ..	\$ 37,816,114 ..	\$ 38,012,236 ..	\$ 36,960,514
Do. do. gold.	\$ 125,002,092 ..	\$ 125,865,589 ..	\$ 126,679,700 ..	\$ 126,383,102 ..	\$ 127,235,881

At the monthly meeting (June 24) of the directors of the German Imperial Bank, it was unanimously voted that an immediate increase of the German subsidiary silver coinage is necessary. It is not doubtful that there will be a further coinage, but how large remains to be seen. In the autumn of 1876 Bismarck proposed that the amount *per capita* of population should be raised from ten to fifteen marks, which would absorb upwards of \$50,000,000 of silver. A few months since Suetbeer proposed an increase of about half as much.

On the 4th of July the London discount houses made a reduction of $\frac{1}{4}$ per cent. in their allowances for interest on deposits. After this reduction the current allowances for deposits, at notice and on call, were as follows :

Private and joint-stock banks, at notice.....	1	per cent. per annum.
Discount houses, at call.....	$\frac{3}{4}$	" "
" " at notice of seven or more days.....	1	" "

On the 11th of July the London rates of discount for paper, having various periods to run, were as follows :

<i>Bankers' Bills.</i>		
60 days to 3 months.....	$\frac{7}{8}$ to 1	per cent. per annum.
" " 4 "	$1\frac{1}{4}$	" "
" " 6 "	$1\frac{3}{8}$ to $1\frac{3}{4}$	" "
<i>Traders' Bills.</i>		
60 days to 3 months.....	$1\frac{1}{2}$ to 2	per cent. per annum.
" " 4 "	$1\frac{1}{2}$ to 2	" "
" " 6 "	2 to $2\frac{1}{2}$	" "

The rates of discount in the chief Continental cities, on the 11th of July, were as follows :

	<i>Bank rate,</i> <i>per ct.</i>	<i>Open mkt.,</i> <i>per ct.</i>		<i>Bank rate,</i> <i>per ct.</i>	<i>Open mkt.,</i> <i>per ct.</i>
Paris.....	2	$1\frac{1}{2}$ @-	Amsterdam.....	3	$2\frac{1}{2}$ @-
Berlin.....	3	$2\frac{1}{4}$ @-	Brussels.....	$2\frac{1}{2}$	2 @-
Frankfort.....	—	$2\frac{1}{4}$ @-	Vienna.....	4	$3\frac{1}{2}$ @4
Hamburg.....	—	2 @-	St. Petersburg.....	6	4 @-

Bids for \$1,250,000 of Brooklyn four-per-cent. bonds were received on July 22d. The bids amounted to \$1,647,000, and ranged from par to a premium of 56-100 of one per cent.

The Treasury Department has shipped to London for delivery to J. S. Morgan & Co., the \$10,000,000 of 4-per-cent. bonds sold to that firm by the combination of bankers represented by the First National Bank of New York.

DEATHS.

At JACKSON, TENN., on Monday, June 16th, JAMES W. ANDERSON, President of the First National Bank.

At NORFOLK, VA., on Wednesday, July 23, aged seventy-two years, RICHARD H. CHAMBERLAINE, President of the Citizens' Bank.

At ST. LOUIS, MO., on Monday, July 14, WILLIAM J. LEWIS, President of the Commercial Bank, and a member of the banking house of Bartholow, Lewis & Co.

At NORWICH, CONN., on Monday, July 21, aged sixty-two years, ALBA F. SMITH, President of the Second National Bank of Norwich.

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SEPTEMBER, 1879.

No. 3.

THE BANKERS' CONVENTION.

We give in our present number a tolerably full account of the doings and sayings at the annual session of the American Bankers' Association at Saratoga, on the 6th, 7th and 8th of last month. The proceedings of this Association are always observed and read with interest, not only by those who are connected with banking but by the general public. The attendance at the session of this year was unusually large. It also included a greater number than usual of representative men from the various interests and classes which make up the banking community.

The prevailing tone of the persons present was cautious and conservative. They doubtless appreciated the fact that there is considerable jealousy in the country of anything like dictation by bankers, acting as a body, as to the monetary policy which shall prevail. They seemed to be content to act loyally under the policy which they find existing. Individual speakers discussed, from various standpoints and with various opinions, all the monetary questions which are being agitated, but the Association, as such, abstained, and as we think wisely, from making or joining issues upon controverted points.

It can hardly be called an exception to this policy of reserve that the Association expressed itself with great distinctness as to the excessive taxation, national and local, to which the banks are subjected. While such excess of taxation is indirectly an injury to the public, it is a direct burden upon

the business of banks, and it is their duty, as well as right, to remonstrate. Indeed, their failure to do so might fairly be taken as evidence that there was no grievance calling for redress.

Great confidence was expressed from all sides of the Convention in the permanency of resumption. The Comptroller of the Currency had no doubts on that point, and Mr. George S. Coe, as the representative of the New York City banks, expressed himself even jubilantly in respect to the increasing resources of the country. The British resumption of 1821 has been maintained without interruption for fifty-eight years, almost two generations. We judge that it is the view of Mr. Coe that the United States is soon to assume a financial position, as respects the world, quite as strong and commanding as that of England in her palmiest days; and that instead of being a debtor nation, we are to become a creditor nation, and the possessor of foreign securities to such an extent as to make our paper currency, if managed with any tolerable wisdom, impregnable against all assaults. It is gratifying to find old and cautious bankers giving the weight of their judgment on the side of opinions like these. It is commonly said that it is the failing of Americans to be vain-glorious, but we believe the actual truth to be, that they have been, instead of the first, the last to see the great change in the position of this country which has been wrought by the progress and events of the last fifteen years. Instead of over-rating our place in the scale of the nations, we have in recent times not estimated it so highly as it has been rated in Europe.

While the opinion of the Association was decided that resumption is a strong and fixed fact, it seemed equally decided that the restoration of the coin standard would be followed by a safe and steady improvement in general business, and indeed that an improvement had already unmistakably commenced. Convincing assurances to that effect were given from all interests and sections of the country.

Taking the proceedings of the recent session of the Bankers' Association as a whole, we believe that they are of good augury, and will tend to promote the public welfare. Nothing has been said or done to arouse the animosities of sections or classes, while numerous and apt suggestions have been made, which will tend to sooth asperities and to illustrate the mutual inter-dependence of all interests upon each other. Many of the speakers at Saratoga have been singularly happy in their demonstration of the truth, that a spotless public credit and a currency securely established on the basis of coin, confer equal benefits upon capital, labor and enterprise, and are entitled to the cordial support of all.

NATIONAL BANK CIRCULATION.

The note circulation of the National banks has been slowly increasing since the end of last October, when the lowest point was reached. The amount outstanding August 9, 1879, was \$328,552,602. The amount November 1, 1878, was \$320,991,795. During the spring and summer of 1878, it fluctuated above and below \$324,000,000, which was about the average figure. One of the checks to its increase, then existing, was the activity and apparent strength of the party aiming at the overthrow of the whole system of National banking and the substitution of greenbacks for National bank notes. The extraordinary and unexpected success of that party at the election in Maine, in the early part of September, 1878, produced an apprehension that this party might succeed in the country, and this apprehension, although not the only cause, was one of the causes, and a very important cause of the fall in the bank circulation at the end of October to \$320,991,795. The elections in the other northern and western States last fall gave results very different in complexion from that of the Maine election, and great confidence has been since felt that the present banking system, —which is admitted, even by those who seek to overthrow it, to be the best we ever had—will be sustained. In consequence of this feeling of confidence, the tendency of the bank note circulation to diminish was arrested, and since November 1, 1878, it has been increasing.

But this increase, within the past eleven months, has been slight, and has brought up the bank circulation to a point not very much higher than it was at the end of May, 1878, when the further contraction of the greenbacks was arrested by an Act of Congress. The figure of the bank circulation June 1, 1878, was \$322,555,965.

The increase of the money of all kinds in circulation in the country, since May, 1878, has been (say) four millions in National bank notes, ten millions in greenbacks, liberated from the fund kept until lately for the redemption of the fractional currency, and the amount, whatever it may be, of gold and silver coins which have come into use since the resumption of specie payments. As to the amount of silver coins, being the new dollars, we know that it is about eight millions. The amount of gold coins is largely conjectural, and opinions are likely to differ widely. The view sometimes taken, that the effect of resumption was, by changing gold from a commodity to money, to add the whole mass of it in the country to the circulation, is manifestly erroneous. So

far as it is held in the U. S. Treasury, as it largely is, and as nearly all the silver dollars so far coined are, as a reserve for the redemption of greenbacks, it is no part of the currency, but only the support and basis of the paper currency. In respect to the gold in use as money on the Pacific coast, it makes no addition to the general circulation, as the money of that region continued to be gold during the whole period of the suspension of specie payments. So far as gold has come into monetary use in other parts of the country since January 1, 1879, as it undoubtedly has to some extent, it is an addition to the currency.

But on any probable estimate of the gold which has come into actual circulation since January 1, 1879, the increase of currency since May, 1878, hardly seems equal to the increase during the same time in business and exchanges, although some allowance should, of course, be made for the greater activity of the circulation at the present time.

If the elasticity of the National banking system, in respect to the issue of notes, was allowed to have its natural play, we should know how much circulation was required for the exchanges of business, and not be obliged to resort to doubtful reasonings and to obscure and partly conjectural facts. But the elasticity of the system in the particular mentioned is so repressed and hampered by the tax on circulation that the benefit of it is, in a large measure, lost.

The aggregate of the taxes on the National banks is altogether too high. It is kept so by the delusion which prevails more or less as to their supposed exorbitant profits. Experience has shown that legislators, State and National, are either themselves personally opposed to reducing any of the present taxes, or are controlled by an apprehension that such reduction would be unpopular. It will not be easy to reconcile them to it, and, perhaps, not possible, unless it can be made apparent that other interests than those of the banks are to be benefited by it.

It may be questionable which of the present excessive taxes, that on the deposits of banks, or that on their circulation, is the most unwise. The Comptroller of the Currency, at the recent meeting of the Association of Bankers, at Saratoga, made some very sensible and pertinent observations upon the tax on deposits. If there is anything which could be added to those observations, it is the suggestion that the necessity of earning an extra amount of interest on their deposits, so as to cover this tax, is a constant temptation to the banks to take risks in the use of the money of depositors. But objectionable as the high rate of that particular tax is, we think it will be possible to obtain the most support for a reduction of the tax on circulation. Those classes of persons, and those sections of the country, which especially desire that the volume of the currency should be

enlarged might, at it would seem, be induced to cooperate in removing or diminishing a tax which is the most obvious and serious impediment to such an enlargement. It is true that they would prefer to enlarge the paper currency by an addition to the volume of the greenbacks, but with the known opinions of the President, they cannot expect to effect their object very soon by that method, and it is at least doubtful whether they can ever effect it. It certainly does not appear to us that public opinion is tending in that direction. On the other hand, some enlargement of the paper currency, although nobody can presume to say how much, might be reached without delay by removing or reducing the tax on bank-note circulation.

BALANCES OF TRADE AND COIN EXPORTS.

During the fiscal year ending with June 30, 1879, the excess of merchandise exports over merchandise imports was \$264,636,602, as compared with an excess of \$257,814,234 during the preceding fiscal year.

Some portion of the favorable balances of trade for the past two years has been absorbed in liquidating our foreign interest account, the expenses of Americans traveling in Europe, and the excess of freights due to foreigners over and above the freights earned abroad by our own shipping. But it is not probable that the expenses of American travelers, or the freights paid to foreign shipping, were any greater in 1878-9 than they were in 1877-8, and the foreign interest account was certainly a good deal less. The second year, even if the favorable balance of trade had been no greater, and it was actually greater by the sum of \$6,822,368, would have left more to be applied to the purchase of our securities held in Europe.

The apparent favorable balances for the two years, large as they are, do not appear to be large enough, when the necessary deductions are made, to account for the purchase abroad of so many securities as are believed to have been purchased during the time. The suggestion is, at least, a probable one, that the real balances exceed what the figures show. The two years have covered a period of severe depression, and it is known that a great amount of European manufactures have been sent to the United States as a slaughter market. British commercial journals describe this as a marked recent feature of British export trade, and the same thing is doubtless true of Germany and France. It is true that during the same time some American manufactures have been sent abroad to be sold for what they would command, but the great bulk of our exports consists of staples which are never subjected to the slaughtering process.

During the fiscal year ending June 30, 1879, the excess of coin and bullion exports over similar imports was \$4,703,641, as compared with an excess of \$3,918,811 during the preceding fiscal year.

During the fiscal year ending June 30, 1877, the excess of coin and bullion exports over imports was \$15,387,827. For the same period ending June 30, 1876, it was \$40,569,621.

As will be seen, our net exports of gold and silver have aggregated only \$24,010,279 for the last three years, and only \$64,579,900 for the past four years. Our domestic production of the precious metals has averaged about \$80,000,000 during the four years, although less than that during the last year. The consumption of gold and silver in the arts is undoubtedly much greater here *per capita* than anywhere else in the world, because the mass of the people here are better able to indulge in luxuries than anywhere else. But with the extremest possible allowance for consumption in the arts, the addition to our metallic money has been very great during the four years. We think that it has nearly reached the maximum which can be absorbed in the circulation and in public and banking reserves, so long as the system of using small paper money is continued, and there is no symptom, so far as we can discern, that the country will consent to the substitution of metal for paper in the money in common use. The attempt to make that change, forty-five years ago, although backed by the great popularity of Gen. Jackson's administration, failed entirely.

PROFITS OF DEALING IN PUBLIC FUNDS.

The London *Economist*, of August 9, publishes statements showing conclusively that there is no foundation for the opinion, so frequently expressed in recent years, that the British public have lost by their large purchases and holdings of the stocks of foreign governments. Instead of losing, the British have received upon such investments a larger average net return for ten years past, after making all deductions, than they have received upon British consols, upon the stocks of the English-speaking colonies, upon the India sterling or gold loans, or upon the stock of the Bank of England. In fact, no investment, having behind it any form of a government guarantee, has paid any more, except the India railways, the dividends of which have such a guarantee, and the advantage in favor of even these railways is exceedingly minute.

The net income received for ten years upon various stocks, dealt in at the London Exchange, has been as follows:

*Annual per cent. of income for ten
years ending June 30, 1879.*

British three per cents	3.7
Bank of England stock	4.7
India five per cents sterling	3.6
India four per cents sterling	4.2
Colonial debentures.....	5.5
India railway stocks.....	6.7
Foreign government stocks.....	6.6

These per-centages of income are calculated, not on the nominal par of the stocks, but upon their market price, which is what investors actually pay for them. This market price is above the nominal par in many cases, such as the India sterling loans and Bank of England stock, but is below it in British three per cents, and in nearly all the foreign stocks. The tables of the *Economist* are constructed on the plan of noting the differences between the market prices of 1869 and 1879. Where there has been a fall, it is deducted from the dividends received during the ten years, and where there has been a rise it is added to them.

Some of these stocks were not created until after 1869, such new creations being principally in 1871-2-3. Of course, it is not possible in such cases to compare the market prices of 1869 and 1879, but the comparison is made between the market prices of 1879 and the prices at which the stocks were issued to the public by the great contractors and dealers. That method shows what rate of income the British investors have received, but it manifestly does not cover the whole ground of the question of loss, or gain, to the English nation, upon such investments. In many cases, where there has been a loss to the British investor, there has been as much gain, and sometimes even more gain to the British bond-dealer and manipulator, or in other words, what has happened is simply this, that one class of Englishmen has profited at the expense of another.

In computing the income for the ten years upon foreign loans, account is taken of the fact that while they have nearly all of them been issued below par, a portion of them, selected by drawings, has been paid off at par. That feature is not familiar in this country, but is common in Europe, and gives to loans the attraction, to a certain extent, of a lottery. The following illustration in the case of an Argentine loan, is given by the *Economist* :

Turning to the London daily stock and share list, we will select the first entry on the table of foreign stocks, which is the Argentine loan of 1866-8. On the 30th of June, 1869, this loan was to be purchased at eighty-one, whereas, on the same day in 1879, the quotation was seventy-nine, showing a loss of two per cent. in principal. But during the same period, £ 850,000, or nearly 33¼ per cent. of the loan, had been redeemed at par, so that the holder of three £ 100 bonds might expect to have had one bond paid off, upon which he would have received a profit of £ 19. From this we will deduct £ 2 as the loss in market value on each of his two bonds outstanding,

the net result being a gain of £ 15 in principal, or an average of £ 5 upon each of his bonds. Hence we may calculate that at the purchase price of eighty-one, he has received £ 60 in interest, plus £ 5 in principal, making together £ 65, or averaging slightly over eight per cent. as the net annual return upon his holding.

The whole number of foreign government loans dealt in on the London Stock Exchanges, is 132, issued by thirty-nine different governments. Seventeen are Mexican, Central American, South American, and West Indian governments. There are two Asiatic loans (Chinese and Japanese). There are three African loans (Egyptian, Moorish, and Liberian). All the remainder are European (including the Turkish), except the loans of the United States.

At their nominal par, these stocks aggregate £ 2,589,858,000. Their aggregate market price on the 30th of June 1879, was £ 1,801,960,000. If to the market price June 30, 1869, of such of them as were then in existence, is added the issue price of such of them as have been created since 1869, the aggregate cost was £ 1,740,358,000, so that, upon the whole, the holders have a property which is salable at £ 114,205,000 more than it cost them. It is by adding this gain in the market value of the principal, to the dividends actually received during the ten years, that the figure 6.6 per cent. of average annual income is arrived at.

The real gain in the aggregate market value of the principal of these stocks since 1869, or since the dates of their issue if subsequent to 1869, is considerably more than is shown by the foregoing figures. Not only has the market value in the aggregate increased £ 114,205,000, but there have been considerable sums paid off, by drawings, or by the maturing of loans. The *Economist* says :

It is to redemptions of principal which have been going on during the past ten years, to which such decreases in value, as are visible in Argentine, Danish, Moorish, Swedish, United States, and some other issues are mainly attributable.

The decrease in the stocks named, arising mainly from reduction of their amounts by payment is £ 32,445,000. Of the foreign stocks dealt in on the London Exchange, the British public own only a small proportion, say one-fifth, if we adopt the figures of Ernest Seyd's paper read before the British Society of Arts, in April, 1878, and which will be found in the July number, 1878, of this magazine. But the *Economist* says that if the stocks, of which the British hold but little, are excluded from the calculation, the profit shown upon the remainder will vary but slightly from the 6.6 per cent. profit shown upon the whole. Yet it may still be true, that an extra proportion of the very poor stocks are held in England, and we incline to think that such is the fact, although such unfortunate excess is probably not large.

Whether London has fared a little better, or a little worse than its stock-dealing competitors in Paris, Amsterdam and Frankfort, in the matter of operating in government stocks, is important to the parties concerned, but it does not bear upon the question, whether the general business of operating in public funds has been profitable, or otherwise, during the last decade. And, if by possibility the British have an assortment of foreign stocks a little inferior in quality to the average, they may well console themselves with the practical monopoly which they have heretofore enjoyed, in buying and holding the stocks of their English-speaking colonies, aggregating £97,345,000 and rapidly increasing; of the Indian guaranteed railways, aggregating £90,982,000; and of all the sterling loans of the India Government.

There is another element of gain during the last ten years in the holding of government stocks to which the *Economist* does not allude, and that is, the increased value of gold in which their price is reckoned. It is true that this fluctuation might have been the other way since 1869, and it is true that it may be the other way for ten years to come. But possibilities like that do not affect the fact, that the value or purchasing power of gold has very sensibly appreciated within the past ten years, and that the holders of all solvent securities have been thereby correspondingly enriched.

On the whole subject of British connection with foreign government loans the *Economist* says:

Foreign government stocks have latterly been unjustly condemned as means of investment, because people have lost much money by Turkish, Peruvian, or Honduras bonds. Those who could be tempted by the bait of extraordinary interest to embark the bulk of their funds in Turkish loans have doubtless lost; but he who, say, ten years ago, risked one-third of his capital in Turkish, one-third in Italian, and one-third in Portuguese bonds, would at the present time stand a considerable gainer by his investments. It would be as foolish to condemn foreign stocks as unprofitable, because Turkey is in default, as to discard home railways as a means of investment because people have lost money by the Chatham and Dover, or the East London; or American railroad undertakings because Erie shares have turned out badly; or bank shares because the City of Glasgow bank, and the West of England Bank, have stopped payment. All these classes of investments have been profitable to holders here over a period of years, though in different degrees.

The idea here expressed is, that British investors have realized enough extra profits on some foreign loans to make up what they have lost on others. It is undoubtedly true that British investors have made losses of this kind, but we have never seen any exact and specific evidence that the British people ever lost one single sovereign in that way. In many of the cases where British investors have lost, it has been positively shown that little or none of the lost money ever went out of London, but was divided up there among English

manipulators. In other cases of so-called loss, as in the Egyptian stocks, it has been positively shown that all the money actually received by the borrowing parties has been paid, and that, even if no more is paid, the loss is only that of interest. That has not been positively shown in respect to the Turkish loans, but it is constantly affirmed by the Turks, and no specific exhibit to the contrary has ever been made by any body.

Marvelous as have been the successes of the English in mining, manufactures and commerce, it is probable that they have profited most of all during this century, from the position of London as the central point of stock-dealing and banking for the world. Be this as it may, there is nothing in the past history or present condition of that great city, to dissuade New York from rivaling and outstripping it, if that is possible, in the same career.

THE GLUT OF CAPITAL IN FRANCE.

Nothing has been more actively discussed during the past few months, in the economical societies and financial press of Paris, than the glut of loanable capital, and the difficulty of finding safe investments which will yield any appreciable income. The conclusion generally, and perhaps universally arrived at in France is, that the rates of interest current during the twenty-five years after the California gold discoveries were abnormally high, and that no expectation can be entertained of a return of those rates, or of any approximation to them.

Towards the close of last year, when the Bank of England put an artificial pressure on the money market for the purpose of protecting its gold, rates of interest in London were very high, and French capital was employed in loans there to an amount stated by good authorities at one hundred million dollars. But money has since become as cheap in London as it is in Paris, and whatever of French capital thus found employment in London has since been sent home. As an indication that the loaning companies are now at their wits' end to find outlets for their accumulating funds, the Paris correspondent of the London *Economist*, writing under date of June 26, 1879, says:

The financial companies, not finding a sufficient field of activity in their ordinary business, are casting about for other undertakings. New insurance companies have been of late a little overdone, and I have already mentioned different schemes for dealing with house property by purchase or by mortgage. Some of the most enterprising companies are now turning their attention to the press, and two different projects are said to be in preparation. One is for the purchase of the Havas Agency, the French "Reuter," for a sum of

seven million francs; the other, stated to be already in course of execution, the purchase of the *France* and *Semaine Financière* journals, and a certain interest in the *Petit Journal*, for a sum of six millions. M. de Soubeyran, or his new Banque de Escompte, is interested in both affairs.

When companies having money to invest, have exhausted both insurance business and "dealing with house property by purchase," and have finally been driven to the purchase of newspapers, they must be badly overrun with idle funds. Less fortunate than the English money lenders, the French have no flourishing and enterprising colonies, scattered over the world, and ready to borrow all that anybody will lend. The capacity in Europe and elsewhere to create National debts having any available market value, is not entirely exhausted, but very nearly so. Egypt and Tunis are in the hands of receivers, and the appearances are that Turkey is to pass under the same *regime* as soon as its creditors of various nationalities can arrange the differences among themselves. The only borrowing capacity in Asia is that of India, which was monopolized in London while it lasted, and is now understood to be quite exhausted. The only new National debt of which the French financiers have any prospect, is the additional debt which is in the course of being created by their own Government in building railroads, improving ports, etc. We have, heretofore, in this magazine, referred to that policy, as expounded and defended by M. Leon Say, the French Minister of Finance. It is only necessary to observe here in relation to it, that the proposed borrowings are too gradual to afford any sensible relief to the burden of too much money under which the bankers of Paris are now suffering.

It is that condition of things in Paris which gave M. De Lesseps and his associates so much courage, and so much ground for courage, in respect to floating the Panama scheme. It is really quite as promising an investment as a good many of the National debts which have found eager takers in France. All the so called "Founders shares" were taken at once, and the advance on them since has amounted to \$400,000, which is of itself a very respectable plum for the inside operators. The preliminary expenses of the scheme, including the caution money required to be deposited by the Government of Colombia, amounted to two million francs, which were raised by an issue of "Founders shares" of 5,000 francs each, which were soon sold from first to second hands at twice that figure. M. De Lesseps had this same feature of "Founders shares" in the Suez Canal scheme. It is not stated exactly what special preferences and advantages they have, to cause them to be so eagerly taken. The latest advices are, that there was not a sale for enough of the common shares to justify going on with the enterprise, until its practicability is more clearly shown by new surveys.

Some Paris journals advise their readers to reserve their money for operations in France and Algeria. One journal referring to the failure to establish Maximilian in Mexico, says that America has not been a lucky place for French ventures, and adds very significantly and very truly also, that the European Powers cannot "depose Khedives" on this side of the Atlantic as they can on their own side. But the overwhelming preponderance of Paris opinion is in favor of the Panama project, and instead of saving their money for Algerian development, the French feel abundantly able to canal the Darien Isthmus, and to construct a railroad sixteen hundred miles long from Algiers to Timbuctoo, at one and the same time. The appearances are, that if the definitive surveys about to be undertaken shall show the feasibility of the latter work, it will be undertaken at once.

In the project of a ship-canal across Florida, now talked about, some Frenchmen are conspicuous. It is not necessary to assume that any French capital is absolutely pledged to the enterprise, but the persons referred to would not concern themselves in getting it into a form to present to the public, if they did not believe that investors could be found in Paris.

We have no objection whatever to the construction of the canal at Panama by Frenchmen, or anybody else, and hope that it may prove reasonably profitable, whoever shall undertake it. The United States are near enough to it, and strong enough, to obtain fair treatment, be the owners of it who they may. And furthermore, there is no such possibility of monopoly, as there was in the case of the Suez Canal. The isthmus which separates the Mediterranean and Red seas is too short to admit of more than one connecting water-way, which is not true of the elongated isthmus which unites North and South America.

GOLD FROM AND SILVER EXPORTS TO ASIA.

The tendency of the premium on gold, as compared with silver, which has existed in Europe since 1875, has been, of course, to attract thither such disposable quantities of gold, independently of the current production of the mines, as could be found in other parts of the world. In the preface to the second volume (published last winter) of the U. S. Monetary Commission, the subject is elaborately discussed by the Secretary, and all the available statistics to January 1, 1879, are brought together. His conclusions were, that all the quantities of gold, deserving of mention, which were found to be disposable, were—

1st. What formerly existed in Japan and which was so considerable as to induce that country to establish, in 1871, an exclusively gold currency for all internal purposes. In the

first three years after this was done the coinage of gold at the Japanese mint, and apparently all derived from the previously existing Japanese stock of gold, was \$49,023,367.

2d. The gold in use in India as money, of which there were, until the recent divergence of value between gold and silver, considerable amounts in the form of British sovereigns and of the Indian *mohur*, a gold coin struck at the Indian mint of the exact weight of the silver rupee. Neither the British sovereign nor the Indian *mohur* was a legal tender, but they were both voluntarily accepted as money, and, until lately, formed a part—some authorities say one-tenth part—of the currency of India.

In the case of Japan, specie payments, in either gold or silver, are now suspended, and the actual currency consists of depreciated bank notes. The course of trade has rapidly swept the gold of Japan into the coffers of England. During the five years, 1874–8, the British imports of gold from Japan were :

1874.....	\$ 7,859,020
1875.....	9,778,790
1876.....	5,857,735
1877.....	5,137,065
1878.....	5,005,390
	<hr/> \$33,638,000

In the case of India, gold, since it has risen above its old relation to silver, has disappeared from circulation, either by exportation or by sale for home use in the arts. India still has an excess of gold importations over exports, but this excess has distinctly diminished since 1873. In the ten fiscal years ending March 31, 1873, the average annual excess of Indian gold imports over exports was \$26,028,413.

In the five following fiscal years ending March 31, 1878, the average annual net gold import dwindled to \$5,476,783, and in the seven months ending October 31, 1878, the net gold import amounted to only \$852,792.

Since January 1, 1879, the movement of gold from Asia to Great Britain has continued. As respects China and India, it has increased considerably as compared with the corresponding months of last year. As respects Japan, there is a slight increase, but enough to show that the operation of exhausting the Japanese gold is still in progress.

During the six months ending June 30, the imports of gold into Great Britain in 1878 and 1879 were :

	1878.	1879.
From India.....	£ 62,852	£ 1,380,431
From China (including Hong Kong).....	75,022	630,201
From Japan.....	573,034	696,672

During the six months ending June 30, the exports of gold from Great Britain in 1878 and 1879 were :

	1878.	1879.
To India.....	£ 231,097	£ 110,696
To China (including Hong Kong).....	None.	None.
To Japan.....	None.	None.

As will be seen, the excess of British imports of gold from these three countries over exports to them, during the first six months of this year, was the important sum of £2,587,608, equal (taking the pound at \$4.85) to \$12,549,899, and seems to account (in part) for the large accumulation of gold in the vaults of the Bank of England.

The demand for silver for the East continues to be light, and in fact has been, during the first eight months of 1879, even lighter than it was during the corresponding portion of 1878, when it fell off three-fifths as compared with 1877. As one result of this slackness of the Eastern demand, silver has risen hardly four per cent., as measured in gold, since the middle of May, when Bismarck announced that the German Government would suspend further sales. The improvement of the Indian exchanges has necessarily been only in the same proportion, which is a disappointment of expectations in that respect which seem to have been generally indulged in both in England and India.

As to the supposed causes of this disappointment, we find the following in the *British Mercantile Gazette* (London) of August 9: "Bankers in the city attribute this state of things to the utter collapse in the silk market, causing the Chinese to hold on tenaciously to the article in the hope of obtaining better prices towards autumn. It is said that the quantity stored in Shanghai is over 2,000 bales, or, say in value £2,000,000, which ordinarily would have been sold to the foreigner and absorbed so much silver, thus causing a greater demand for bar silver and dollars. To show the strain, however, in the money market in China, it is stated that foreign banks are getting from twenty to thirty per cent. on first-class security. Another reason given, and apparently a very sound one, is the state of all Eastern produce markets, which have been, and are, extremely depressed. At the present moment, also, India has almost ceased exporting anything, her shipping season being over for a time. This fact alone, is a solid reason for the stagnation in both silver and rupee drafts. It is the opinion of all Eastern men of business that more demand for remittances will exist on the approach of the seed, jute, and indigo season—funds for which are generally provided in September and October; and shortly after cotton and rice tend to swell the volume of exports from India, and these articles coming in conjunction with the tea and silk from China and Japan, will naturally cause a marked increase in the absorption of silver and Indian drafts. It should be recollected that the Chinese will ultimately be compelled to part with their silk, as they will see the absurdity of paying twenty-four and thirty per cent. for advances."

It is of course true that increased merchandise exports from India and China, the probability of which is thus pointed out

by the *Mercantile Gazette*, will give those countries additional means of paying for and procuring silver, but always provided that their merchandise imports are not correspondingly increased. The *Gazette* gives no views on this last point, but we observe that advices from Manchester are to the effect that unusually large exports of cotton cloths will be made this fall to India. Both that country and China have been much impoverished by successive and great famines, and that circumstance tells heavily against the expectation of any speedy revival of a large demand for silver, whether to be used as money, or in the arts and for the purposes of ornament. In the meantime, the market will not be subjected to the depression of German sales of silver, and will be sustained by the steady demands of the Austrian and American mints.

OCEAN MAILS AND SUBSIDIES.

Severe criticisms are made on a recent contract made by the British Government with the Peninsular and Oriental Steam Navigation Company, for carrying the mails from England to India and China, and from Point de Galle in the Indian Ocean to Australia. These criticisms are substantially indorsed by the *London Times* and *Economist*, and seem to have much foundation. The annual payment, or, as it is sometimes called, subsidy, for these services, closely approximates two millions sterling, and it is insisted that quite one-third of it might be saved by a different method of management.

It seems that the mails for the East from England having passed the Suez Canal and reached Aden on the Red sea, are there divided into two parts, the India mail and the China mail. One line of steamers takes the India mail to Bombay, and another line takes the China mail, touches at Galle, and proceeds thence to Chinese ports. These two lines run on substantially the same route in the Indian Ocean for a distance of 3,000 miles. It is said that the line to Bombay could just as well take the China mail to that point, whence it could be carried by rail to Calcutta, from which place it could be delivered by existing lines of steamers at Singapore, Hong Kong, Shanghai, etc, quicker and much cheaper than it is now. Of these existing lines of steamers from Calcutta to China, the Indian Government have written that "although not timed to start on fixed dates, they form, by far, the quickest, and consequently most appreciated means of conveyance."

That portion of the Australian mails which reaches England *via* the Suez Canal, instead of being brought direct to the Red Sea, as they would naturally be, and could most economically

be, by the lines of commercial steamers on that route, are actually carried at a large extra expense to Galle, an out-of-the-way port on the Indian Ocean, to be there transferred to the line between China and Aden.

Some portion, not exactly stated, of the money subsidy to the Peninsular and Oriental Company, is thrown upon India, but it is at any rate large enough to swallow up all the revenues of the India Post Office Department, which might otherwise be a source of income.

The London *Economist* says: "When the contract comes before the House of Commons, we trust this matter will be thoroughly investigated, and it might be well to consider also whether, now that communication with the East is maintained by so many different companies, it is necessary to continue the system of granting huge subsidies for the conveyance of the mails."

The London *Times* says: "Why cannot mails be carried like ordinary merchandise by all well-appointed trading steamers alike? The sailings of such are usually as punctual and regular as those of mail steamers, so-called, and if they fulfilled a certain stipulation as to speed, little more would be required. The maintenance of a huge subsidized 'mail service' has undoubtedly given other nations a handle with which to attack our mercantile supremacy. They say that they are forced to impose heavy restrictions on English shipping in order to 'countervail' the effects of the huge bounties by means of which England has driven their ships from the high seas. That is a reproach which the great success of many independent English lines of trading steamers should give us courage to remove."

Viewing the subject from the standpoint of saving money to the public treasury, it is not doubtful that during the period of diminishing public revenues upon which Great Britain has now entered, there will be a searching inquisition into all the public expenditures. Among them ocean mail transportation is a considerable item, and methods of management, which might escape criticism when the treasury was overflowing, are now likely to be inquired into. A light pocket is a wonderful prompter of economies, and this is as true of nations as it is of individuals. All the details of public finance are annually reviewed by the British House of Commons. Mr. Gladstone thinks that that body has lost something of the *prestige* which it possessed when he was younger. That is an opinion not unnatural for him as an old man, who was early a member of that body, and is looking back to a period of life when he was less critical and saw more things to admire than he does now. For ourselves, we see no falling off in the searching vigor and amplitude of information upon public affairs which have given weight and dignity to British Parliamentary discussions during the last half century.

BANKERS' LIFE ASSOCIATION.

This is the name of a company organized July 1, 1879, at Des Moines, Iowa, under the general incorporation laws of that State. The company is on the mutual or coöperative plan, but has the feature of a guarantee fund, which is derived from the contributions of persons who become members. This contribution is at the rate of one dollar for each year of the age of the party becoming a member. Thus, 1,000 persons, of the average age of forty years, would contribute a fund of \$40,000, which is to be invested in U. S. registered bonds, and will accumulate by interest, to be used in extraordinary emergencies, or to be applied in reduction of assessments.

Assessments to meet death losses will be whatever percentage of the guarantee fund is required to meet such losses, so that members will be assessed in proportion to their ages when they join the company. In this way the youngest members are assessed the least, as their deposited guarantee funds are the least. These funds are forfeited in case of the continued non-payment of assessments, but otherwise are paid over, in the event of death, to the representatives of the party insuring, in addition to the insurance.

The amount to be paid in the event of death is two per cent. of the aggregate of the guarantee funds on the first day of the month in which the death occurs, but in no event to exceed \$2,000 for one certificate of membership; any one person may, however, have one, two, or three memberships, but if he has more than one, his guarantee deposit must be increased correspondingly.

The membership will be, in general, confined to the directors and officers of trust companies, and of National, State, Savings and private banks, but other persons may be admitted upon terms to be provided by the Board of Directors, and it is desired that bank officers should introduce good parties from among their business acquaintances. But membership is not lost when bank officers cease to be such.

A principal objection to mutual or coöperative plans of life insurance is the difficulty and uncertainty of collecting assessments to meet losses. It is claimed in respect to this company, that the objection is fairly obviated by a guarantee deposit.

We have not undertaken to set forth in detail all the particular features of this company, and still less have we undertaken to enter upon any discussion of the principles of life insurance, which are so keenly discussed and contro-

verted by persons skilled in that most important branch of business. But we have endeavored to give the leading points of this company as we find them stated in its circulars and pamphlets. The banking classes, whose patronage is especially solicited, will, without doubt, look carefully into them, and this, from their training and habits, they are well qualified to do.

The circular which preceded the formation of this Association embodies the main features of the system, and as a chapter in its history which is of interest, we reproduce it here. The names of the officers elected were given in our August number, Mr. E. A. Temple being the President. Any inquiries addressed to him (at Chariton, Iowa) will without doubt receive courteous attention.

OFFICE OF THE FIRST NATIONAL BANK, }
CHARITON, Iowa, March 1, 1879. }

SIR: Will you confer a favor by filling the enclosed blank according to the best information to be obtained from the officers of your bank, and returning it to me at your earliest convenience.

The collection of these statistics is in view of the formation of a Life Association for the mutual benefit of bank officers and bank clerks, in which your co-operation is solicited.

It is not altogether an experiment, there being several such organizations in existence, both in this country and in Europe, the success of which demonstrates that bankers are quite as well qualified by their position to conduct the affairs of such an association as any other class of business men.

It has been suggested that a body be incorporated under chapter 1,160, *Code of Iowa*, embracing the general features of the co-operative system, with some additional safeguards, among which may be named *ante-mortem* assessments, secured by a pledge, or a deposit in a specified bank [one being designated in each town as fiscal agent and depository of the association], of say, one dollar for each year of a member's age at date of admission, the funds accumulating under this provision to be protected from mismanagement and loss by investment in United States *Registered* bonds, the portion deposited by each member to be subject to forfeiture for non-payment of dues and assessments, or returned at death to his heirs as an addition to the death loss. Under this plan all assessments for death losses would be made upon the basis of the guarantee deposit or pledge held by the association, at say, two, three, or five per cent. as might be fixed upon; thus one thousand members averaging forty years of age, would deposit \$40,000, two per cent. of which, assessed for death loss, would yield \$800, the member twenty years of age paying forty cents, and the one fifty years of age paying one dollar, thereby equalizing the cost of insurance according to age.

The interest accumulating on the registered bonds could be set apart as a fund by which assessments, *present or future*, could be materially lessened, and the expense of management could be provided for by the usual method of admission fees and annual dues.

Estimating the assessments for each death loss at two per cent. of the guarantee deposit, this pledge alone would provide for *fifty* losses, and it is believed that few would *desert* an organization so well prepared to meet liabilities, and that new members would be attracted by a plan so easily understood, so just, and so well fortified.

The *membership* need not be confined to bank officers and clerks, but should be limited to such persons as bank men could, with the aid of reliable physicians, select among their business acquaintances, and thus procure a class of patrons which would be an invaluable aid to the organization in the standing and reputation of its membership.

Over six hundred thousand dollars was paid in this State during the year

1877, for life insurance, one hundred and forty eight thousand dollars of which was paid as commissions to agents alone. Twenty-five thousand dollars was paid as salaries to officers and employes of three companies on Iowa business, with twenty-six companies yet to hear from on this last item.

From this showing it would appear that an organized effort among bankers would enable them to command enough of this business to add materially to their income and the business of the banks, and that too without any use of time not fully compensated for. With a proper organization this can be accomplished. Please consider the plan proposed, and if possible, suggest a better one, bearing in mind that just at this time a new departure in life insurance, presenting features of a plain and substantial nature would be gladly welcomed by many holders of high priced policies of doubtful value.

Soliciting an early reply, I am, in the interest of the banking fraternity,

Your obedient servant,

EDWARD A. TEMPLE, *Cashier.*

To all Bank Officers and Bank Clerks.

SAN FRANCISCO SAVINGS BANKS.

We find in the San Francisco *Commercial Bulletin* the figures of the condition of the San Francisco Savings banks, ten in number, as it existed June 30, 1879. The following are the aggregates of the principal items:

Paid-up capital.....	\$ 1,721,485
Reserve fund.....	1,828,507
Amount due depositors.....	45,027,846
Loans on real estate.....	39,859,581
Loans on bonds.....	1,395,952
United States and other bonds.....	1,526,669
Real estate taken for debts.....	2,560,190
Cash on hand.....	2,752,308

In six of the banks, the decrease of deposits since January 1, 1879, had been \$3,861,449. In three of the banks, the increase of deposits during the same time had been \$106,634, making a net decrease in the nine banks of \$3,754,815.

The tenth bank, called the Franco-American, is a new bank, so that all its deposits, being \$106,752, may be called an increase, but it is the successor of an old Savings bank of the same name, the affairs of which are being wound up by the new organization. The deposits in the old bank, which do not appear in the foregoing table, amounted, January 1, 1879, to \$5,608,698, and are being paid off as fast as assets can be realized. If the diminution during the first six months of this year, of the deposits in the old Franco-American bank, could be ascertained and added to the diminution of \$3,754,815, as shown above in the deposits of nine banks, it would swell the total considerably.

It is apparent that there is either a shrinkage in the sums available for savings' deposits in San Francisco, or that there is in some degree a lack of confidence in the stability of the

Savings banks, or of a part of them. There may, or may not be, grounds for such a lack of confidence.

The history of two of these Savings banks, which have been subjected to protracted runs from depositors, which we find given in the San Francisco *Commercial Bulletin*, certainly shows a remarkable capacity of realizing upon assets, and making them available for the liquidation of debts.

One of these banks, was the Savings and Loan Society, the oldest institution in San Francisco. The maximum of its deposits was reached June 30, 1877 :

	<i>Deposits.</i>	<i>Decrease.</i>
June 30, 1877.....	\$ 13,110,000	.. —
January 1, 1878.....	12,095,100	.. \$ 1,323,700
June 30, 1878.....	9,179,500	.. 183,300
January 1, 1879.....	7,015,300	.. 2,850,300
June 30, 1879.....	5,270,900	.. 1,230,500

The decrease in two years is \$ 7,839,100, or sixty per cent. of the amount of deposits on the 30th of June, 1877.

The *Bulletin* says: "It is creditable to the managers that they have been able to realize on their loans in such a rapid and satisfactory manner. The Cashier informs us that recently the deposits have begun to increase, though there is quite a large amount of registered demands for money on the part of depositors, some of which may not be reached for six months. For the last semi-annual term, the bank paid its depositors at the rate of only four-and-a-half per cent. per annum, which is considerably lower than the lowest rate ever paid by any bank in this city. At the organization of the bank it paid from fifteen to eighteen per cent. per annum. It never paid less than ten per cent. until seven years ago. Since then the rates have been eight to nine per cent.

The other Savings bank which has been subjected to a continuous and heavy withdrawal of deposits, is the Odd Fellows' Savings Bank, of which the *Bulletin* remarks :

It went under a cloud about the 1st of January, 1878, though it suffered heavily by the failure of the Bank of California, in 1875. The deposit line in this bank reached its climax on the 30th June, 1875, when the amount credited was \$ 7,555,200. During the last half of 1875, it lost \$ 725,000 in deposits, and during the first half of 1876, it lost nearly \$ 600,000 more. Thus in one year it lost \$ 1,300,000. This was the extent of its troubles at that time. Eighteen months later, or in January, 1878, it entered upon its second trouble, which was mainly a fresh outbreak of the first. In the past four years the decrease in deposits has been as follows :

	<i>Decrease.</i>
June 30, 1875.....	\$ 7,555,200
June 30, 1876.....	6,231,500
June 30, 1877.....	6,048,200
June 30, 1878.....	3,191,900
June 30, 1879.....	1,961,400
Decrease in four years.....	.. \$ 5,593,800

Of this amount, \$4,086,400 has been lost during the past two years. That the bank has been able to stand up under this terrible stream reflects great credit on those in charge.

The aggregate loss of deposits in two years by these two banks was \$11,925,900. The fact that so large a proportion of their assets could have been realized in so short a space of time, speaks well for the soundness of San Francisco banking investments.

MANITOBA AND ITS WHEAT PLAINS.

According to an account of the water system of Manitoba given by a Canadian writer, Lake Winnipeg is a parallelogram, fifty miles by three hundred, the greatest dimension being from north to south. It receives great rivers at three of its corners, while all of its waters flow off by a great river at the fourth corner.

At its south-west corner it receives the Red river of the north, with which the Asiniboine unites just before it runs into the lake. At its south-east corner, it receives the Winnipeg river, which drains the Lake of the Woods. At its north-east corner it receives the Saskatchewan, whose two great branches head a thousand miles away in the Rocky Mountain range.

The waters of the lake debouch from its north-west corner by the Nelson river which flows north-westerly in a line nearly straight, seven hundred miles to Hudson Bay. The confluence of the Nelson river with that bay was the site of trading factories of the old Hudson Bay Company, between which and Liverpool there is open navigation from four to six months in the year, the distance being about one hundred miles less than from New York to Liverpool. The mouth of the Nelson is farther West than New York, but the increase of distance from Liverpool arising from that circumstance is more than made up by its being further north than New York.

The wheat plains of Manitoba are computed at more than one hundred million acres, with a black soil from two to nine feet in depth, and producing from thirty to fifty bushels of the finest wheat to the acre. It is claimed that within from three to five years they can supply the one hundred million bushels of wheat, which is about the average annual wheat importation of Great Britain.

It is doubtful if the Nelson river can ever be made navigable to Hudson Bay, and, at any rate, its navigation must be obstructed by ice during a large portion of the year. But if, in some distant future, Manitoba wants a connection with

the outer world *via* Hudson Bay, a railroad north, down the valley of the Nelson is always among the possibilities.

For the present, Manitoba has railroad connection with Lake Superior *via* the Northern Pacific Railroad of the United States, but within three years will obtain such a connection of its own wholly over Canadian territory, at Thunder Bay.

In a recent article in the *Nineteenth Century* Mr. T. T. Vennor Smith gives a very flattering account of the rapidity with which Manitoba is being settled up, and which he describes as "utterly unparalleled." To October 31, 1877, the total land sales amounted to 1,392,000 acres, to 8,648 purchasers. At one single land office in the months of April and May, 1878, sales were made of 83,360 acres, and it is estimated that at all the land offices, the sales, and to actual settlers, amount to three million acres. The character of the immigration in 1878 is described by Mr. Smith as superior to that of former years, and as being largely drawn "from the best part of Ontario, and from the richest and most fertile portions of the older districts." The profits of wheat raising are described by him as almost fabulous, and on that point he says:

"It is this enormous profit that is bringing so many heavy capitalists into the ranks of this novel immigration, and inducing men who have already worked themselves into a good position, to abandon, for a time, the amenities of a settled life and embark once more in pioneer farming."

The objections to the wheat plains of Manitoba, which are insisted upon by some Canadian writers, are the distance from markets, the lack of timber, the pest of ravenous insects in the hot season, the frequency and severity of thunder and lightning, and the almost impossibility of locomotion from the depth and stickiness of the mud in rainy weather. The last objection, from the flatness of the country and the character of the soil, is not likely to be exaggerated.

Descriptions which are given of the hardships attending the wheat harvests of the plains of Kansas, from the heat and from the pests of insects, are doubtless applicable, and perhaps with some increase of the disagreeable features, to the case of Manitoba.

In the extreme West and North-West of the United States, as well as in Manitoba, we are already witnessing, and shall probably witness more in the future, methods of wheat cultivation new in this country, and on a scale never paralleled in any country before. The public are familiarized by numerous descriptions, with the vast farms in the Red River valley, in Dakota and Minnesota, carried on by great capitalists, on the scale and with the appliances of commercial ventures. Boundless plains and cheap lands render such farms possible, and there are many circumstances calculated to give that direction just now to a good deal of the enter-

prise and capital of this country. The English farmers are, or at any rate have been, considerable capitalists, but their expenditures have been mainly in the direction of high manuring and thorough cultivation. What we see and are likely to see more of, in our own North-West and in Manitoba, is capital in agriculture applied to the working of great areas, and using both machinery and large bodies of hired laborers.

The threatened ruin of wheat raising in England from the competition of the American product, is now a leading topic of discussion on both sides of the Atlantic. It is by no means certain that wheat raising in our seaboard States, and even in our interior States this side of the Mississippi, may not also be compelled to succumb, for a period at least, to the superior advantages of the great plains of our farther West and of Manitoba.

It would be a good subject for curious speculation, to consider what is possible in wheat raising, if even a small part of the disposable capital of the civilized world should be diverted from operating in railroads and National debts, to the cultivation of wheat fields. The bad harvests of this year, affecting all Europe east of Turkey and Russia, are estimated to necessitate an importation by the deficient countries of three hundred million bushels. Undoubtedly, that is a great quantity, but at twenty bushels to the acre, it could be produced upon fifteen million acres. Many times that number of acres are as yet untouched in the central plains of North America, but it is not necessary to leave Europe to find the needed area. There are twenty million acres in the alluvial plains of which Hungary consists, cultivated already, it is true, after a fashion, but capable of an enormous new development under possible new circumstances. Who can estimate what could be made of the interminable steppes of Southern Russia, with an improved civilization of its government and people?

The late Governor Andrews, of Massachusetts, said, in 1864, that there were in northern Maine and northern New Brunswick, wheat lands, equal in fertility to the wheat lands of Wisconsin and Minnesota, not further north, with a climate not more rigorous, and much nearer to the markets at home and abroad, and capable of supplying the wheat consumption of the whole of the then existing population of the United States. Without doubt that was true, if every acre capable of producing wheat was devoted to that use, throughout the the whole of the vast champaign lime-rock country which stretches from Katahdin to the Bay of Chaleurs. But heavy woods are first to be removed, and that will not be undertaken for any such purpose as wheat raising, in competition with the treeless plains of the north-west which nature has provided all ready for the plough.

CURRENT EVENTS AND COMMENTS.

PRODUCTION OF GOLD AND SILVER.

Wells, Fargo & Co., estimate that during the first six months of 1879, the mining States and territories have sent away by express \$11,852,887 in gold, and \$12,819,805 in silver. Also as freight, ores and base bullion of the value of \$10,115,000. The ores and base bullion are estimated to have yielded, after reduction \$3,147,113 in gold, \$4,180,195 in silver, and \$2,787,692 in lead. On these figures, the total gold yield of the six months was \$15,000,000, and the total silver yield, \$17,000,000.

In all these estimates of the value of silver produced in the United States, the silver is rated at the mint valuation of 129 cents (within a fraction) per ounce of fine silver, whereas its market valuation fluctuates around a figure of 110 cents. The market value of the \$17,000,000 estimated by Wells, Fargo & Co. as the production of this year, would be about \$14,620,000. The U. S. mint purchase "two million dollars worth" every month, and has therefore absorbed nearly six-sevenths of the American silver production during the first half of the year. This mint demand has, of course, been an important factor in maintaining the price.

If the current six months yield no more than the first six months, the total gold and silver produced during the year would be \$64,000,000, which is \$10,824,167 less than during 1878, and \$26,726,332 less than during 1877. The falling off is attributable mainly to the decline in the out-turn of the Comstock Lode.

During the first half of the year the yield of gold was \$7,680,675 in California, \$1,260,000 in Colorado, \$1,050,000 in Dakota (Black Hills), and \$841,000 in Montana. The yield of silver was \$9,189,344 in Nevada, \$1,169,351 in Utah, and \$725,000 in Colorado. The yield of ores and base bullion was \$4,000,000 in Colorado, \$3,125,000 in Nevada, and \$1,510,000 in Utah.

THE BLACK HILLS.

A correspondent of a city paper (the *Tribune*) furnishes an interesting account of the mines in the Black Hills which are supplying the bulk of the gold which is being produced in that region at the present time. Placer diggings have been found and are being worked over a large area, but the mines now producing the most gold are all on a vein two miles in length and one hundred feet in width. These mines are owned principally by Californians and are worked with abundant capital and the best machinery. The ore is of a very low grade, ranging from six to thirteen dollars per ton, and averaging not more than ten dollars per ton. It is worked very cheaply, and enormous quantities are in sight and above the level at which drainage will become necessary. It is believed that further explorations will show that the length of the vein is more than two miles. Its tendency is to grow richer the deeper it is worked. No vein resembling it in size and in the general diffusion of the precious metal through its rock matter has ever been found in the world. What similar discoveries may be found in the illimitable regions stretching westerly from the Black Hills to and across the Rocky

Mountains, the future only can determine. The placer gold diggings in Montana have been fabulously rich, turning out \$18,000,000 in a single year. Where so much gold has been found in placers, there is reason to expect that it may be found abundantly in veins.

MINT PURCHASES OF SILVER.

The offers made for August 13, were 600,000 ounces, of which 400,000, deliverable at the Philadelphia mint, were accepted. The 200,000 ounces offered for delivery at the Carson and San Francisco mints were not accepted, as the prices were decided to be above the market. In that connection the Washington dispatches of August 13, says: "It is stated that, owing to the demand for China and the facilities with which silver can be shipped from San Francisco, that the larger proportion of the remittances of silver to that country by London bankers are now made through their San Francisco correspondents. The time from London to Hong Kong is from sixty to seventy days by steamer, while the time from San Francisco to Hong Kong is only about twenty-eight days."

The idea suggested is that, at San Francisco, China is a better market for silver than the United States mint. The silver shipments from that point to China are nevertheless much below what they were last year and the year before, and have taken only a small part of the silver which comes to the San Francisco market from mines in the United States.

The San Francisco *Commercial Herald* gives the following statement of the treasure export to China from San Francisco for the first half of this year and of the last two years:

1877.....	\$9,190,022
1878.....	8,233,454
1879.....	4,539,568

This statement does not distinguish between gold and silver, but a part of the \$4,539,568 was gold. Still other portions were Mexican dollars and trade dollars. During the first six months of this year, the export from San Francisco by sea to all quarters was \$661,403 in trade dollars, and the bulk of them must have gone to China.

UNITED STATES GOLD COINAGE.

The *Mining Record* speaks complainingly of the fact that the great bulk of the gold coinage at the United States mints consists now, and has consisted for the past twenty-five years, of double eagles, which, from their size, do not get into common circulation, but are used as public and banking reserves, or exported as so much stamped bullion. By way of contrast, the *Record* shows that nearly the whole of the British, Australian, German, and French gold coinages are in pieces of the value of about \$5, or less. The facts are doubtless as stated by the *Record*, but we do not see that any fault is imputable to our mints. Under the laws and habits of this country the great bulk of the circulation of money from hand to hand is paper, while nearly all the metallic money lies in public treasuries and in banks as a reserve. So long as this state of things continues, the most convenient and the most economical gold coinage is into double eagles. That method of coinage is the effect, not the cause, of the fact, that the people prefer small notes—greenbacks and bank notes—rather than gold and silver. If the mint should coin nothing but quarter eagles, no more of them would be in circulation than are seen now, while gold, in the form

of quarter eagles would be less convenient than double eagles to count and transfer in large sums between bankers and in great transactions. If we want more gold in common use we must begin at the other end, and suppress all paper under \$25, as the English, Germans, and French do. More small gold would then be needed, and the mint managers would then have some motive for coining small gold. But, manifestly, it will be a long time before the people of the United States can be persuaded to give up the small paper money, to which they have always been accustomed.

Of foreign gold coinages, the *Record* says:

In France, under the Empire of Louis Napoleon, with a gold coinage to the enormous amount of \$1,355,451,000, more than eighty-one per cent. of the whole was in pieces of a denomination equivalent to \$4 in our currency, while of the balance as much as 12½ per cent. was in a coin equivalent to \$2; on the other hand, the coinage of pieces equivalent to our \$20 pieces, for the last seventy-five years, in the aggregate, has not exceeded \$9,000,000, or 5½ per cent. of the total amount of French gold coinage since 1803. The latest report of French gold coinage, before us, as we write, is that of 1877, when it was entirely in \$4 pieces, and to the extent of \$55,000,000. Everywhere else in Europe has it been the same as in France. The new coinage of gold in Germany, practically speaking, has been in twenty and ten mark pieces exclusively, that is to say, the equivalent of our five-dollar and two-and-a-half-dollar pieces; while the English and Australian mints have been coining little else than sovereigns and half sovereigns.

REAL ESTATE SHRINKAGE.

In reply to criticisms upon the fact that the Connecticut Mutual Life Insurance Company has been obliged to take certain amounts of Western real estate by the foreclosure of mortgages, Jacob L. Greene, Esq., has issued a circular, in which he states that in all these cases no loans were made beyond fifty per cent of the values, as estimated by the appraisers of the company, and he insists that, in consequence of the rapid growth of the West, the danger of ultimate loss is not so great as in the foreclosure of mortgages at the East. On the 1st of January, 1879, the real estate obtained by the company by foreclosure was as follows in certain cities:

Chicago.....	\$2,694,664
St. Louis.....	2,221,499
Indianapolis.....	1,040,834
Detroit.....	274,518
Kansas City.....	83,807

Some of this property has been sold since January for more than the amount of the mortgages. Mr. Greene adds:

"The experience of these places does not differ unfavorably in kind or degree from that of places east, as Boston or New York, and the territory lying around New York, within which the companies of that city are compelled by law to invest their money. Every one of these latter places has suffered by a shrinkage of from twenty-five to seventy-five per cent. from former prices. Their debtor class has been very large, the business failures very numerous, the pressure very severe, the defaults of interest and sales under foreclosure unprecedented, and the market no better than elsewhere."

MR. SHERMAN.

In respect to the act of Congress of May, 1878, amending the resumption law so as to leave outstanding between 346 and 347 millions instead of only 300 millions, the *Cincinnati Commercial* says: "If there is one fact more widely known than another in our finan-

cial history, it is that the amendment here mentioned was passed for the purpose of preventing resumption, and in direct opposition to Sherman's views."

So far as the act of May, 1878, prevented the contraction of the greenbacks to the limit of 300 millions, Mr. Sherman was undoubtedly opposed to it. All the Senators in sympathy with his financial views voted against it, and he has himself often since spoken publicly of the measure as one which made resumption more difficult.

But so far as the act of May, 1878, required that such greenbacks as came into the Treasury after January 1, 1879, by redemption, or in whatever way, should be paid out and kept in circulation, Mr. Sherman was not opposed to it. In his official reports, as Secretary of the Treasury, he had maintained that such re-issue of greenbacks after January 1, 1879, was in accordance with the true construction of the resumption law of 1875, but inasmuch as there might be doubts as to what the true construction should be, he had recommended that Congress should legislate anew. So far as the act of May, 1878, was confined to that point, it was entirely in harmony with Mr. Sherman's views.

SPECIE PAYMENTS.

The Boston *Commercial Bulletin* estimates the accumulation of silver dollars in the U. S. Treasury on the 4th of March, 1881, at sixty-six millions, and adds:

"Unless specially called, the new Congress will not commence until the following December, and it will not be in a position to take action upon this question before the first of January, 1882, when the store of silver dollars will amount to \$86,000,000, and the process of accumulation may have seriously diminished the gold reserve and even threatened the maintenance of specie payments."

It is undoubtedly by a typographical error that the *Bulletin* is made to say that the accumulation of silver dollars "threatens the maintenance of *specie* payments," when it must have intended to say "the maintenance of *gold* payments." The more hard dollars there are in the Treasury, whether gold, or silver, the better secured specie payments are. But certainly silver dollars will not assist at all in gold payments, and will, in fact, render gold payments less probable so far as they take the place, and diminish the quantity, of gold dollars in the Treasury.

A ST. PAUL PROJECT.

St. Paul and Minneapolis have now a railroad connection at Duluth with Lake Superior, and thence with Montreal and the ocean. But the railroad to Duluth has fallen into Chicago hands, which is thought to portend high fares, and they now propose a new connection by constructing a railroad (say 450 miles) to Sault Ste. Marie, which can be bridged, and thence on (say 550 miles more) to Montreal. Of the 450 miles to be built to Sault Ste. Marie, the part in Michigan has a land grant, and of the 550 miles in Canada, one-third is already constructed. The cities at the head of navigation on the Mississippi do not mean to submit, without a struggle, to the operation of being bottled up.

NORTHERN PACIFIC RAILROAD.

The directors of this road have decided that the company shall own and operate all grain elevators on its line, as well as all sleeping and parlor cars which are run regularly over it, and that no special or private freight cars shall be employed on it.

THE CHINESE.

The introduction of Chinese labor into the South continues to be agitated, and has assumed a definite form at New Orleans. A Chinese merchant at that city makes the following announcement: "An opportunity is now offered to bring Chinese laborers to this section, in such numbers as desired, by the 1st to the 15th of September, on a contract to work from twelve to fifteen months—the terms being \$12 a month, and a pound and a half of rice a day, with fifty cents per week in lieu of all other rations, the wages being payable at the end of each month in current funds.

"The laborers under this contract are to work twenty-six days in each month, and all lost time is to be deducted. The cost of transportation on the Mississippi river, south of Memphis, will be \$45 per head, to be advanced by the planter and deducted from the wages of the laborers at the rate of \$5 a month."

BRAZIL.

The Brazilian law of September 28, 1871, in addition to giving to all the children of slave mothers, thereafter born, their freedom on arriving at adult age, set apart certain public funds for the purchase and liberation of slaves; 4,383 slaves have been in that way purchased and set free, and according to the report of the Minister on Agriculture sufficient funds now exist to purchase and free 5,000 more. The same official, estimates that since 1871, the emancipation by individuals have amounted to 40,000 more. The process is manifestly too gradual to account for the alleged present scarcity of labor in Brazil. The summary and possible stoppage of the slave trade by England before 1871, had a good deal more to do with it. The emancipation by individuals have been largely of those who were incapacitated by age or infirmities.

INDIA WHEAT.

In a report recently made to the Indian Government by Dr. Forbes Watson, it is stated that the annual production of wheat in that part of India which is under direct British rule, is from 240 to 260 million bushels, and that, with the addition of the wheat in the protected and dependent States, the crop is only exceeded by that in the United States. Dr. Watson adds that the finest qualities of wheat are produced in India, and that the exportable quantity may be enormously increased by more railroad facilities.

BRITISH BANKRUPTCIES.

The bankruptcies "in the wholesale trade" in Great Britain and Ireland, were 2,172 in 1877, 2,643 in 1878, and 1,553 for the first half of 1879. The London *Economist* adds:

"This does not, of course, include the whole of the failures during the periods specified, as no record is kept of the private arrangements, which have in recent years been forming a growing proportion of the annual insolvencies."

EUROPEAN REFUNDINGS.

The Belgian Chambers have passed a bill to reduce the four-and-a-half-per-cent. National bonds to four per cents. Present holders are to have the option of being paid off, or of taking the new bonds, but they must exercise this option within a limited time. The Bavarian Parliament has passed a similar measure in respect to \$204,000,000 of railroad four-and-a-half-per-cent. bonds, which are guaranteed by the Bavarian Government.

GERMAN RAILWAYS.

Of Bismarck's plan in reference to the German Railways, the London *Economist* says:

"Prince Bismarck proposes to confer upon the Empire a monopoly of the railways. The effect of this measure, which will certainly be voted, will be that the State, which in Germany works very cheaply, tempting its *employees* by social dignity rather than money, will, in the first place, reap a large profit; will, in the second place, be able to reward its non-commissioned officers with substantial and secure places; and will, in the last place, in an emergency, be able to regulate fares so as to secure a considerable temporary increase of revenue."

In our own country we find that everything done by the Government is done at an extra cost, and it is not "social dignity," but "money," and a good deal of it, that men who take office are after.

ITALIAN SILVER.

In the discussions in the French Chambers, July 29, upon the treaty with Italy, whereby that country agrees to take up by instalments its subsidiary, under-weighted silver coins now held in France, M. Say, the Minister of Finance, stated that the Bank of France held those coins to the large amount, in nominal value, of eighty million francs. It was impossible for the bank to get rid of them, as the channels of circulation for that species of money were already filled by the French subsidiary coins. To prevent the return of these small Italian coins to France, they will hereafter not be current there. Whether the Government of Italy will put them into circulation at home, as a substitute for the fractional paper now in use, or melt them down and sell them as bullion, is not determined, or at any rate, is not known. Italy has declined to enter into any stipulation that it would withdraw its fractional paper, although it may do so nevertheless.

FRENCH LAW.

Some time since, certain Frenchmen, who had purchased bonds of the Trans-Continental American Railway, commonly known here as the Memphis & El Paso road, with which Col. Fremont was connected, brought a suit for damages in the French courts against the Paris Syndicate of Agents de Change. The ground of their suit was, that they were induced to purchase by the Syndicate's having given an official quotation for the bonds without due caution, and without paying proper regard to certain rules of French law. They prevailed in the suit, and recovered \$20,000, and it is now said that other French purchasers of the same bonds intend to bring similar suits. Encouraged by the result of the suit which was decided, the liquidators of the Swiss Credit Foncier brought a suit on the same grounds, but lost it because these bonds had been admitted to an official quotation in Geneva three months before they were admitted in Paris, and because Swiss purchasers must be held to have been influenced by the Geneva quotation and not by the Paris quotation.

While Paris was in the hands of the commune, the Bank of France was compelled to pay over to the chiefs of the commune the sum of 7,292,352 francs. It has ever since been trying to recover that amount of the Government of France, as having been paid for public purposes to persons who were at the time the actual administrators of the public authority in Paris. The case was heard before the Council of State, which is invested with the authority of passing

judicially upon claims of that character. The Council of State decided against it, on the ground that it was not money paid for any public use, but was a ransom paid by the Bank in its own interest and to save itself from being more decisively plundered. Notwithstanding this decision, the Minister of Finance agreed to compromise with the Bank by paying them back half the money, but the Budget Committee of the Chamber of Deputies refuses an appropriation to carry out the agreement, affirming that the decision of the Council of State was judicial and final. When the chiefs of the commune look back at the transaction, they are probably as much surprised at their moderation in taking so little from the Bank, as Warren Hastings is said to have been at his own forbearance in dealing with the treasures of Indian princes. The Bank of France naturally enough desires to be indemnified for the lost 7,292,352 francs, but it has much reason to be thankful that it escaped out of the hands of the commune so well.

EFFECT ON INDIA OF THE COINING OF SILVER AT THE UNITED STATES MINT.

At the date, February 28, 1878, of the enactment of the law restoring silver coinage in this country, there was no mint in Europe open to the coinage of silver, and no mint of importance open anywhere except in India. The mints of South America coin but little, and the South American countries use but little metallic money—either gold or silver. The mint of Mexico coins a good deal of silver, but not for local use, and the closing of the Mexican mint would be of the slightest possible consequence as affecting its value. Its production of that metal is large and principally exported, and would be exported just the same if it had no mint. The Mexican Government finds it expedient to maintain fiscal regulations which compel the bringing to the mint of nearly all which the mines yield, the object being to collect the taxes which it imposes upon that production. But the demand for and consumption of silver, are little, if at all, affected by its being minted. Foreigners, to whom it principally goes, would take it just as readily and largely, in bars as in coin. In short, the Indian mint, on the 28th of February, 1878, was the only one in the world which increased the demand for silver. Its closure against silver would have cut off the outlet for that metal to the full extent of what it now coins, and there would have been just so much less silver in the money form in India, although its consumption for ornaments and other uses would have remained the same. How great a demand for silver would thus have been lost will be apparent from the statement, that in the forty years ending with 1875, the coinage at the Indian mint, of new silver, and exclusive of the reminting of old silver coins, was \$900,000,000. This was at an average rate of \$22,250,000 per annum, but the rate in the latter part of the period was much higher than that. In Sœtbeer's new book on the *Production, Coinage, etc., of the Precious Metals*, it is stated that during the twenty-five years ending with 1875, out of a total coinage at all the mints in the world of 42,098,340 kilograms of silver, the India mint coined 17,258,000 kilograms, equal to 37,967,600 pounds avoirdupois, and of the value of \$783,651,264, at the U. S.

valuation of silver. This would be an annual average coinage of \$31,346,050 during the twenty-five years, and, deducting ten per cent. for recoinaiges, would have made the average annual mint absorption of silver, \$28,211,445.

It is not at all doubtful that if the Indian mint had been shut against silver, at any time after the European mints were shut against it, and down to the time when the U. S. mint was partially re-opened to it, the fall in its gold price would have been enormous and temporarily fatal to its monetary use in the Western World. It might have emerged into new life after the catastrophe, but this would have been, by some completely new re-construction, which is by no means certain to have taken place. It is apparent that mankind will not submit to that reduction of general prices which, it is now seen, must attend an attempt to base commerce upon a single metal. But they would have a choice of remedies, either to restore the other metal, or to do their business on paper, and it is impossible to predict which of the two remedies they would have adopted, if a degree of depreciation of silver, incompatible with its use as money, had occurred as the result of the closure against it of the India mint, following a similar closure of the mints of Europe and the United States.

That there has been a serious danger of the closure of the India mint (notwithstanding the U. S. silver-restoration law of February, 1878) is affirmed by those in London most likely to be well-informed; and it is in London that the ultimate authority over Indian affairs is exercised. The reality of the danger may well be admitted, when we look at the power of the interests and influences enlisted in advocating such a policy.

The principal Anglo-Indian interests which are looking to advantage from a closure of the Indian mint to silver, continued long enough to bring up the silver rupee to its old relation of value to the British gold sovereign, are:

1. The Englishmen in official positions in India, civil and military, who are paid in rupees, and who naturally desire to make rupees more valuable, in their purchasing power in India, but especially in the rate at which they can be converted into sterling exchange for purchases in England, and for the support of families resident in England.

2. The Anglo-Indian banks and Indian agencies of British banks and bankers, having a great mass of Indian credits payable in rupees.

3. The holders, whether Englishmen, resident in England, or in India, or native Indians, of that considerable part of the Indian debt which is payable in rupees.

4. The Indian Government, or Treasury of India, considered apart from the interests of the tax-payers who furnish the revenues. It has now annual payments of various kinds to make in England, and in sterling money, to the amount of about sixteen million sterling, or eighty million dollars, and the Indian council must sell rupee bills enough to produce that amount. When silver sells for 50½ pence in gold per ounce in London, it is depreciated one-sixth below the old London gold price of silver which was 60¾ pence per ounce, and in order to produce a given amount of sterling money, the number of rupees to be drawn for must be increased accordingly. At 50½ pence per ounce for silver, bills of exchange for 1,200 rupees will sell for only as much as bills for 1,000 rupees would have commanded formerly. Or, whereas, it would have formerly cost the Indian Government about 160 million rupees to make its London

payments, the cost at 50¼ pence per ounce for silver, would be 192 million rupees. This enormous loss to the Indian Government would be saved, if the rupee was brought up to its old relation to gold, by closing the mint to the further coinage of the rupee, and keeping it closed until the various causes of the disappearance of coined money brought the number of rupees down to a certain point, inasmuch as the value of money depends entirely upon the limitation, natural, or artificial, of its quantity, and upon nothing else.

In the British House of Commons in May, Mr. Stanhope, in submitting the Indian budget, stated that in the five fiscal years from March 31, 1874, to March 31, 1879, the loss to the Indian Government by exchange had been £7,500,000 which would be in rupees, at the average price of silver for a year past, not far from ninety millions rupees. For the first two of these five years, the loss was trifling. So also it was comparatively trifling during 1877. At 50¼ pence for silver, on bill-drawings for £16,000,000 sterling it amounts to £2,666,667, and in India currency to 30,000,004 rupees.

During the first five months of this year, the actual drawings were for 70,837,500 rupees, and were sold for £1,438,895 less money, than they would have sold for at the old exchange of ten rupees for a pound. The loss was therefore \$7,194,475. At the same rate for a whole year, the loss would be \$17,466,850.

The pressure upon the India Government of the desire to get rid, in some way, of a loss on that scale must be very great. There is every reason to believe that it would be irresistible, if the loss should continue on that scale for any length of time, and if there should be no well grounded hope that it would speedily disappear by natural processes. In fact, the loss at any very extreme range has been intermittent, and various occurrences, and notably the determination of the United States, manifested on the 28th of February, 1878, to coin silver, have thus far been sufficient to persuade those who control Indian affairs to maintain a waiting and expectant attitude.

It is true, of course, that the people and tax-payers of India would gain nothing, in saving the present loss on exchange in discharging their debts payable in London, by the proposed method of saving it, which is to carry up the rupee, by suspending its coinage, to its old relation of value to gold. Precisely as much as they gained, they would lose by the real increase of their rupee land rents and taxes. It is just as well for them, so far as their London debt is concerned, to pay an increased number of rupees in order to discharge it, as to pay the same number correspondingly increased in value. And so far as their land rents and taxes are appropriated to other government uses, and so far as all their private debts are concerned, their loss by the appreciation of the rupee would be without any compensation whatever. The balances of money due abroad, even in the most heavily-indebted countries, are always quite insignificant in comparison with balances due at home, and it is as true of India, as it is of all nations, that the folly is extreme, in either establishing or changing systems of money, of regarding its foreign exchangeable value as of any practical account.

But to those who govern India, the question presents itself very differently. A gain in the value of the rupee, paid for land rents and taxes, is pure gain to them, and it is one of those indirect, and to many persons unobserved, modes of taxation, to which those who administer public affairs are always prone to resort. In the case of India, where all other methods consistent with the habits

and condition of the people seem to be exhausted, it seems to be the only mode to produce an equilibrium between receipts and expenditures, except economy; and to that nothing short of the direst necessity ever drove the alien rulers of a conquered country.

Nor would it be wholly impossible to maintain, to some extent, the delusion that the rupee could be raised in value, without increasing the burdens of those who have it to pay. Already many essays and even books have been written to convince the India people that their money could be raised in value, without a fall in the prices of the products of their industry. And even if it turned out that their prices did fall, as their money rose, other essays and books could be written to prove that the fall of prices did not come from a rise in money, but from a great many other different causes. We may smile at such absurdities, but before we conclude that they might not cajole more or less of the people of India, we must remember that absurdities identically the same have been insisted upon, with considerable success, in countries much more intelligent and enlightened than India.

The temptation of the rulers of India to escape a financial dilemma, by artificially raising the value of the rupee, is so great, that the wonder really is that they have resisted it so long. And especially will this appear to be so, when we consider that the individuals who represent the private interests to be benefited by that policy, are precisely the persons whose relations with the Government of India are the most influential. On that point, the *London Times* in December last, very properly admonished it, that "many of its advisers, official or volunteered," had "individual interests" to serve, in urging "the scheme of appreciating the rupee." The *Times* said: "The personal interest of Anglo-Indian officials in an appreciation of the rupee, is palpable. But others among the probable advisers of the Indian Government, have even stronger interests involved, though not of so obvious a kind. The bankers and chief merchants in the trade with the East would all be enriched by a rise of the exchange. The assets of Anglo-Indian banks invested in the East would gradually rise from 1s. 8d. to 2s. per rupee."

Undoubtedly there are many and strong considerations which tend to dissuade the India rulers from the proposed policy, such as the risk of injury to the China trade, which depends largely upon keeping up the value of silver bullion, the danger of an illicit coinage of the rupee if it is made very much dearer than the metal which it contains, and above all, the fear that the people of India might be dangerously restive under a policy which would increase their land rents and taxes, and disorganize and discourage their industries by breaking down the prices of their products. But the history of the case only makes it too probable that the motives impelling the Government to raise the value of the rupee, would have overpowered the opposing considerations, if the silver coinage law of the United States of February, 1878, had not been passed.

The suspension of the coinage of the rupee was first demanded in the summer of 1876, by several Chambers of Commerce in India, it being as true there as it is everywhere else in the world, that such bodies never represent the distinctive mercantile interests, but act as sounding boards for the opinions and wishes of the financial and banking classes. The occasion for the demand was, of course, the sudden and great depreciation of the gold value of silver in June, July, and August, of that year.

The monthly quotations of the gold price, in pence per ounce, of silver in London, in 1876, were as follows:

	Lowest.	Highest.		Lowest.	Highest.
January....	54 $\frac{3}{8}$	56 $\frac{3}{8}$	July.....	46 $\frac{3}{8}$	51 $\frac{1}{2}$
February...	53	54 $\frac{7}{8}$	August.....	50	53 $\frac{1}{8}$
March.....	52 $\frac{1}{2}$	54 $\frac{1}{4}$	September..	51 $\frac{1}{8}$	52 $\frac{1}{2}$
April.....	53 $\frac{1}{2}$	54	October....	52	53 $\frac{1}{2}$
May.....	52	54	November..	53 $\frac{1}{8}$	55
June.....	50	52	December...	56	58 $\frac{1}{2}$

The price of 46 $\frac{3}{8}$ in July was made in a single sale, described in Pixley & Abell's circular as "exceptional," and may be thrown out of the account as an extreme and panic quotation. But the general range for June, July, and August, and indeed for September, was very low, as compared with anything known in the history of the metals within two centuries.

In September, 1876, the Governor-in-Council of India, without a reference of the matter to the home authorities, negated the project of suspending the coinage of the rupee, for the two following assigned reasons:

First—That the ground upon which metallic money was employed by mankind, was, that its value was regulated, not by the capricious determinations of Government, but automatically by the supplies from the mines, and that to control its value by limitations of coinage, was to throw away the only advantage which compensated for the great cost of such money.

Second—That the existing depreciation of silver, as valued in gold, was not the result of excessive supply, or any other permanent circumstance, but of the German policy of selling silver and buying gold, and might be expected to disappear when that disturbing cause ceased to operate.

The speedy rally of silver from the depression of the summer of 1876, so that it was higher at the end than at the beginning of the year, and the fact that a monetary commission was organized by the United States, and then sitting, to enquire into the expediency of restoring the double standard, and that the U. S. House of Representatives passed a free silver coinage bill on the 5th of November, 1876, had the effect to cause the decision of the Governor-in-Council of India, to be acquiesced in for the time being. Subsequent events will be best understood, after looking at the following table of London gold prices in pence, of an ounce of silver, during the several months of 1877 and 1878:*

	1877.	1878.		1877.	1878.
January....	57 $\frac{1}{2}$	53 $\frac{3}{4}$	July.....	53 $\frac{1}{8}$	52 $\frac{3}{8}$
February...	57	54	August.....	54 $\frac{1}{8}$	52 $\frac{1}{4}$
March.....	55 $\frac{1}{2}$	54 $\frac{1}{8}$	September..	54 $\frac{1}{4}$	51 $\frac{1}{2}$
April.....	54 $\frac{1}{2}$	54 $\frac{1}{4}$	October....	55 $\frac{1}{2}$	50 $\frac{1}{4}$
May.....	54 $\frac{3}{8}$	53 $\frac{3}{4}$	November..	55	50 $\frac{3}{8}$
June.....	53 $\frac{3}{8}$	53 $\frac{1}{2}$	December...	54 $\frac{1}{4}$	—

From December, 1878, to May 17, 1879, when Bismarck announced his purpose to suspend the German silver sales, the price fluctuated about fifty as a central point, falling occasionally a minute fraction below forty-nine, and rising (although more rarely) to fifty-one. The average for the five months was very slightly under fifty, and

*The figures to and including June, 1877, and from July to November (both inclusive), 1878, are taken from the *N. Y. Banker's Almanac and Register*. For the other months, they are the figures for the average price of the first week in each month, as given on page 243 of *Spofford's Almanac* for 1879.

it stood at that figure when the announcement of Bismarck was made.

It was during the latter part of 1878 that the scheme of closing the India mints to silver was revived, and that pamphlets and essays in favor of it became even more numerous than in 1876. Silver had fallen lower than during the summer of 1876, and had fallen notwithstanding the renewal of silver coinage, although on a limited scale, in this country. This low price of silver, and which continued to May of this year, has presented an inducement to influential interests to endeavor to raise the rupee to its former relation to gold, even stronger than was presented three years ago.

In the summer of 1876, the Governor-in-Council of India met the proposed limitation of the coinage of the rupee, with a public and distinct negative. It was an ominous change that at the end of 1878, the Government of India met it with a recommendation communicated privately to the authorities at home. What its exact nature was, those authorities have never seen fit to disclose, but all those London journals which have been opposed to the suspension of the coinage of the rupee, such as the *Economist*, *Times*, and *Statist*, and which have access to the best sources of information, have said all along, that it was this suspension of the rupee coinage which was the measure proposed by the India Government. All doubt on that point is removed by the Calcutta correspondence (June 22) of the London *Times*, in which a synopsis is given of a financial circular issued on the 16th of June by the Governor-in-Council to the local governments of India of which the following is a part:

When the Budget for the present year [commencing April 1] was framed, the war in Afghanistan was still going on, and it was impossible to say how long it might continue; but a cause of much greater apprehension was the serious fall in exchange in the value of the rupee. The question whether any remedy could be found for this loss by exchange was then under the consideration of the Home Government, and it seemed to the India Government that this question must be settled before any measures for imposing new taxation, or reducing any really useful expenditure, could properly be adopted. The Governor-General states that the decision—that the expectation of an alteration in the currency laws, for the purpose of removing difficulties caused by the fall in the value of silver, must be abandoned, reached the India Government about the beginning of May. Measures were immediately taken to reduce the expenditure. Orders have already been issued to provide for the reduction on ordinary public works, of £ 733,000, stringent measures being taken for the reduction of the central establishments of the Government of India. It is hoped that in the civil departments alone, savings of one million may be effected, but against this must be set off pensions and compensation to officers dispensed with. Commissions have been appointed at home and in India, to inquire into possible reductions of military expenses. Except the loss by exchange, there is no cause for financial anxiety now apparent; but experience has shown how serious this exception may prove. *The policy of rigid economy must therefore be followed.*

Here we have it distinctly stated that the India Government had proposed a measure to save the embarrassing loss by exchange, and no other measure is possible except an artificial enhancement of the value of the rupee by limiting its coinage. It is also distinctly stated, that savings by retrenchment and economy were deferred, in the hope that the home authorities would sanction the proposed scheme of saving the loss in exchanging rupees for sterling money, and that those authorities did not give notice, until in the beginning of May, that this hope must be abandoned. There is thus entirely satisfactory proof that the home authorities did seriously, and for a considerable time, entertain the proposal made to them. The London

Economist affirmed many times during the past winter, that there was a good deal of danger that they would finally agree to the proposal. In the House of Commons, in April last, Mr. Goschen indicated similar fears, and asked an assurance that the Ministry would do nothing without consulting Parliament. All the assurance he obtained was, that if Parliament was in session, nothing should be done until it had first been communicated to them.

At this distance, we are very liable to be misled as to policies likely to be pursued in Europe, by misunderstanding both the actual influence and the actual purposes of public men and public journals. We are on more solid ground when we forecast the effect of events and the operation of plainly discernible motives. We see the great power of the interests in India which would be benefited by the suspension of the silver coinage, and we see that this benefit increases with the divergence between the two metals. There is no difficulty in interpreting the facts, that the demand for the suspension of silver coinage was originally made, when silver had its first great fall in its valuation in gold in the summer of 1876; that the demand was lulled during the two subsequent years of a considerable rise in silver; and that it broke out afresh and with augmented potency in the autumn of 1878, when silver had a second fall, exceeding that of 1876. And there can be no error in the conclusion that whatever depresses the gold valuation of silver, increases the danger of a closure of the India mint, and that whatever raises the gold valuation of silver diminishes that danger. How imminent the danger now is, or ever has been, may be uncertain, but of its reality there can be no question. No doubt it would be a mistake to assume that Mr. Goschen absolutely meant all that he said, as one of the representatives of Great Britain in the International Monetary Conference at Paris, in August 1878, when he made the declaration that England was in its Indian dependency the chief silver coiner of the world, and would be obliged to consider how much longer she would continue to be so, if the other nations in Europe refused to coin it. Mr. Goschen was speaking to carry a point, and made the best use of any vantage ground he had. But he would not have spoken as he did, if the closure of the India mint had not been among the things contemplated by English statesmen as contingently possible. Nor must we forget that the main objection to the closure of the mint, which was urged by the Governor-in-Council of India, in 1876, while it has not lost and never can lose by lapse of time any part of its intrinsic logical force, is actually less effective with mankind than it then was. As vices seem to have a less hideous mien as we become familiarized with them, so absurdities seem less grotesque when they are enacted all around us, and even by those to whom we are accustomed to look as examples. In the controversy so long waged between metallic and paper money, the single superiority ever claimed, or possible to be claimed, for metallic money, was the fact that the quantity of its supply, on which its value depends, was regulated by nature, and not by the caprices of politicians. In every other respect it is inferior to paper, besides being more costly. A limitation of coinage, which takes away the only merit metallic money has, was first heard of in 1874, in an agreement, on the face of it temporary, of the Latin Union. It was still a very new thing when the Governor-in-Council of India, summarily rejected it in 1876. But a down-hill road is quickly traveled. Within three years the agreement of the Latin Union has been extended for an additional six years, and this country has also

adopted the policy of limitation, and with a feature which could not probably obtain the sanction of any other Constitutional government in the world, that of leaving it to the discretion of an executive officer, whether the coinage of silver should be two or four million dollars per month, or some intermediate figure. If the rulers of India wish to limit silver coinage, they have now an abundance of precedents for it.

Upon the whole case, the conclusion seems irresistible, that a closure of the India mint to silver was barely saved by the decision of the American Congress, in February, 1878, to restore the coinage of that metal. Under the decision then reached, the American mint has absorbed, and made an entirely new market for, one-third of the total production of all the silver mines of the world, and this at a most critical moment in the position of the precious metals. This new market did not raise the gold valuation of silver, or even wholly prevent its decline from other extraordinary causes, but its plain tendency and effect have been to ward off a much more disastrous decline which would otherwise have been inevitable, from the continual sales by Germany, and the sudden and great falling off in the Eastern demand for silver, resulting from the repeated famines in India and China.

The total silver exports to the East from Europe and the United States were: 1876, \$64,000,000; 1877, \$104,000,000; 1878, \$41,000,000.

With the sudden collapse of the Eastern demand, nobody can undertake to say how much lower silver would have fallen than it actually did, if the mint of the United States had not begun in March, 1878, to be a steady customer for the metal. With a much greater fall than actually occurred, the India mint would in all probability have been closed. And such greater fall would have been inevitable, if the American Congress had, in the winter of 1878-9, adopted the advice of the Secretary of the Treasury, given in his annual report of December, 1878, to arrest the American silver dollar coinage at a maximum aggregate limit of \$50,000,000.

On the 12th of June, in the British House of Commons, renewing his remonstrances against tampering with the India currency, Mr. Goschen urged as a ground for hoping that silver would recover its normal status without a resort to violent expedients, the assurances which he said he had from high authority that the German Government would make no more sales. He recognized the true source of the danger of violent expedients, which was the depreciation in the gold value of silver, and that the way to combat the danger was to point out and insist upon every fact which promised relief from this depreciation. It is hardly necessary to say, that the continuance of the U. S. mint demand for silver has precisely the same effect to keep it up, as a cessation of German sales to the same extent.

The London *Economist* of June 14, which recorded the large advance that had then recently taken place in the gold price of silver, says:

The probability seems to be that in time something like the old proportion between the value of gold and silver will be re-established. This rehabilitation of silver would, however, be seriously imperilled by any tampering with the India coinage, and it is gratifying, therefore, to find that both the Government and the House of Commons are opposed to all interference with the present arrangements.

The cause of this suddenly acquired confidence of the *Economist* in the course of the Government, in place of the previous distrust which it had not attempted to conceal, is not far to seek. It was nothing

else than the rise of the gold price of silver from fifty to fifty-two pence per ounce.

Of course it was not possible on the 28th of February, 1878, to foresee the degree and rapidity of the subsequent decline in the Eastern demand for silver and in the gold price of that metal. And of course it was not then possible to know how urgent the necessity was, in reference to upholding the free monetary use of silver in India, that its coinage in this country should be ordered by the 45th Congress, and as early as during its first regular session. But the far-seeing statesmen whose councils prevailed in that body, proceeded upon the sound general view, that the plain and sure way to uphold silver as one of the money metals of the world, was to coin it in the United States. They comprehended that things were in the vicious circle described by Mr. Goschen, at the International Conference of August, 1878, that is to say, that silver had depreciated relatively to gold by being demonetized, and that this very depreciation was urged as the principal reason for further demonetization. They saw that while small nations might not be able to escape out of this vicious circle, it could be broken through by main strength by the United States, which is recognized by all mankind as the coming power on the globe. Not doubting for a moment that the effect of coining silver here would be to encourage and aid those in Europe who desired to coin it there, they believed furthermore, that be the determinations of Europe what they might, America was strong enough to sustain a metal which is the exclusive money of a large majority of mankind. Events have already justified their conclusions, and even now the world is beginning to acknowledge the immeasurable debt of gratitude which it owes to them, for their profound comprehension of a perplexed and difficult situation, and for the unshaken firmness with which they adhered to wise resolutions.

GEO. M. WESTON.

THE KALEIDOGRAPH.—The *British Mercantile Gazette* thus describes a new invention, which promises to supersede any of the duplicating machines hitherto in use: "The 'Kaleidograph' is a simple apparatus for instantaneously copying in one, two, or three colors, circulars, notices, drawings, plans, maps, designs, reports, examination papers, statements of accounts, specifications, music, etc. With the aid of the apparatus, formed of a shallow tray filled with a molten elastic composition, having the appearance of cream-colored india-rubber, forty or fifty perfect fac-similes may be produced in a few minutes. The directions for taking the copies are as follows: Write in the usual way and on ordinary paper, using the ink supplied with the apparatus, and allow it to dry without the use of blotting paper. Then place this writing face downwards on the composition, and smooth it down lightly with the hand. Leave it for a minute, and on taking it off a negative will appear on the composition. Place a sheet of paper on this negative, smooth it down lightly, and it receives a clear and distinct impression in an instant. Repeat this operation for as many copies as may be required. To remove the negative from the composition wash it gently with a soft sponge or flannel and clean cold water immediately after you have printed the required copies. Should the surface be injured from any cause put the apparatus over a moderate fire, when it will quickly dissolve, and in cooling will again form a smooth, even surface. When hard, sponge it lightly with cold water just before using it the first time. The Kaleidograph is claimed to be the only apparatus of the kind adapted for use in all temperatures from 20° to 90°."

CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION.

FIRST DAY, *August 6th, 1879.*

The Convention of the American Bankers' Association assembled at Saratoga, N. Y., in the Town Hall, on August 6th, at 11:30 A. M. In the absence of President Mitchell, the First Vice-President, Mr. Vermilye, presided. James Buell, Esq., Secretary, of New York, read his annual report, and, in the absence of the Treasurer, also read the latter's report, which showed a balance of \$ 1,500, after liquidating all the expenses of the present Convention.

The following is an abstract of the report and address of the Secretary :

At the last Convention of this Association, the Secretary was instructed to invite all banks and bankers in the United States to unite with us in a renewed effort to get relief from the excessive and invidious taxation now levied upon us, and for other purposes.

In pursuance of such instructions, this office issued invitations to 2,058 National banks, 874 State banks, 601 Savings banks and 2,552 private bankers. In addition, many private letters were written, and also, where it was thought needful, vice-presidents in the various States were furnished with lists of the members of this Association, and requested to use their individual efforts to obtain such accession of members to our Association as they might be able. Some of our vice-presidents aided us efficiently—others did not.

During the past year we have not been idle. We have sent out, of printed matter, nearly two hundred thousand circulars, newspapers, pamphlets and other documents; also, we have sent and received considerably over one hundred thousand letters and communications through the mails.

The above statements will give you some idea of the labors and efforts put forth by us during the past year.

Many persons have seemed to infer that this Association was ephemeral, and that its main and almost only object was to get relief from the unjust and mischievous taxation now levied upon the business of banking. The projectors of this Association had no such idea, but supposed the organization would be found useful in many ways, so much so as to ensure its permanence. The pressure of taxation was and is so ruinous in many parts of the country, that a conspicuous prominence has for the present been given to tax repeal. And we are greatly encouraged to continue our efforts by the fact that popular prejudices fomented by ignorant or designing persons against banks, have spent much of their force, and the indications are that a wiser and better spirit is asserting itself among the masses.

The popular mind has been much enlightened by our efforts, and, with the diffusion of intelligent financial facts and sound knowledge of banking, we may hope in time to correct present errors if we cannot undo past abuses. Until this Association began enlightening the public on the invidious taxes levied upon the commercial community through taxation of the banks, the true state of the case was not understood even by stockholders and dealers of banks, who are the principal sufferers. The extent to which the banks are taxed is nearly hidden from the public by the fact that they have made the mistake of paying their taxes instead of letting the stockholders each pay his proportionate share. They would then realize the enormous rate of taxation to which this kind of investment is subjected over other kinds of business capital. Had shareholders of banks heretofore been obliged to pay their own taxes, the present unjust system of double taxation upon us would long since have been abolished.

Each year members of Congress and State Legislatures are more and more

inclined to look to us for trustworthy statements of facts and information concerning our taxation.

Bank managers are the most apathetic business people that I have ever come in contact with; an earthquake will hardly induce them to move out of their easy chairs. They need not be suppliants, indeed. They want justice and not favors. Did they but realize their strength, and, acting together, exert it as do other great interests, we should have to ask but once and our request would be granted. The banks represent the entire commerce of the country—the mining, the iron, the manufacturing, the agricultural—even the whiskey and tobacco interests are dependent upon and are tributary to the banks, and the banks in turn to them. Suppose banks and bankers should stop discounting for any one of these interests for thirty or forty days; nay, suppose the banks should cease making discounts to all of these interests at one and the same time, would not chaos come again? The movable capital of the entire commercial public of the country is in the banks.

There are over 6,000 banks and bankers in the United States wielding of capital and deposits over three thousand millions of dollars. They have only to move all along the lines, and retire from business, and let the windy demagogues supply their place with money and credits, if they can. There is nothing so timid as capital—nothing so easily scared as one million, unless it be two millions.

The matter of taxation has been brought by parties interested before the courts of different States. In Ohio, we are informed that the courts have decided that the banks are now unconstitutionally taxed, but in this State a reverse decision has been made. Both these cases, we understand, will come before the United States Supreme Court at Washington, in October next. If the "Ohio idea" is sustained, that banks have rights, under the Constitution of the United States, of being taxed only as other interests are taxed, the commercial community will have cause to rejoice, and get relief at once.

Banks have no monopoly. They have no special privileges except circulation. They want none. They merely ask for justice. Ask that they may be taxed only as other corporations and property are taxed; no less, no more. Now they are taxed by the United States and also by the States, the same as other corporations and property are taxed, in addition to the heavy taxation of the Federal Government. Thus they are doubly taxed. No other species of property is so taxed. Within the next five years probably a large majority of the charters of the National banks will expire, and unless some radical change in taxation of this kind of capital, nearly or quite all of these banks must go into liquidation and their places will not be supplied by State banks, because taxation is as heavy upon them as upon the National banks. The capital now in National banks will be invested in some way where it will quite probably escape taxation altogether, as most other personal property does. Thus the present unjust system will defeat itself by driving capital out of the assessors' reach altogether. Already there have been retired from New York City alone, within the past few years, over \$30,000,000 of banking capital and surplus. Probably not one-tenth part of that capital is now subject to taxation.

Banks have privileges like other corporations, no more, except that of issuing circulating notes, which is regarded by many as no privilege at all. A large number of banks take out no circulating notes, as it affords so little profit to them, though it is of great profit for the public, to have a currency at par everywhere. There are now nearly \$80,000,000 of these National bank notes, to which the banks are entitled, but they see no profit in their use; and hence do not call for them.

Resumption is now a fact accomplished. Our money is made equal to the money of the world—gold, so that honest labor will command an honest dollar. Under its beneficent operations business and confidence are reviving all over the country. The wheels of machinery are running with nearly or quite the same speed as before the war. The savings to labor to-day are greater than for several years past. The purchasing power of the earnings of labor is now larger than ever before. The people are better fed, better clothed, and better housed, and can command more of the comforts of life than at any

time heretofore, owing to the progress of discovery and invention, as well as to the increased use of machinery, and the harmonious working of capital and labor. Both of these forces—capital and labor—instead of being antagonistic, are, and ought to be, allies. When any conflict occurs between them, it is brought about by elements beyond the control of either. On the 30th of last month the total amount of currency in circulation was \$734,801,994.78, worth its face in gold. This is about \$9,000,000 in excess of the purchasing power of the total outstanding currency at any previous period of American history.

A committee, appointed by the Chair, made the following nominations for officers of the Association for 1878-9, which were confirmed by the Convention:

President.

ALEXANDER MITCHELL, President, Marine and Fire Insurance Bank, Milwaukee, Wis.

First Vice-President.

JACOB D. VERMILYE, President, Merchants' National Bank, New York City.

Vice-Presidents.

ALABAMA.....	Thomas Henry, President, Mobile Savings Bank, Mobile.
ARKANSAS.....	Logan H. Roots, President, Merchants' National Bank, Little Rock.
CALIFORNIA.....	William Alvord, President, Bank of California, San Francisco.
COLORADO.....	William B. Berger, Cashier, Colorado National Bank, Denver.
CONNECTICUT.....	George A. Butler, Cashier, National Traders' Bank, New Haven.
DAKOTA.....	L. R. Graves, President, First National Bank, Deadwood City.
DELAWARE.....	Edward Betts, President, First National Bank, Wilmington.
DIST. OF COLUMBIA.....	John A. J. Creswell, President, Citizens' National Bank of Washington.
FLORIDA.....	D. G. Ambler, President, Ambler's Bank, Jacksonville.
GEORGIA.....	William H. Patterson, Cashier, Citizens' Bank of Georgia, Atlanta.
IDAHO.....	James H. McCarty, President, First National Bank, Boise City.
ILLINOIS.....	John DeKoven, Cashier, Merchants' National Bank, Chicago.
INDIANA.....	F. A. W. Davis, Cashier, Indiana Banking Company, Indianapolis.
IOWA.....	F. H. Griggs, President, Citizens' National Bank, Davenport.
KANSAS.....	John R. Mulvane, President, Topeka Bank, Topeka.
KENTUCKY.....	J. W. Proctor, Cashier, Central National Bank, Danville.
LOUISIANA.....	J. J. Tarleton, Cashier, Citizens' Bank, New Orleans.
MAINE.....	William E. Gould, Cashier, First National Bank, Portland.
MARYLAND.....	J. S. Norris, President, First National Bank, Baltimore.
MASSACHUSETTS.....	William H. Foster, Cashier, Asiatic National Bank, Salem.
MICHIGAN.....	Henry P. Baldwin, President, Second National Bank, Detroit.
MINNESOTA.....	Horace Thompson, President, First National Bank, St. Paul.
MISSISSIPPI.....	Edward S. Butts, President, Vicksburg Bank, Vicksburg.
MISSOURI.....	Rufus J. Lackland, President, Boatmen's Savings Bank, St. Louis.
MONTANA.....	L. H. Hershfield, Banker, Helena.
NEVADA.....	George Tuffy, President, Carson City Savings Bank, Carson City.
NEBRASKA.....	H. Kountze, President, First National Bank of Omaha, Omaha.
NEW HAMPSHIRE.....	Henry J. Crippen, Cashier, National State Capital Bank, Concord.
NEW JERSEY.....	O. L. Baldwin, Cashier, Mechanics' National Bank, Newark.
NEW MEXICO.....	S. B. Elkins, President, First National Bank, Santa Fe.
NEW YORK.....	Jacob D. Vermilye, President, Merchants' National Bank, New York City.
NORTH CAROLINA.....	William E. Anderson, President, Citizens' National Bank, Raleigh.
OHIO.....	Daniel J. Fallis, President, Merchants' National Bank, Cincinnati.
OREGON.....	Henry W. Corbett, Ex-Senator U. S. and Vice-President First N. B., Portland.
PENNSYLVANIA.....	Joseph Patterson, President, Western National Bank, Philadelphia.
RHODE ISLAND.....	J. W. Vernon, Cashier, Merchants' National Bank, Providence.
SOUTH CAROLINA.....	William C. Breese, Cashier, First National Bank, Charleston.
TENNESSEE.....	S. P. Reed, Union & Planters' Bank, Memphis.
TEXAS.....	B. A. Shepherd, President, First National Bank, Houston.
UTAH.....	William H. Hooper, President, Deseret National Bank, Salt Lake City.
VERMONT.....	L. P. Poland, President, First National Bank, St. Johnsbury.
VIRGINIA.....	John Echols, President, National Valley Bank, Staunton.
WASHINGTON TERR.....	Dexter Horton, of Horton & Co., Seattle.
WEST VIRGINIA.....	J. Nelson Vance, President, Exchange Bank, Wheeling.
WISCONSIN.....	N. B. Van Slyke, President, First National Bank, Madison.
WYOMING.....	Edward Ivinson, President, Wyoming National Bank, Laramie City.

Executive Council.

GEORGE S. COE, President, American Exchange National Bank of New York.
JAMES BUELL, President, Importers and Traders' National Bank of New York.
MORTON McMICHAEL, Jr., Cashier, First National Bank of Philadelphia.
EDWARD TYLER, Cashier, Suffolk National Bank, of Boston, Mass.
J. W. LOCKWOOD, Cashier, National Bank of Virginia, Richmond.
J. D. HAYES, Vice-President, Merchants and Manufacturers' National Bank, Detroit, Mich.
L. J. GAGE, Cashier, First National Bank, Chicago, Ill.
WILLIAM C. DESHLER, President, National Exchange Bank, Columbus, Ohio.
ED. B. JUDSON, President, First National Bank, Syracuse, N. Y.
EX-GOV. SAMUEL MERRILL, President, Citizens' National Bank, Des Moines, Iowa.
M. KOPFERL, President, National Bank of Texas, Galveston, Texas.

CHARLES PARSONS, President, State Savings Association, St. Louis, Mo.
 HORL H. CAMP, Cashier, First National Bank, Milwaukee, Wis.
 WM. H. THAWN, President, National Bank of the Republic, Philadelphia, Pa.
 R. H. THURMAN, Cashier, First National Bank, Troy, N. Y.
 LOGAN C. MURRAY, Cashier, Kentucky National Bank, Louisville, Ky.
 W. H. MORRISON, President, First National Bank, Indianapolis, Ind.
 A. H. MOSS, President, First National Bank, Sandusky, Ohio.
 J. H. MILLARD, Cashier, Omaha National Bank, Omaha, Nebraska.

Mr. H. H. Camp, of Milwaukee, read an interesting paper on the *History of Western Banking*.

Mr. George R. Gibson, of California, followed with a paper on banking in that State, which was listened to with much attention.

A resolution to the effect that the members of the Convention meet in the hall to-morrow ten minutes previous to the time appointed for business for the purpose of becoming better acquainted, was adopted.

The Convention then adjourned until to-morrow at 11 o'clock.

SECOND DAY, August 7th, 1879.

The attendance at the Convention this morning was very large. The first thing in order was the address of Mr. Knox, which we give in full:

ADDRESS OF HON. JOHN JAY KNOX, COMPTROLLER OF THE CURRENCY.

When I received, a few days ago, an invitation of this Association to address and participate in its proceedings, I hesitated as to the propriety of an acceptance of the invitation. As the head of the National Bank Department of the United States, it becomes my duty, several times in each year, to receive from the more than 2,000 National banks of the country reports of their condition, to scrutinize them closely, and then, without fear or favor, to call the attention of the officers to such violations of law as may exist.

Your Association is formed for social purposes, and for an interchange of opinions, not only in reference to any proposed amendment of the laws governing the banks, but also, perhaps, as to the conduct of the National Bank Department itself. It has seemed to me that the head of this department might not, perhaps, be a welcome guest on such an occasion; or that, if welcomed, it would possibly be after the manner in which boys in vacation might be expected to greet a scolding school-master, who should suddenly intrude himself upon them while having a good time in their midsummer holiday.

Besides, this is not exclusively a Convention of National bankers. The whole number of incorporated and private banks represented here is more than sixty-four hundred, of which number the National banks are somewhat less than one-third; so that, even if the Comptroller were warmly welcomed by the members of the National system, the State banks, the Savings banks, and the private bankers might, perhaps, properly exclaim: "By what right or courtesy does the official head of the National Bank Department, who is continually setting forth the merits of the National system, thrust his opinion upon us in this Convention, who are not bound by the law of that system?"

These may, therefore, seem to be good reasons why the Comptroller should be absent from the Convention, or why, if present, he should be a listener merely, without taking part in its proceedings, or in any way presuming to dictate to or intrude his opinions upon or instruct those whose business is quite independent of laws enacted at Washington. But, upon further reflection, it occurred to him that, after all, this Association is really indebted to the Treasury Department at Washington for the figures which show the present dimensions of the banking business of this country, and which gives not only the existing number of banks and bankers, but also the amount of their capital and deposits.

THE COLLECTION OF BANK STATISTICS.

The occasion of their being indebted to the Comptroller for this information is that, until very recently, no adequate authority or means have existed for obtaining it. In 1873 an act was passed by Congress, directing the Comptroller to collate such information, and an effort was then made by him, but with indifferent success, to obtain it from the different State officials. Many of the

States do not require such data to be furnished to any State official, and none of the States require any of its private bankers to make any official reports whatever. But all banks and private bankers throughout the whole country are obliged to report to the Treasury Department the amount of their capital and deposits, for purposes of taxation. Acting, therefore, upon this idea, a new field for exploration was found in the files of the Commissioner of Internal Revenue. In that office are multitudinous papers received from every collection district in the country, giving the information mentioned as to every existing banking institution and public or private banker. These huge piles of papers were transferred temporarily to the office of the Comptroller, and there arranged by States and cities, and tabulated, and the result of weeks of labor upon them appear in a single table of five lines, giving the geographical divisions, the capital, the deposits, and the total number of public and private establishments in this country engaged in the business of banking, as follows:

TABLES OF BANKING CAPITAL AND DEPOSITS.

Geographical Divisions.	State Banks and Trust Companies.			Private Bankers.			Savings Banks with Capital			Sav. Banks without Cap.	
	No.	Capital.		No.	Deposits.		No.	Cap't.		No.	Dep'ts.
		Mil.	Mil.		Mil.	Mil.		Mil.	Mil.		
May 31st, 1878.											
New England States	42	8.19	15.06	71	2.86	3.23	1	0.07	1.14	441	403.43
Middle States.....	217	42.45	122.10	916	34.48	61.92	3	0.16	1.37	190	358.68
Southern States.....	233	27.38	30.67	280	7.30	13.68	4	0.88	1.28	3	2.14
Western States and Territories.....	361	46.33	61.65	1,589	33.16	105.00	15	2.13	22.39	34	39.05
United States.....	853	124.35	229.48	2,856	77.80	183.83	23	3.24	26.18	668	803.30

In each of the past four years this work has been repeated, so that now, annually, the country is informed, not only of the grand aggregates, but the figures are given for each State and Territory in the Union. I also give a table showing the aggregate average capital and deposits for the period named of all banks other than National, together with the capital and deposits of the National banks on June 29 following:

Geographical Divisions.	State Banks, Savings Banks, Private Bankers, etc., May 31, 1878.			National Banks, June 29, 1878.			Total.		
	No.	Capital.		No.	Capital.		No.	Capital.	
		Mil.	Mil.		Mil.	Mil.		Mil.	Mil.
New England States..	555	11.12	422.86	542	166.52	128.83	1,097	177.64	551.69
Middle States.....	1,326	77.09	544.07	634	177.18	374.89	1,960	254.27	918.96
Southern States.....	520	35.55	47.77	176	31.49	35.94	696	67.04	83.71
Western States and Territories.....	1,999	81.62	228.09	704	95.20	137.50	2,703	176.82	365.59
United States.....	4,400	205.38	1,242.79	2,056	470.39	677.16	6,456	675.77	1,919.95

From this table it will be seen that the total number of banks and bankers in the country at the dates named was 6,456, with a total banking capital of nearly six hundred and seventy-six millions (\$675,776,198), and total deposits of nearly one billion nine hundred and twenty millions (\$1,919,954,201).

The Comptroller may then possibly be thought entitled to some consideration, when it is known that at least twice a year he has, at his command, information which gives the tax returns, not alone of the National banks, but of every other bank and banker in the land, when he has free access to the family secrets of you all, so that he knows precisely the average amount of capital and deposits you each had for the six months ending on the last day of May and November of each year, and not only that, but how many of the private bankers of the country report no capital at all!

THE RELATIONS OF NATIONAL AND STATE BANKS.

But, seriously why should I apologize further? I well know and appreciate how much the National banking system is indebted for its rapid progress and success to the conversion of so many of the State banks into National Asso-

ciations. The leading banking business in the City of Washington has long been conducted, not by a National bank, but by a private banker, whose name, as well as that of his previous partner, is well known to all. Two of the oldest and leading banks in the City of New York are State banks, and their statements show that they hold the necessary amount of reserve, and conform to other useful restrictions, without regard to the provisions of the National Bank Act. I know full well that nowhere can there be found institutions which have been for years, and still are, conducted upon sounder banking principles than many of the State banks in the principal cities and villages of the country, of which number the institution presided over by the worthy President of this Association is an honorable example.

THE RESULTS OF TAXATION.

As I have before suggested, the taxation of banks and bankers has produced at least one beneficial result, in that it has enabled the Comptroller to compile statistics in reference to the entire banking business of the country, which heretofore had been utterly unattainable. To be sure, the coffers of the Government have, at the same time, been largely replenished, but if this tax has been excessive and collected to the detriment of the business and commerce of the country, it cannot be considered an unmixed benefit. One of the evil results of this system of taxation has been to largely increase the rates of interest in the rural districts; and thus to place its burden upon that class of people who, of all others, are least able to bear it. The bank taxes, both State and National, have been most arbitrary and unjust, in many cases resulting in the collection of twice or three times the amount imposed upon other capital, while the law provides that it shall be exactly the same. Its evil effects are seen in the rapid reduction of banking capital which has taken place, and which is most noticeable in the City of New York. The tax upon deposits should long ago have been repealed; and if the carefully prepared tables, and the sound arguments in favor of such repeal, which have been so frequently presented by this Association, had received the favorable consideration from Congress to which it is believed they are entitled, it would have long since been accomplished.

WHY THE TAX HAS BEEN RETAINED.

Why, then, has not the desired legislation been obtained? The reasons are the following:

First.—The income from the tax has been needed by the Government.

Second.—An unreasonable prejudice has existed against the banks.

The first-named reason has abundant answer in the annual saving of \$14,000,000 of interest upon the public debt, largely, too, at the expense of the banks, who were large holders of United States bonds.

The prejudice against banks in this country has, undoubtedly, partly arisen from the losses sustained by the people in former years, upon the circulating notes of these institutions. But the present generation of young men have not experienced such losses; and the reasons for this prejudice must be looked for elsewhere. I remember during my first banking experience to have read from the title page of the *BANKER'S MAGAZINE* the following motto: "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." And it is probable that the strict observance of a motto like this would account, in a large degree, for this unreasonable prejudice.

A good banker is one who takes better care of other people's money than of his own. A good bank is one whose assets can be converted into money on short notice, if it should be necessary to pay its debts; and I have the pleasure of the acquaintance of many such institutions.

During hard times people generally are short of money. The borrowers are many, and the lenders are few, and good borrowers are scarce also. Money can only be loaned by good bankers to those who are certain to pay. In this country, particularly, and in all new countries, there are an abundance of

schemes and projects, the operations of which require much money. If a banker will lend, the risk is his; the profit is the borrowers. Those who will not lend other people's money on the security of doubtful enterprises, are "money sharks," or "gold bugs," and "bloated bondholders."

The "clever fellows" are those who borrow other people's money, and spend it generously, and frequently come to speedy grief, and their friends with them—while the prudent, careful banker survives the evil times and wins the confidence of all. The refusal to loan money except upon the best security, may account, largely, for the prejudice against banks and bankers as a class, but when good times come, and when people generally are prosperous, the prejudice ceases to a large extent. Holders of bonds bearing four-per-cent. interest, can hardly be called "bloated;" "gold bugs" who loan money in Wall street at from two per cent. to four per cent. per annum, cannot well be termed "money sharks." I look for a change of opinion among the people, in reference to banks and bankers who have survived the evil times through which you all have passed. If the people change their minds, the minds of members of Congress will also change; so that I feel quite certain that the tax upon deposits will be repealed by the next Congress. At any rate, it is the duty of this Association to persist with line upon line, and precept upon precept, here a little and there a little, until its repeal is accomplished.

RESUMPTION.

Every citizen of this country, and particularly those in the immediate service of the Government, feel proud of the late achievements of the Treasury Department. During the last two-and-one-third years the Secretary has sold \$741,522,000 of four-per-cent. bonds. He also sold sixty-five millions of four-and-a-half per cent. bonds, fifty millions of them at a premium of one-and-a-half per cent. for resumption purposes. Five hundred and sixteen millions of the four-per-cent. bonds were used to pay off the outstanding six-per-cent. bonds, and the avails of 194 millions—150 millions, of which were sold at a premium of one-half of one per cent., were used to redeem bonds bearing interest at five per cent. The annual saving in interest upon these transactions amounts to more than fourteen millions of dollars (\$14,297,177).

But the financial marvels of the first four months succeeding resumption day (January 1, 1879) are beyond all precedent. No nation* ever before within one hundred days sold 537 millions (\$537,676,550) of bonds at as low a rate of interest as four per cent. No nation ever before in one hundred days made an annual saving of eight millions (\$8,810,468) in interest upon its public debt. No nation ever before resumed specie payment with 670 millions of paper money in circulation. Never before have any people evinced such unbounded faith in the credit of the nation as have the American people, during the past six months. The man cannot be found in all this land who since the resumption of specie payments, has demanded a dollar of coin because he lacked faith in the issues of the country or of the banks. The amount of gold coin in the Treasury and in the banks is to-day greater than on the day of resumption. The Treasury has redeemed nearly 120 millions (\$119,501,109) of U. S. bonds with legal-tender notes, and not a dollar of coin has been demanded in payment of 500 millions of called bonds.

HOW IT WAS ACCOMPLISHED.

How has this great work of specie payments, which has been the great topic of discussion in this country for the past fourteen years, been accomplished? First, the country at large has, during the past three years, been blessed with abundant harvests, producing millions† of bushels of wheat and corn and other

* The French loan of 21st June, 1871, was for 2,291,611,060 francs, or about \$460,000,000. The loan was at five per cent., and sold at 82.50, about equivalent to six-per-cent. bonds at par. The subsequent large loan of about \$500,000,000 was negotiated upon slightly more favorable terms. These loans are now quoted at 115¼ in the London market, and realize to investors about four-and-one-eighth (4.34) per cent.

† In the fiscal year 1878, the product of corn was 1,360 millions; wheat 425 millions; cotton, 1,668 millions pounds; wool, 207 millions; tobacco, 1877, 560 million pounds.

cereals, and millions of pounds of cotton, and wool, and tobacco, pork and beef, while say eighty millions of gold and silver have been produced annually from our mines, in excess of the amounts used in the arts and manufacture; so that the small amount exported from the country in excess of imports has hardly been felt. By means of our magnificent net work of railroads, cattle are transported from distant plains, which, but recently, were the home of the buffalo and the antelope, and wheat, from the fabulous new fields of Minnesota and Dakota, so quickly and so cheaply, that we not only feed our English and German cousins with the choicest beef and finest flour, but undersell them under the shadow of their own farm houses.

Our manufactured articles have also found new markets, and the balance of trade has been turned largely in our favor. The exports during the fiscal year 1878, were more than 257 millions (\$ 257,814,234), and during the calendar year more than 305 millions (\$ 305,279,590); and during the fiscal year 1879, more than 264 millions (\$ 264,636,602); the excess of exports* for the year 1878 being more than three times as much as that of 1876, and more than two-thirds greater than that of 1877.

In the second place, we had at the head of affairs in the Treasury Department a man with long experience as Chairman of the Finance Committee of the United States Senate, and who was familiar with all the financial legislation of the country since the suspension of specie payments. He entered upon the work of resumption with energy, with firmness, with patience, and independence of judgment. If he at any time doubted, no one knew his doubts. He exhibited in this work what the American people love most of all to find in a public man—pluck! He had faith in the accomplishment of his purpose, from the date of the commencement of the work to its conclusion; and he thus inspired confidence in thousands of others who desired resumption but feared the result—who believed in it, but had doubts as to the possibility of its successful accomplishment.

Resumption was made certain on the 1st day of January, 1879, by the cheerful co-operation of the banks. During the last months of the past year, the principal question had been: "What will the banks do on resumption day?" They held more than 125 millions of legal-tender notes, nearly one-third of which were held by banks in the City of New York, and these notes became coin certificates on the day of resumption. The banks in New York could have presented at the Treasury of the United States more than forty millions of legal tenders upon a single day, and their action would have influenced that of their correspondents, and of other monetary institutions of the country, and have weakened the faith of the advocates of resumption everywhere. Such an act, if it had not defeated resumption, would certainly have embarrassed it, and might possibly have postponed indefinitely its consummation. But I am happy to bear witness that no such action upon the part of the banks was ever contemplated. In the course of my duties I had the pleasure of meeting, late in the month of October, officers of many of the principal banks in New York City. These gentlemen were cordial and earnest in their advocacy of resumption from the first, and assured me that everything in their power should be done to strengthen the hands of the Secretary, and in furtherance of the good work.

The propriety of making the Assistant Treasurer a member of the Clearing House, and of receiving United States notes instead of coin in the payment of the interest upon the public debt, of coin checks of the Government, and of balances between the banks and the Government was favored almost without exception. An appointment was made with the Secretary, and pursuant to this arrangement a committee of National and State bank officers met that officer at his office in Washington early in November, others being present, at which time the following points were discussed:

First.—Hereafter, drafts drawn upon any bank represented in the Clearing-House Association in the City of New York, received by the Assistant Treasurer in that City, may be presented to such bank at the Clearing House for payment.

Second.—Hereafter, drafts drawn upon the Assistant Treasurer at New York, may be adjusted by him at the Clearing House, and the balance due from the

* Excess of exports in fiscal year 1876, \$ 79,643,481; in 1877, \$ 151,152,094; in 1878, \$ 257,814,234.

United States may be paid at his office in United States notes or Clearing-House certificates.

Third.—After the 1st of January next, payment of checks presented to the Assistant Treasurer by any bank connected with the Clearing House may be made by him in United States notes.

These points were submitted to the New York Clearing-House, which is composed of forty-nine National and thirteen State banks, and the following propositions were adopted by it for the guidance of the banks in the transaction of business after the 1st day of January, 1879, which propositions were likewise subsequently adopted by the Clearing House in Boston :

1. Decline receiving gold coins as "special deposits," but accept and treat them only as "lawful money."
2. Abolish special exchanges of gold checks at the Clearing House.
3. Pay and receive balances between banks at Clearing House, either in gold or United States legal tender.

In addition to these propositions, others having reference to the receipt of the silver dollar and the discontinuance of special gold accounts were adopted by the banks, as follows :

4. Receive silver dollars upon deposit only under special contract to withdraw the same in kind.
5. Prohibit payment of balances at Clearing House in silver certificates, or in silver dollars, excepting as subsidiary coin in small sums (say under \$10).
6. Discontinue gold special accounts by notice to dealers to terminate them on 1st January next.

On the day of the announcement of this arrangement, all doubts of resumption ceased, gold declined in value, and more than a month before the day fixed by law resumption had practically been reached, so that upon that day the country was surprised to learn that, although the banks of the City of New York held forty millions of Treasury notes, not one dollar had been demanded in coin. As at the commencement of the war the banks parted with their gold for the benefit of the Government, so at its close, and upon the resumption of specie payments they relinquished the right and privilege of again demanding it, and were well satisfied to receive instead the demand notes of the Government, which are redeemable in coin upon presentation.

THE COINAGE ACT OF 1873—THE SILVER QUESTION.

A zealous advocate of silver coinage recently said in Congress that no man has yet been bold enough to acknowledge the authorship of the section in the Coinage Act of 1873, which discontinued the coinage of the silver dollar.

It is not considered etiquette in Washington for subordinate officers of the Government to reply to statements of members of Congress; like good children, they are only to speak when spoken to. Except for this fact the gentleman mentioned could have been promptly answered by reference to a paragraph in Senate Mis. Doc. 132, Forty-first Congress, Second Session, 1870, which is a report transmitted to Congress, with a draft of the bill which substantially, three years thereafter, became the "Coinage Act of 1873." The paragraph mentioned, which is headed in capitals, "Silver Dollar—Its discontinuance as a standard," is as follows :

SILVER DOLLAR—ITS DISCONTINUANCE AS A STANDARD.

The coinage of the silver dollar-piece, the history of which is here given, is discontinued in the proposed bill. It is by law the dollar unit, and assuming the value of gold to be fifteen-and-one-half times that of silver, being about the mean ratio for the past six years, is worth in gold a premium of about three per cent. (its value being \$103.12), and intrinsically more than seven per cent. premium in our other silver coin, its value thus being \$107.42. The present laws consequently authorize both a gold-dollar unit and a silver-dollar unit, differing from each other in intrinsic value. The present gold-dollar piece is made the dollar unit in the proposed bill, and the silver-dollar piece is discontinued. If, however, such a coin is authorized, it should be issued only as a commercial dollar, not as a standard unit of account, and of the exact value of the Mexican dollar, which is the favorite for circulation in China and Japan, and other Oriental countries.

The author of this report to Congress drew that section of the act which, with slight amendment thereafter, discontinued the coinage of the silver dollar

piece, as may be seen by reference to the printed bill in the appendix of the report itself. This report three times distinctly stated that the bill accompanying it purposes to discontinue the issue of that coinage. In a subsequent report transmitted to Congress on June 25th, 1870, this identical section of the bill was considered by various mining experts, and discussed by them. The first report was published in full in the *BANKER'S MAGAZINE*, and extracts from the second report, containing the opinions of different persons in reference to the discontinuance of the coinage of the silver dollar was also published in the magazine. This section of the act was also discussed by the Board of Trade and the Chamber of Commerce in the city of New York, and was recommended by them, as may be seen by their published reports of these associations. The House was informed by the members of the Committee upon Coinage, and others, of this provision, and the bill was printed thirteen times by order of Congress, and once by the Commissioners revising the statutes, and was considered during five successive sessions. If the provisions of the bill were not well understood it was certainly not the fault of its advocates, but rather of those who neglected to give the subject attention. As has been previously said by me, "if the question of the double standard did not become prominent in the discussion of the bill, it was for the reason that usage had established the gold dollar as the unit—the silver dollar, on account of its greater relative value, having, with the Mexican dollar and pistareen, disappeared from the circulation of the country. The Coinage Act of 1873, and the Revised Statutes of 1874, simply registered in the form of statute what had been really the unwritten law of the land for nearly forty years."

The statement that the bill passed Congress without due consideration has no foundation whatever in fact, and would not be referred to at this time except for the allegation made by a distinguished gentleman, who, on a former occasion, addressed this Convention, that the act did not receive due consideration by Congress, and that it was not considered at all by any board of trade, or by any body of citizens. It is not probable that any act passed by any Congress ever received more care in its preparation, or was ever submitted to the criticism of so great a number of practical and scientific experts as was this Coinage Act of 1873. The statements in reference to the surreptitious or inadvertent passage of the bill were subsequently repeated in the city of Paris by a member of the Silver Commission, and was sufficiently answered, not by an American, but by the distinguished member of the Commission from the Republic of Switzerland, who presented official documents to confirm his statements.

A well-known scientific author* and writer on financial subjects, in criticizing the report of the Paris Silver Commission, refers to this subject as follows:

Another act which must have placed our Commissioners at a moral disadvantage was their filing the humiliating plea that the Act of 1873, demonetizing the silver dollar was passed through inadvertence.

It is difficult to see what this plea meant, what relation it had to the business of the Conference, or what object was to be gained by raising it. If a proposed law can be debated in Congress for five years, be reported several times from Committees, in various forms, be recommended by the Secretary of the Treasury in at least one annual report, finally pass both Houses of Congress, and be signed by the President, then remain on the statute books for two or three years without any one knowing it, and all through "inadvertence," what shall we say of our political system, or of the attention of our people or our legislators to public affairs? Every one who cares for the good name of his country will certainly say: "Try to keep the fact out of the newspapers, and, by no means confess it to our neighbors." The plea was as pointless as humiliating. Had our delegates frankly said that at the time of the passage of the act silver had long ceased to circulate in their country, except as a subsidiary coin, that therefore, the legislation discontinuing its coinage and legal tender was, at the time, only a matter of form—the acceptance of a historical fact—but that the extraordinary fall in the price of silver which had occurred in the meantime had again called public attention to the subject, and convinced us that silver should be money of full power, and thus led us to retrace our steps—the statement would have been correct and frank, and would have produced a much better effect than did the plea actually put forward.

*The Silver Commission and the Silver Question. *International Review*, March, 1879, by Professor Simon Newcomb.

THE DOUBLE STANDARD.

Having thus found it necessary upon this occasion to refer to the subject of the silver coinage, I cannot well avoid saying that, in my opinion, there is not properly any such thing as a double standard.

In the words of a veteran* Member of Congress, now an ardent silver advocate, used by him during the discussion of the "Coinage Act of 1873," about ten months before its final passage: "It is impossible to retain the double standard. The values of gold and silver continually fluctuate. You cannot determine this year what will be the relative values of gold and silver next year. They were fifteen to one a short time ago; they are sixteen to one now."

That which is called a double standard is simply an alternative standard; the silver circulating to the exclusion of gold whenever the Mint and the market rate is such that silver is overvalued in its relations to gold, and in turn the gold circulating to the exclusion of silver when gold is really the overvalued metal.

France and the other nations forming the Latin Union have a silver coinage which is restricted in amount; otherwise they would not have what is erroneously called a double standard for a single day, for immediately upon their Mint being open for the free coinage of silver, gold would cease to circulate, and silver would take its place. I may add that the coinage of their legal-tender silver—the silver piece of five francs—has been discontinued until by unanimous consent of the contracting nations, it shall be resumed—virtually an indefinite suspension of such coinage.

The United States does not possess a double standard, for the coinage of silver is limited to \$2,000,000 a month, the bullion therefor being purchased by the Government at the current market price, thereby reserving the profit to the people through their Treasury. Immediately upon the passage of the proposed "Free Silver Coinage Bill," we shall pass from a gold to a silver standard, unless the present relative value of the two metals become reversed. The Act of June 28th, 1834, authorized a reduction of about 6½ per cent. in the weight of the gold standard, the dollar being reduced from 27 grains to 25.8 grains, thus practically demonetizing the silver coin by overvaluing the standard of gold coin, and bringing the latter into circulation to the exclusion of the relatively dearer metal; and the Act of —, 1853, reduced the amount of fine silver in the full legal-tender silver coins of a less denomination than one dollar, and made them a legal-tender only for sums not exceeding five dollars, for the purpose of retaining them in circulation.

If it was proper thus to reduce the value of the gold coin, and subsequently the value of the silver coin, in order to continue them in circulation, it would seem as proper at the present time to increase the quantity of fine metal in the silver coin, in order to retain in circulation the gold. If, however, silver is to be forced into circulation instead of greenbacks, which the people greatly prefer, or gold, the demonetization of gold is certain to follow from the operation of the coinage laws.

It is believed that the evils of the threatened silver standard will yet be avoided by judicious legislation, effecting a discontinuance by limitation of the existing silver coinage, and by commercial treaties which shall adjust the relative values of the precious metals to the current market standard.

THE NATIONAL BANKING SYSTEM.

The National banking system has now been in operation for nearly sixteen years, and it is surprising how few amendments it has been found necessary to make since the revision of the original act in 1864.

It is comparatively an easy task to prepare a banking law for a single State, but it is quite another thing to draw one which shall be suited to the varying conditions of a great country, composed of forty different States. It cannot be denied that the workings of the present law have been admirable, and

*Speech of Hon. W. D. Kelley, House of Representatives. *Congressional Globe*, Vol. 102, page 2316, April 9th, 1872.

that its results have exceeded the most sanguine expectations of those who favored its passage. Its successful operation is acknowledged, not only in this country but elsewhere.

The English financial journals are full of discussion upon bank reforms, and many of the most prominent features of our National system are zealously advocated by them. A bill has recently been introduced into the House of Commons—a copy of which I have—advocating such features of our law as the auditing or examination of the accounts of the banks, and the limitation of the individual liability of shareholders, and of the amount of loans permissible to any individual or corporation. The leading financial journal of England, the London *Economist*, has suggested that the principle be adopted by the joint-stock banks of giving security to their circulating notes by the deposit of Government bonds, which is substantially the system of the Bank of England. There is no doubt that the question of bank reform is to become one of the principal topics of discussion, both in and out of Parliament, during the next few years.

The old system of banking, with branches, in so many different and remote places, is sure, sooner or later, to be discontinued, and a more compact and uniform system will be established in England and in her colonies.

The London *Economist*, in referring to this matter recently, says :

The reserve of the Anglo-Indian banks are two-fold—the capital paid-up and the deposits. Nobody can examine, even hastily, the table of the results and expenses of these banks (tables of profit and loss and results and expenditures are given), without seeing that it gives a most unfavorable picture of the banks generally for the years 1877 and 1878.

In the case of the Oriental and Chartered Mercantile, the public already know from the reports presented to, and proceedings taken place at, the official meetings of proprietors that, at the close of 1878, it had become imperative to employ all available resources for making up actual losses and covering depreciated assets. . .

We have seen from tables that the actual dividends obtained by shareholders in the Indian banks are, on the whole group, about six-and-a-half per cent., and for the three years, 1876-7-8, considerably less. We have seen also that the expenses are very heavy indeed. The risks of the business are extremely great by reason of distance, difference of climate, reckless or incompetent agents, etc., and the conclusion must be that for a precarious six or six-and-a-half per cent. it is not worth the while of a prudent investor to put his money into Indian bank shares until a very radical reform has been established.

In the case of the Oriental Bank it is plain that, with fifty-six branches and sub-branches scattered over India, China, Australia, New Zealand, Mauritius, South Africa, and other regions, the area covered is far too great, the capital employed insufficient, and the expenses exhausting. The Chartered Mercantile, with its sixteen branches, is not free from the same faults. Then the liabilities of the banks for bills and credits in the form of acceptances, either by themselves or by other banks in London on their behalf, are most formidable. The Chartered, of India, shows under this head five-and-a-quarter millions sterling; the Chartered Mercantile, five millions; and the Oriental, seven millions. It will be said that these large liabilities are covered by document bill or other securities. This is doubtless the case; but the obvious answer is, that the losses in this kind of business are now officially confessed in several of the cases to have been so severe as to prove that while the liability has been large and onerous, the security has been inadequate.

In conclusion, it is perfectly clear that during 1877-78 the Indian banks as a class—there are one or two most favorable exceptions, at the head of which is the Agra—have had a severe warning to curtail their competition and amend their system of business.—*London Economist*, June 28, 1879.

I have recently received from the Minister of Finance in Italy more than seventy pages of proof sheets, printed in the French language, which have been translated, revised and returned to him for the purpose of being published, so as to give information of the principal features of our system to those interested in financial matters in Italy. Correspondence has been opened with the Bank Department at Washington by many of the different South American States, and by bank officers and residents in Canada, who look with favor upon our system; and even Japan has a system of National banking modeled after our own, which, I am informed by the Japanese Minister, is working to the satisfaction of that Government.

Thus, while a portion of the people of this country seem intent upon the

destruction of a most excellent system of banking, the people of other countries look with admiration upon it, and many of the most intelligent financiers in foreign countries would rejoice in its substitution for those in operation among them. It usually requires years of discussion to bring about any very important reform in financial matters; and our own excellent system, which has accomplished so much, could never have been inaugurated except for the necessities of the National Government in the midst of a war which, at that time, seemed to threaten its existence.

PRIVATE BANKING AND STATE BANKING MORE PROFITABLE.

I am frequently asked by bankers whether it is better to do business as a private banker, as a State bank, or as a member of the National system. To which I answer: "If you are a private banker and have undoubted credit and the confidence of your dealers, and your business is well in hand, you can with skill and good management undoubtedly make more money by continuing as you are than by subjecting yourself to the numerous and burdensome restrictions of the National Bank Act. If you manage a State bank and your stockholders are in accord and do not take advantage of their position, either as shareholders or directors, to borrow all of your money, your present organization, which is free from the trammels of the National system, can be made more profitable as it is than as a National association. That this view is in accordance with the judgment of many of those engaged in banking is evident, as I have frequently stated before, from the fact that there are in this country 853 State banks and 2,856 private bankers who choose to remain such in preference to entering the National system.

The profit arising from circulation upon a banking capital of \$50,000 will not average more than \$800 or \$900 annually, and it is easy to understand why there is no particular inducement for a well-established banker to subject himself to the yoke of legal restrictions imposed by the Bank Act for this small amount of compensation. Yet I have rarely met with a private banker, or with an officer of a State bank, who did not acknowledge how greatly the business of banking has been improved since the National Bank Act was passed; and I never met with one of either kind who desired that the system should be overthrown.

There are, no doubt, many persons, particularly in the Southern States, who believe that upon the ruins of the National Banking System could be again built up the old State systems, with the right to issue currency equal, at the very least, to the amount of capital invested and without security of any kind being given therefor; and who also expect that the old rates of exchange prevalent in the old times will again return for their benefit and profit. I cannot do better than to refer such people to a book* recently written by Judge Hughes, of Norfolk, Va., in which he says:

The plausible idea obtains that we could have a domestic bank circulation for domestic purposes which need never pass the borders of the State, and which we could all mutually agree to receive and pay at par in our domestic transactions. Alas! we cannot be in a world of steamboats, railroads, and telegraphs, and yet have backwoods methods of business and primitive simplicity of transactions. We are of the great world as well as in it. We can now go from Richmond to Quebec or Cuba sooner or nearly as soon as we could formerly make a trip to Lynchburg. We can cross the ocean to Liverpool sooner than we could formerly cross the State to Kanawha. We can go to sleep in Richmond and wake up in Boston or Cincinnati, running over several States during the nap, wholly oblivious of their old ideas of State sovereignty. The dealings of our merchants are no longer local and at long intervals. They make their purchases at great distances and make them weekly, daily, hourly, where they formerly made them once or twice a year. The annual amount of domestic commerce (the internal dealings between communities) in the United States is said to reach thirty thousand millions of dollars. Could this be carried on with local currencies, worthless and unknown a hundred miles from the place of issue?

The wisdom of many of the prominent features of the National Banking

* A Popular Treatise on the Currency Question, written from a Southern point of view by Robt. W. Hughes, U. S. Judge of the Eastern District of Virginia. Putnam's Sons. 1879.

System, such as those relating to reserve, security for circulating notes, publicity, examinations, and others is generally acknowledged.

NO SAVING TO THE GOVERNMENT FROM THE ADDITIONAL ISSUE OF GREENBACKS.

But it is now proposed to abolish it, simply on the ground that money may thereby be saved to the Government. The people are told that the banks hold \$350,000,000 in United States bonds, and that upon them they receive from fifteen million to seventeen million of dollars interest annually, and that in addition thereto they have returned to them by the Government nearly as great an amount of circulating notes as they deposit in bonds, so that they have the benefit of a double interest, while other people, who are not so fortunate, receive simple interest only on their investments.

These orators seem to forget that the National banking system uprooted the systems of many States, which authorized the issue of circulating notes to an amount equal to the capital invested, and in many instances to more than the capital, without requiring the deposit of any security whatever for such notes, which system is now in operation in the United Kingdom, in Canada, and in most of the other countries. All such institutions receive double interest, while they are exempt from the requirements that they shall give security to the bill holder. Nor are they subject to the severe but wholesome restrictions which are admitted to be necessary in any sound system of banking.

These statements as to double profits, which are so often made, sound well to the ear, and many persons unacquainted with the facts are undoubtedly convinced by such reasoning. As an illustration of the many misrepresentations upon the subject of the profits of the National banks, I remark that I recently received from a correspondent in Iowa a newspaper which contained a communication signed by one James O'Neil, who states that he arrived in this country in 1864; that in 1865 he organized a National bank in the State of New York, with a capital of \$100,000, in 1868 another bank in the State of Ohio and another in Indiana in 1869, and that he subsequently organized National banks in seven other States in the West and South by means of the circulation and profits upon the original capital, and that between the years 1865 and in 1870 realized more than \$2,000,000 of profits from these banks. Upon the receipt of this letter a thorough examination of the files of the office was made, which developed the fact that the signature of James O'Neil did not appear upon the articles of association of any bank in any of these States, and that he had never been a stockholder thereof. This information was transmitted to my correspondent in Iowa, since which time it has been ascertained that no such person as James O'Neil can be found, and it is not probable that this particular James O'Neil exists anywhere but in the realms of fiction!

I have carefully examined this subject, and can assure all parties, it is not necessary to assure the members of this Convention, that there is upon an average, not two per cent. of profit annually upon bank circulation, if based upon four-per-cent. bonds. It can be readily demonstrated to any impartial person that the net profit to all of the National banks now organized, arising from their circulation, does not exceed \$6,500,000 annually, and that the net amount of interest paid by the Government to the banks upon that portion of their bonds which equals the circulation returned to them, less the tax upon that circulation, would be but (\$9,564.75) nine and one-half millions annually, if four-per-cent. bonds alone are deposited.

Under our currency system, as it now is, the National banks hold nearly one-third of the legal-tender notes as a reserve fund, and the State banks and private bankers also hold large amounts, so that a comparatively small amount of coin is sufficient for the Government to hold for the redemption of its present issues. But if the Government is to issue all of the paper currency of the country, then the banks, fearing the result of such an issue, will prefer to hold coin for its reserve, and it will be necessary for the Government to hold, as a fund for the redemption of its notes, an increased amount of reserve; the interest upon which, even at four per cent., will approximate very nearly, if it

does not exceed, to the amount of net interest now received by the banks upon their bonds.

NOT GREENBACKS, BUT STATE BANK NOTES, SURELY TO BE SUBSTITUTED FOR NATIONAL BANK NOTES.

The proposition now advocated is to substitute United States notes in place of bank notes. This is impossible of accomplishment. I mean that while this project may to many seem judicious and plausible, it is an impracticable one.

I took some pains, during the last Congress, not that of the extra session, to inform myself of the opinions of the members of that body upon this subject, and came to the conclusion that there were not six members from the Eastern and Middle States who were in favor of the issue of the greenback as the only paper currency of the country; and in the Southern States, so far as I could learn, there was not one member in favor of such substitution. I believe that if a careful canvass were made of the opinions of the present Congress there would be found many members from these States, North and South, who would favor the abolition of the National Banking System, but very few who expect to largely increase the amount of greenbacks now outstanding. When I say this, I mean that the repeal of the National Banking System will be immediately followed, not by the issue of more greenbacks, but by the repeal of Section 3,412 of the *Revised Statutes*, consisting of four lines in the Statute Book, which is as follows:

122. (SEC. 3,412.) Every National banking association, State bank, or State banking association, shall pay a tax of ten per centum on the amount of notes of any person, or of any State bank or State banking association, used for circulation and paid out by them.

The South desires the repeal of this section, because it believes that such repeal will be followed by the organization of numerous banks of circulation under State charters, which will, for the time being, at least, stimulate the business of that section of the country.

The East and the North, and a portion of the West, in the event of the repeal of the National Banking System, will join with the South in the repeal of this section, but for a different reason, namely, to prevent the increase of the issue of Government notes, because they believe that a system of State bank notes, at the worst, can only injure the credit of individuals, while the unrestricted issue of United States notes will be likely to produce a new suspension of specie payments, and thereby injure, not only every kind of private business, but also the credit of the nation. Those persons in the West who have been erroneously led to believe that the downfall of the National Banking System will be followed by an additional issue of greenbacks, will certainly find, upon investigation, that State bank notes, not United States notes, will be almost immediately substituted for the present uniform National currency, accompanied with an increase in the cost of exchange, losses to the bill holders, and other evils which are inseparable from such issues.

I do not wish to be misunderstood in this matter. I have no prejudice against well-conducted State banks. My honored father was, for twenty years, the first president of an association organized under the free banking law of this State, which was located not a hundred miles from this place; and the cashier of that bank, under whom I learned the first rudiments of banking, at a salary of \$300 a year, is still an excellent manager of an excellent banking institution in a neighboring village. But I am opposed to the issue by State banks of circulating notes; not because I believe any injury is likely to arise from such issues in this State, or in the New England States, but because experience has shown that such banks, organized in forty different States, and operated under as many systems of laws are not, and from the nature of things cannot be, the kind of corporations which should be authorized to issue circulating notes. In illustration of this, I may say that the Legislature of the States of Pennsylvania, New Jersey, and Maryland, for instance, could not be induced to pass the necessary laws for the redemption of their notes in the City of New York. The State of Ohio would redeem its notes at Columbus or Cincinnati; the State of Illinois, at Springfield or Chicago; Missouri would

redeem at St. Louis or Jefferson City; and South Carolina, Georgia and Mississippi at their capitals, or at the places of issue only. Under this condition of things the bank currency of the country would necessarily be subject to various rates of exchange. The banks would then reap much greater profits upon circulation than at present, while the people would be subject to much greater losses in all their exchanges with the different States, the cost of exchange at three-fourths of one per cent. between the West and the South, and the East, being estimated at not less than twenty millions annually.

The abandonment at this juncture of a system of banking, which has just become fairly established, and which gives promise of so much future usefulness, would also result in commercial disaster, at a time when the nation has just entered upon a new career of prosperity.

It is for several reasons desirable that both systems of banking, National and State, shall continue to exist, and that they shall each be improved and perfected. It is said that many of the California banks propose either to go into liquidation or to reorganize under the National system, on account of the adverse provisions contained in the new constitution of that State. The National banks, for a similar reason, desire that the State systems shall be preserved in order that they may have the privilege of reorganizing thereunder, if unjust and adverse legislation shall, at any time, force them to do so.

The dead wood of many years in the banks has been nearly cleared away. The seven years of famine have passed and already have begun the seven years of plenty. I look hopefully into the future, and during those years I venture to predict that there will be no suspension of specie payments; that the gold standard will prevail although the use of silver as a coin issued under restrictions will increase; that the interest upon the public debt will be paid in gold dollars of 25.8 grains, or its equivalent; that the legal-tender quality of the legal-tender note will disappear; that the United States notes will diminish by payment; that the National Banking System will extend and continue; and that under a good system of honest money, which will separate our financial affairs from partisan politics, our farming and manufacturing interests will rejoice in abundant prosperity, and that there will be seen numerous well-bottomed and well-filled American ships in the principal commercial cities of the world.

At the conclusion of this address a vote of thanks to Mr. Knox was proposed and seconded, the motion being carried unanimously. The president then introduced Mr. George S. Coe, of the American Exchange Bank, New York, who spoke at length upon the question of specie resumption and its nature. For Mr. Coe's paper, which was listened to with marked attention, we hope to find space in our next number.

At the afternoon session Mr. P. H. Sneed, of Henderson, Ky., delivered an address upon the silver question. A paper on the assessments of bank taxes was read by Mr. James A. Briggs, State Assessor of New York. Mr. J. W. Proctor, of Danville, Ky., followed with a paper upon the best methods of securing needed legislation against oppressive taxation.

THIRD DAY, *August 8th*, 1879.

The Convention re-assembled at 11 o'clock. The attendance was large, though smaller than yesterday. A report from the Executive Council was adopted, recommending that dues from banks to the Association be as follows: From banks and private bankers with a capital stock less than \$100,000, \$5 per annum; from banks and associations whose capital stock exceed \$100,000, \$10 per annum.

A resolution was passed declaring all Presidents and Chairmen of Clearing-House Associations in the United States honorary members of the Association.

Mr. L. Halsey Williams, Cashier of the Fifth National Bank of Pittsburgh, read a paper on *Bank Taxation in Pennsylvania*. He said that during the last session of the Legislature a general revenue bill was introduced, which levied a tax of six mills on the assessed value of bank shares. Through the timely intervention of a prominent bank official of Pittsburgh, whose stock is assessed at 240 on a par of 100, the rate of taxation was reduced to four mills,

and levied on the par of the stock. The law, as it now stands, Mr. Williams summarized as follows :

First.—Shares of the State banks are taxed four mills on the par value for State purposes, and for local purposes—school, municipal, etc., the same as other moneyed capital, which in most cases is nothing. *Second.*—National banks, under this law, are not taxed at all. *Third.*—Such banks as elect to pay six mills on the par of their stock to the State are exempt from taxation for local purposes and such banks, and such only, are required to make a return to the Auditor-General, stating specifically the amount of capital stock, list of stockholders, market value of stock, etc.

On the whole, the law is a fair specimen of the crude legislation we are treated to on a subject requiring a knowledge and experience of which the average legislator is not possessed.

Mr. H. S. Fleming, of Allegheny, Pa., wished the Executive Council would adopt some general plan to bring grievances of banks before Congress. Each member may have a plan of his own, but what does it accomplish? Let the Executive Committee, or in the event of their not considering this their duty, a committee appointed by the Chair, draw up a memorial to Congress. The facts rightly presented to the "average Congressman" will bring relief despite the prejudice against National banks. When the matter is fairly brought before them they will give us justice.

Mr. R. M. Nelson, of Alabama, said we should not come here as State banks against National banks, but should put our shoulders to the wheel together, and thereby get relief from Congress. National banks object very strongly to a tax on deposits. We all object to a tax on deposits.

Mr. C. S. Graham, of New Jersey, coincided with the gentleman from Alabama.

Mr. J. D. Hayes, of Michigan, said that to gain our point, we should not only go to Congress and inform our Congressmen, but we should educate the country up to the fact that banks benefit the laboring classes.

A Western member said that although much had been argued against Congress, Congressmen often speak the thoughts of the people. People have been led to believe that banks are making large profits and paying small taxes, and that National banks are the especial pets of the Government—both erroneous ideas. If people can be made to understand that the National banks are paying such small dividends to their stockholders, relief can be obtained. Let every member work to put facts before the people.

Gen. Logan H. Roots, of Arkansas, wished to impress upon the members the value of brief and pointed arguments, and offered a resolution authorizing the Executive Council to prepare and circulate among the people such extracts from the paper of Mr. Knox, as would show the small profits and the onerous taxation of the banks, which was adopted.

Mr. J. D. Vermilye, of New York, the Chairman, presented an elaborate account of the New York Clearing House, in continuation of his address last year on the diminution of capital and surplus by the New York Clearing-House banks, in consequence of excessive taxation. Another paper on the Clearing Houses of Europe and of the United States, was presented by Dr. George Marsland, the Assistant Secretary, giving complete statistics of all the twenty-three American Clearing Houses, compiled from the reports prepared by their officers for the Convention. Papers from Hon. Joseph L. Stephens, of Booneville, Mo., from Mr. George Wilson, Jr., of Lexington, Mo., from Mr. B. B. Sherman, of New York, and several other members, were also referred to the Executive Council.

A paper by Mr. H. L. Lamb, Acting Superintendent of the Bank Department of New York, upon *Savings Banks and their Changes*, was then read. In the course of his address he presented the following figures, showing the condition of the New York Savings banks from official reports of July 1, 1879 :

In the year ending June 30, 1879, the increase in deposits is \$8,860,000; increase in surplus in the year, \$2,372,000; increase in accounts since January 1, 1879, 17,559. The present surplus is the largest that the Savings banks of this State ever reported. It has increased \$16,550,000 since January 1, 1873.

The address of Mr. Lamb contains much valuable information, and we regret that our space will not admit its publication in full this month.

Hon. David Needham, Bank Examiner for Massachusetts, read an interesting paper on the interests of labor and laborers in the prosperity and success of the National banking system.

Mr. T. P. Handy, of Cleveland, gave many interesting reminiscences of banking and bankers, nearly all ante-dating railroads and the telegraph.

Resolutions making the Hon. John J. Knox, Comptroller of the Currency, and all State Bank Superintendents, honorary members of the Association, and authorizing the printing and distribution of the proceedings of the Convention among the banks and financial institutions of the country, were passed. Votes of thanks were tendered to all who presented papers and addresses, and to the officers of the Association.

Mr. Buell, Secretary, returned thanks for the honors conferred on him by the Association. He detailed a conversation between himself and a prominent banker of New York, which served to show that the heads of the banks most interested in relief from taxation—that is, large banks—supposed that the officers of the Association were the ones who should do all the work necessary to secure a remission of taxes. He hoped that bankers would not rest with the mere payment of dues to the Association, but would strive in every way to assist the officers and co-operate with them.

The Convention then adjourned *sine die*.

I.—RESOLUTIONS OF THE CONVENTION.

Subjoined is a recapitulation of the principal resolutions passed at the Convention:

Resolved, 1. That the Executive Council be instructed to take means to influence Congress to relieve the banks of the excessive Federal taxation, and to so amend the laws that capital invested by the banks in Government bonds shall be as free from local and State taxation as it is when held by any other owner.

2. That the Executive Council are requested to exercise their best efforts to distribute the facts presented in the able address of Hon. John Jay Knox in such manner, as in their opinion, will give the people of the country the fullest and most accurate information as to the small profits and onerous, unjust taxation on the banking capital of the country.

3. That the Executive Council be, and they hereby are, authorized to fill any vacancies that may occur in the office of Vice-President.

4. That the several Chairmen of the Clearing-House Associations of the United States be hereby declared Honorary Members of this Association.

5. That the Hon. John Jay Knox, Comptroller of the Currency, and all State Superintendents of banks be, and they are hereby, declared Honorary Members of this Association.

6. That the thanks of the Convention be, and they are hereby, tendered to the President, Secretary, and Assistant Secretary for the prompt and intelligent manner in which they have discharged their respective duties.

7. That the thanks of this Association be, and they are hereby, tendered to all the gentlemen that have so kindly presented papers for the instruction and consideration of the Convention.

8. That the proceedings of the Convention be printed and sent to the banks, bankers, and financial institutions of the country, as heretofore.

II.—RESOLUTION OF EXECUTIVE COUNCIL.

Passed at their First Meeting for the year 1879-80, at Saratoga, August 7th.

Resolved, That in order to defray the expenses of the coming year for carrying on the work of the Association, in accordance with the Constitution, Article V, Section 1, the Treasurer be, and he is hereby, directed to request all banks and bankers in the United States, to remit the sum of their annual dues, and to invite all to unite with us in a renewed effort not only to avert additional taxes or other burdens from being imposed, but to relieve the banking business from some part at least of those now placed upon it. We also deem this a proper occasion to urge the banking interests throughout the country, to consider that one of the purposes for which this Association was organized was to obtain such relief; it has steadily directed its efforts to this end, and will continue the same work in the future as in the past; and we hope that all banks and bankers will esteem it a privilege, as well as a duty, to become members of the Association, and aid it by their personal efforts so far as possible. The contribution asked for from each bank is small, while the object aimed at is large, whether it be to avert new burdens, or to get relief in part from our present invidious and oppressive taxes.

FINANCIAL LAW.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

NEGOTIABLE INSTRUMENT—TITLE TO UNINDORSED NOTE PAYABLE TO ORDER—CONVERSION.

One who acquires possession of a note payable to order, without the payee's indorsement, or by a forged indorsement, acquires no title and will be liable to conversion if he refuses on demand to deliver the note to the owner, or if he transfers such note to others without the owner's consent. The Court said: "The evidence was sufficient to authorize the jury to find that the defendant acquired the notes payable to the order of the plaintiff, through a forged indorsement of his name without the consent of the plaintiff to the maker. Upon this theory of the facts the plaintiff was entitled to recover. The defendant is not absolved from liability because it acted in good faith. No person except the payee can assert any title to a bill or note payable to his order without his indorsement. While the unauthorized delivery of a bill or note payable to bearer vests a good title in a *bona fide* purchaser, an unauthorized indorsement of the payee's name, when the note or bill is payable to order, conveys no right of action. *Byles on Bills* 24. When the defendant delivered over the plaintiff's notes to a person not entitled to them, assuming the right to deal with the notes in disregard of plaintiff's title, it was a conversion, although the defendant supposed the notes belonged to the maker as a voucher, and although it was acting merely as the agent of the maker in what it did. A wrongful intent is not an essential element of a conversion; it suffices that the rightful owner has been deprived of his property by some unauthorized act of another who assumed dominion or control over it; and the latter is not excused because he was acting as agent for one whom he supposed to be the true owner, and derived no benefit himself from the transaction, and parted with the property before any demand for its restitution. *Wright vs. Hawley* (affirming *Dudley vs. Hawley*, 40 Barb. 397), 39 N. Y. 441. U. S. Cir. Ct., S. D. N. Y., March, 1879. *Savary vs. The Germania Bank*. Opinion by WALLACE, J.

POSSESSION OF UNINDORSED DRAFT NOT EVIDENCE OF TITLE.

A drew a draft on B payable to the order of C, which B accepted. In an action by A against B on the acceptance, it appeared that the draft was not indorsed by C, nor was there evidence of A's title. *Held*, that the instrument being drawn in favor of C, and not indorsed by him, its possession by A was not *prima facie* evidence of ownership. The Court said: "A draft, such as the one sued on, is presumed to be drawn on funds with the understanding between the drawer and the drawee that it is an appropriation of funds of the drawer in the hands of the drawee. An acceptor for value is primarily liable, and the drawer is a mere guarantor or surety. *Gillilan vs. Myers*, 31 Ill. 525; *Coal Co. vs. Dyett*, 7 Paige 1. The payment of an accepted draft for value by the drawer entitles him to be subrogated to all the rights of the creditor. He is entitled to have the draft assigned to him, and equity considers that as done which ought to have been done. For the same reason an accommodation acceptor of a bill of exchange is a surety, as to the drawer, but a principal as to the holder, although the holder knew him to be an accommodation acceptor. The payment of an accommodation draft by the acceptor entitles him to be regarded in the light of a surety, and he has equal claims upon a Court of Equity to enforce its payment against the drawer as any other surety who has paid the draft of his principal. The doctrine is that the payment entitles the surety to be subrogated to all the rights of the creditor. It is also a well-settled doctrine of the common law that a surety, upon the payment of the debt of the principal, is entitled to an assignment of all the independent secur-

ities in the hands of the creditor, with all the remedies which he has to enforce them against the principal. *Lumpkin vs. Mills*, 4 Ga. 343; *Jordan vs. Hudson*, 11 Tex. 52; *Sublett vs. McKinney*, 19 id. 438. A bill of exchange for value is not discharged until paid by or in behalf of the acceptor, nor a note until paid by or on behalf of the maker. A payment by the drawer of an accommodation bill of exchange is a complete discharge of the bill. A holder of an instrument not negotiable may maintain a suit on it in his own name, but to entitle him to a judgment in his favor, he must show his right to the paper either by an indorsement or proof of ownership. We recognize these legal propositions. The judgment of the Court below must be reversed, because there is no proof of any kind that the appellee had any title, either legal or equitable, to the draft sued on, or that after it was accepted by appellants, that appellees ever paid it." Texas Ct. of App., Jan., 1879 *Hoffman vs. Bignall*. Opinion by ECTOR, J.

NEGOTIABLE INSTRUMENT—RIGHT OF ONE PURCHASING FROM TRUSTEE.

Where a bank purchased from the payee before maturity a promissory note, payable to the order of W, "trustee," held in action on the note, that the note being payable to a trustee, it was the duty of the bank, before purchasing, to have made inquiry into the right of the trustee to dispose of it; having failed to do this, and it appearing that the trustee was disposing of the note in fraud of his trust, the bank must suffer the consequences of the risk it assumed. The Court said: "No doctrine is better settled, than that a trustee has no power to sell and dispose of trust property for his own use and at his own mere will. One who obtains it from him or through him, with actual or constructive notice of the trust, can acquire no title, and it may be recovered by suitable proceedings for the benefit of the *cestui que trust*. If there are circumstances connected with the purchase which reasonably indicate that trust property is being dealt with, they will fix upon the purchaser notice of the trust, and if he fails to make inquiry about the title he is getting, it is his own fault, and he must suffer the consequences of his own neglect. *Story's Eq. Jur.* § 400. Maryland Ct. of App. 1879. *Third Nat. Bank vs. Lange*. Opinion by BRENT, J.

CORPORATION—ULTRA VIRES STATUTORY CONSTRUCTION.

Action upon promissory notes. Defense, that the notes were discounted by plaintiff in violation of its corporate powers, and that the time of payment had been extended. Demurrer. The plaintiff has "power to grant, bargain, sell, buy, or receive all kinds of property, real, personal or mixed, or to hold the same in trust or otherwise; . . . to receive upon storage, deposit, or otherwise, merchandise, bullion, specie, plate, bonds, promissory notes," etc.; . . . "and to advance moneys, securities and credits upon any property, real or personal," etc. Laws of 1870, 1621. Held, that this did not empower the plaintiff to obtain title to the notes by discounting them. The language was intended to embrace actual sales instead of loans or discounts. The words "or otherwise," were not intended to confer banking powers, but to authorize a holding of the property otherwise than as a trust. The plaintiff was forbidden to discount notes by the *Revised Statutes* (1 Edm. ed. 559, § 4), which prohibits all corporations except those expressly incorporated for banking purposes from so doing, and also by 1 *Revised Statutes* (Edm. ed.), 661, §§ 3, 5. *Utica Ins. Co. vs. Scott*, 19 Johns. 1; *The People vs. Utica Ins. Co.*, 15 id. 356; *N. Y. Firemen's Ins. Co. vs. Ely*, 2 Cow. 678; *N. Y. L. Ins. Co. vs. Beebe*, 3 Seld. 364; *Talmage vs. Pell*, id. 328; *Utica Ins. Co. vs. Kip*, 8 Cow. 20; *Oneida Bank vs. Ontario Bank*, 21 N. Y. 490; *Utica Ins. Co. vs. Scott*, 8 Cow. 709; *The People vs. Brewster*, 4 Wend. 498; *Palmer vs. Lawrence*, 3 Sandf. (S. C.) 161; *The State of Indiana vs. Worem*, 6 Hill 37; *The Steam Navigation Co. vs. Weed*, 17 Barb. 378, distinguished. The case does not come within that class of decisions where one having received the benefit of a contract is not allowed to repudiate it because the other had no power to make it. Such cases rest upon the principal that the contract was an innocent or lawful one, and differ from one illegal and expressly prohibited. In the latter

cases the Court will not enforce, set aside, or relieve from their effects. *Nellis vs. Clark*, 4 Hill 424. The other answer held good for the reasons given by the General Term. Order affirmed. *The New York State Loan and Trust Co. vs. Helmer*. Opinion by MILLER, J.

[Decided April 15, 1879.]

EVIDENCE—DECLARATIONS OF OFFICERS OF CORPORATION.

Action on notes made by Taintor, payable to the order of Gill, President, and containing a statement that United States bonds were pledged as collateral. The checks for the money loaned on the notes were signed by Gill, as President, to the order of Taintor, individually. Gill was President of the Guardian Mutual Life Insurance Company, and Taintor was cashier of the defendant. The papers on their face appear to establish an individual loan to Taintor and not a loan to the bank, but they are not conclusive, and after reviewing the facts, the Court held that there was some evidence to support the finding of the referee that the loan was to the bank. Evidence of negotiations which transpired prior to the loans, and conversations had with Gill and the bank officers, and relative to such loans, and covered by the pleadings, was competent. The evidence of the Vice-President of the insurance company, that the bonds were deposited by him after the loans were made, was competent, he having no knowledge of the making of the loans. Evidence of conversations between the officers of the defendant and of the insurance company before, at the time, and after the loan and the deposit of the bonds, relating to the loans, was competent, to show the transactions and characterize them, the parties at the time being in the discharge of their official duties, and the contract not being wholly in writing. *Hoag vs. Lamont*, 60 N. Y. 96; *First Baptist Church vs. Brooklyn Fire Ins. Co.*, 28 *id.* 153; *First National Bank vs. The Ocean Bank*, 60 *id.* 278; *Jex vs. Board of Education*, 1 Hun. 157. It was competent to show by parol that the loan was to the bank and not to Taintor. *Coleman vs. Bank of Elmira*, 53 N. Y. 388; *Van Lewen vs. Bank of Kingston*, 54 *id.* 671. To rebut the presumption that the loan was to Taintor, derived from entries in the insurance company's books, put in evidence by the defendant, other entries in the same books, and in the same form on the occasion of former loans conceded to have been made to the bank and not to Taintor, were competent. Judgment affirmed. *Pierson, Receiver of the Guardian Mutual Life Ins. Co. of New York vs. The Atlantic National Bank of New York*. Opinion by MILLER, J.

[Decided May 20, 1879.]

COLLATERAL SECURITY—LIABILITY OF CREDITOR FOR LOSS OF—BANKS.

A creditor who receives from his debtor the promissory note of a third party, past due, as collateral security for the payment of the debt, is bound to the exercise of such diligence as is required of a bailee for hire, or of an agent or attorney employed to collect a claim, and is liable to the debtor for any loss or deterioration in the value of the security which may occur or result through his neglect to enforce the collection of the paper with proper diligence. And it makes no difference in the application of this principle, that the maker of a note so pledged as security to a bank was also the President of the bank, and that the note was delivered to him personally. G was the President of a banking corporation, and had the sole and exclusive control and management of its financial affairs, and, being individually indebted to defendant upon a promissory note, he proposed that defendant should make his promissory note payable to the bank; that the bank should discount it and take his (G's) note as collateral security for its payment. Defendant accordingly made his note; it was discounted by the bank and the proceeds paid to him, who, at the same time, delivered to G, as President of the bank, his said note to defendant, to hold as collateral security. Defendant never paid his note, and was not requested to pay it until after the plaintiff was appointed receiver of the bank. Defendant often requested G to pay his note, but he neglected so to do, and said that defendant had nothing to do with it, that the bank would take care of it. At

the time defendant's note was discounted and long after it became due, G was perfectly solvent, but afterward became wholly insolvent. *Held*, that the bank was negligent in not enforcing the collection of G's note, and was liable to defendant for its value. *Ex parte Mure*, 2 Cox 63; *Wakeman vs. Gowdy*, 10 Bosw. 208; *Buckingham vs. Payne*, 36 Barb. 81; *Hoard vs. Gardner*, 6 Seld. 261; *Smith vs. Miller*, 43 N. Y. 174; *Lawrence vs. McCalmert*, 2 How. (U. S.) 426; *Kephart vs. Butcher*, 17 Iowa, 240. *Hasard vs. Wells*. Opinion by SMITH, J.

LIABILITY OF A BANK FOR DEPOSITS LEFT FOR SAFE KEEPING.

A National bank receiving a special deposit for safe keeping without reward, is not responsible for a breach of ordinary care and negligence, but is liable only for gross negligence. The burden of proving gross negligence rests upon the plaintiff. Gross negligence is the failure to take that care which the most inattentive person takes. A bailee without reward transferring deposits in good faith to a place out of its own custody, considered more safe than that of the original deposit, does not thereby increase its liability. *Pennsylvania Sup. Ct.*, March, 1879. *First Nat. Bank vs. Rex*. Opinion by GORDON, J.

NATIONAL BANKS—POWER TO PURCHASE NOTES—NOTICE OF FRAUD.

In an action by a National bank against the makers to recover notes purchased by the bank of a broker for value and before maturity, the evidence of the defendant tended to prove that the notes were executed in the defendant's—a partnership—name by one of the partners without the knowledge or consent of the other partners, for his own private purpose and in fraud of the rights of the firm; that said partner was also a member of the firm which he had made payee of the notes, and that as such he had indorsed the names of the payees on the notes and procured them to be discounted out of the usual course of business and in fraud of the defendants. The plaintiff's evidence tended to show that they had no notice of the fraud, and had purchased the notes in the usual course of business. The Court charged the jury that a National bank has the right to purchase notes in the manner in which these notes were purchased, and submitted to them the question of fraud and notice. The jury returned a verdict for the plaintiff, and defendant alleged exceptions. *Held*, no error. The Court said: "Under the instruction the jury have passed upon the true issue, which is, whether there was fraud in the notes, of which the plaintiff had knowledge, or should be presumed to have knowledge. The notes were obtained by the plaintiff in the market with no evidence that the party from whom they were obtained was not a *bona fide* holder of the notes for value. The fact that that party was a broker, if from that fact it is to be inferred that he was not the owner, raises no presumption that he was an agent of Law for the negotiation of the notes. If any presumption could arise from that fact, it would be that he was the agent of the last indorser of the notes. The question as to the plaintiff's title to the notes is fully settled in the case of *National Pemberton Bank vs. Porter*, 125 Mass. 333. If we assume, as contended by the defendant, that a National bank cannot purchase a note, that contract of purchase is entirely independent of the executory contract which the plaintiff is seeking to enforce." *Massachusetts Sup. Ct.*, May, 1879. *Atlas Nat. Bank vs. Savery*. Opinion by LORD, J.

[FROM THE AMERICAN LAW REVIEW.]

ALTERATION OF INSTRUMENTS.—A promissory note, signed by a principal maker and by a surety, was made payable "with ten per cent. interest per annum;" to which words the payee, with the knowledge of the maker, but unknown to the surety, added the words, "after maturity." *Held*, that the surety was discharged.—*Franklin Ins. Co. vs. Courtney*, 60 Ind. 134.

BANK.—I. An executor who was President of a bank, to which he was indebted, and which he knew to be insolvent, caused stock in the bank owned by him to be transferred to himself as executor at par, and paid for the same by check on his account as executor, which he deposited to the credit of his individual account; which was overdrawn to an amount less than that of the

deposit; but he owed the bank in other ways a sum much greater than that of the deposit. *Held*, that the bank was affected with notice of the fraud, and liable to refund the whole amount of the deposit, with interest from the time of deposit.—*Holden vs. New York and Erie Bank*, 72 N. Y. 286.

2. A bank discounted a promissory note for one of its directors, who did not act with the other directors in making the discount, and who knew, but did not disclose, that the note had been obtained of the maker by fraud. *Held*, that the bank was not affected with notice of the fraud.—*First National Bank of Hightstown vs. Christopher*, 11 Vroom, 435.

BILL OF LADING.—1. The owner of wheat *in transitu* from the West to Buffalo obtained a loan from the plaintiffs, bankers in that city, on the security of the bill of lading of the wheat; on arrival of the wheat in Buffalo the owner, without the plaintiff's knowledge, caused it to be shipped on canal boats to the defendants, merchants in New York, from whom he had previously obtained advances on the security of fraudulent bills of lading, which falsely certified the shipment of the wheat on the canal boats by which it was afterwards actually sent. *Held*, that defendants could not hold the wheat against plaintiffs.—*Marine Bank vs. Fiske*, 71 N. Y. 353.

2. The owner of wheat on which A had a lien for advances, sold it to B, and gave him an order on the warehouseman holding the wheat, to deliver it to defendant, a common carrier. B gave the order to defendant's agent, who, without any evidence of right or title in B to the wheat, gave him a bill of lading stating that the wheat was shipped to another city, subject to plaintiff's order; and it was shipped accordingly, and received and sold by plaintiff, to cover advances made by him to B on the faith of the bill of lading. A thereupon sued plaintiff for conversion of the wheat, and recovered. *Held*, that plaintiff might recover over against defendant in an action for wrongfully issuing the bill of lading.—*Farmers & Mechanics' Bank vs. Erie Ry. Co.*, 72 N. Y. 188.

BILLS AND NOTES.—1. Defendant by written power of attorney authorized J. S. "as my agent to make drafts on me from time to time as may be necessary for the purchase of lumber on my account." On the faith of this instrument, plaintiff discounted drafts drawn by J. S. in his own name, not naming himself agent. *Held*, that defendant's promise to accept was unconditional, and that plaintiff might recover on the draft without showing that it was necessary to draw it.—*Merchants' Bank vs. Griswold*, 72 N. Y. 473.

2. On the sale of a promissory note, there is no implied warranty that it is not void for usury in its inception.—*Littauer vs. Goldman*, 72 N. Y. 506.

3. The acceptor of a bill of exchange bought it of the payee before maturity. *Held*, that he was not a *bona fide* holder as against the maker, and that the maker might defend an action on the bill on the ground of failure of consideration between himself and the payee.—*Stark vs. Alford*, 49 Tex. 260.

CHECK.—A check was delivered by the maker to the payee fourteen months after its date; the payee, on the same day that it was delivered to him, transferred it to a *bona fide* purchaser for value. *Held*, that the latter was not affected with notice of equities between the maker and payee.—*Cowing vs. Altman*, 71 N. Y. 435.

CORPORATION.—Trustees of a Savings bank subscribed for stock in a manufacturing corporation; and the trustees having no money on hand, another company paid for the stock and took certificates in its own name, as security for notes of the Savings bank given for the amount paid. *Held*, that the act of the trustees was *ultra vires*; and that the holder of the notes could not recover on them, nor for money paid to the use of the Savings bank.—*Franklin Company vs. Lewiston Savings Bank*, 68 Me. 43.

MONEY.—1. A promissory note was made payable in specie on a certain day, "on condition that the banks of the State have resumed specie payment at that time, if not, as soon thereafter as they do resume specie payment." The banks not having resumed at that day, *held*, that the holder of the note might waive payment in specie, and recover the amount of the note in currency; the

condition exempting the maker only from payment in specie, and not from all liability.—*Walters vs. McBee*, 1 Lea 364.

2. *Held*, also, that the Statute of Limitations ran not from the day fixed for payment, but from the time when the holder elected to receive payment in currency.—*Id.*

SURETY.—1. A promissory note being due and unpaid, the holder agreed with the maker, without the knowledge of a surety on the note, to extend the time of payment, in consideration of an additional sum to be paid by the maker, above the principal and interest due; and such additional sum was paid accordingly. *Held*, that it was to be applied as a payment on the debt, that the agreement to give time was invalid, and therefore that the surety was not discharged.—*Howell vs. Sevier*, 1 Lea 360.

2. The maker of promissory notes having died insolvent, an accommodation indorser of the notes gave security to the holders for their payment, and, by leave of the holders, brought actions in their names, to collect the notes out of the estate of the maker; in so doing he incurred necessary expenses, beyond taxable costs. *Held*, that he was entitled to prove such additional expenses against the estate.—*Thompson vs Taylor*, 72 N. Y. 32.

TENDER.—The payee of a promissory note left it with other papers in a bank as a special deposit. The officers of the bank by mistake, and, without the payee's request, notified the maker of the note to pay it there on the day it fell due; and on that day the maker tendered payment to the cashier, who refused to receive it, saying that he had been instructed not to receive it. In an action afterwards brought by the holder of the note against the maker, *held*, that there had been no valid tender of payment, and that the holder was liable for interest after maturity.—*King vs. Finch*, 60 Ind. 420.

A FINANCIAL CATECHISM.

The science of money is epitomized, from a mono-metallic standpoint, in the following contribution of a retired merchant to the *Philadelphia Record*:

Question. What is money in the United States? Answer. Dollars and cents.

Q. What is a dollar? A. A dollar is the unit of value in the standard money measure; also, the unit of value in six nominal money measures.

Q. Can you describe these several units? A. The unit of the standard measure is $25\frac{8}{16}$ grains of standard gold in United States gold coin; the units of the nominal measures are (1) the trade dollar of 420 grains of standard silver, (2) the legal-tender dollar of $412\frac{1}{2}$ grains, (3) the dollar of 384 grains in fractional coin, (4) the greenback-note dollar, (5) the National bank-note dollar and (6) the gold-note dollar.

Q. What is the meaning of "standard," as applied to gold and silver and to the money measure? A. "Standard" means that which is fixed and invariable; applied to gold and silver, it refers to quality or fineness, the standard of which is nine parts of pure metal to one of alloy. It is properly applied, in a practical sense, to the gold dollar as an exchangeable measure of values because it varies less than any other measure. Its variations are so slow and gradual they can only be determined by comparisons of general values in two continents at long intervals—a hair-splitting which does not enter into the business calculations of mankind; whereas, silver, being an article of merchandise, and subject to perceptible fluctuations in value from month to month and from day to day, it is impossible, in the nature of things, for the silver dollar to be a standard measure of values in the United States.

Q. What, then, is the meaning of "a double standard?" A. It is a metaphysical term, expressive of a physical impossibility in application to gold and silver as measures of value.

Q. What term is applicable to the system of measuring values in the States of the Latin Union? A. "A bi-metallic system," whereby a Government, by speculating on the necessities of the people for convenient money measures in small transactions, makes the short silver measures relatively equivalent to the standard gold measures by limiting the supply of the former.

Q. Why has the coinage of silver ceased in the States of the Latin Union? A. The Government of those States speculated upon the ignorance of the people respecting its intrinsic value, and coined more silver than public convenience demanded. As the people became enlightened, the danger of a serious disturbance in general values alarmed those Governments, and they ceased the coinage of silver, relying upon its consumption in the arts and the moral effect of stopping the supply to avert the legitimate consequences of their error.

Q. What are the cardinal principles of a sound policy of finance? A. Honesty, stability, and a standard exchangeable measure of values; so that "with what measure ye mete, it shall be measured to you again."

Q. Suppose the Government were to adopt the legal-tender dollar measure as the basis of all its transactions, including the payment of the public debt, would not the legal-tender silver dollar become the standard measure of values in the United States? A. It would become the general measure of values in domestic transactions, but not a standard measure, for its measuring capacity would be governed by the market quotations for silver bullion in London and San Francisco.

Q. Can you give a practical illustration between the standard measure and a fluctuating measure? A. The advertisements of the sheriff are practical illustrations of persons mortgaging their homesteads for greenback dollars when they measured only half what they measure now.

Q. What is cheap money? A. In the commercial sense, money is cheap when it can be borrowed at a low rate of interest; in the estimation of the ignorant, money is cheap when its measure is short.

TIMBER IN THE BRITISH COLONIES.—Lord Carnarvon, while Secretary of State, called for information from the colonies as to their timber supply. During the five years ending 1876 Canada sent to England about \$125,000,000 of timber. In Nova Scotia the approximate amount of timber-producing land was, in 1875, computed at 9,000,000 acres; in Ontario, 30,000 square miles; in Quebec, 73,711,114 acres; New Brunswick, 6,000,000 acres. In British Columbia about 110,000,000 acres are covered with timber. Newfoundland, too, is densely wooded, but forest fires have there, as also to a considerable degree in Canada, made serious inroads. In Natal (Africa) the Crown forests have for some time been suffering so seriously from the depredations of the natives that the Surveyor-General has absolutely prohibited the use of forest lands for the cultivation of crops. It is computed that Cape Colony has between 500 and 600 square miles of forest. Between 1868 and 1878 British Honduras sent 34,000,000 feet of mahogany. In Victoria (Australia) timber is diminishing far too rapidly, and in Western Australia the Governor thinks that steps must be taken to arrest destruction. In Queensland an annual license fee is exacted from wood cutters, and an officer has been appointed to report on the public timber-producing lands, with a view to their conservation. Tasmania (Van Diemen's Land) has about 8,000,000 acres under timber, of which about 1,000,000 are in private hands. In Ceylon steps were, some time since, taken to arrest reckless destruction. In Queensland and South Australia the clearing of the forests has produced no effect whatever on the rainfall. In St. Helena, on the other hand, the destruction of the trees shortly after the colonization of the island, was followed by a succession of severe and destructive droughts; but now that the forests have been allowed to grow again there has been much less trouble on that score. The climate of Jamaica is reported much dryer of late years in the south side of the island, where the greatest clearances have been made.

NEW PLAN OF ENFORCING STATE DEBTS.

The United States Supreme Court has jurisdiction of controversies between States, and New Hampshire proposes to test the question whether this jurisdiction cannot be made available for the protection of its citizens who may suffer from the refusal of States to pay their debts.

We subjoin the full text of the act recently passed on the subject in New Hampshire.

The opinion generally expressed by our contemporaries of the press, is, that the Supreme Court will decline to take jurisdiction of suits brought under the act, on the ground that they will be really the suits of private parties.

STATE OF NEW HAMPSHIRE.

AN ACT to protect the rights of citizens of this State holding claims against other States. Be it enacted by the Senate and House of Representatives in general court convened :

SECTION 1. Whenever any citizen of this State shall be the owner of any claim against any of the United States of America, arising upon a written obligation to pay money issued by such State, which obligation shall be past due and unpaid, such citizen so holding such claim may assign the same to the State of New Hampshire, and deposit the assignment thereof, duly executed and acknowledged in the form and manner provided for the execution and acknowledgment of deeds of real estate, by the laws of this State, together with all the evidence necessary to substantiate such claim, with the attorney-general of the State.

SECTION 2. Upon such deposit being made, it shall be the duty of the attorney-general to examine such claim and the evidence thereof, and if, in his opinion, there is a valid claim which shall be just and equitable to enforce, vested by such assignment in the State of New Hampshire, he (the attorney-general) shall, upon the assignor of such claim depositing with him such sum as he, the said attorney-general, shall deem necessary to cover the expenses and disbursements incident to, or which may become incident to, the collection of such claim, bring such suits, actions, or proceedings in the name of the State of New Hampshire, in the Supreme Court of the United States, as he, the said attorney-general, shall deem necessary for the recovery of the money due upon such claim; and it shall be the duty of the said attorney-general to prosecute such action or actions to final judgment, and to take such other steps as may be necessary after judgment for the collection of said claim, and to carry such judgment into effect, or, with the consent of the assignor, to compromise, adjust, and settle such claim before or after judgment.

SECTION 3. Nothing in this act shall authorize the expenditure of any money belonging to this State, but the expenses of said proceedings shall be paid by the assignor of such claim; and the assignor of such claim may associate with the attorney-general in the prosecution thereof, in the name of the State of New Hampshire, such other counsel as the said assignor may deem necessary, but the State shall not be liable for the fees of such counsel or any part thereof.

SECTION 4. The attorney-general shall keep all moneys collected upon such claim, or by reason of any compromise of any such claim, separate and apart from any other moneys of this State which may be in his hands, and shall deposit the same to his own credit, as special trustee under this act, in such bank or banks as he shall select; and the said attorney-general shall pay to the assignor of such claims all such sums of money as may be recovered by him in compromise or settlement of such claims, deducting therefrom all expenses incurred by said attorney not before that time paid by the assignor.

SECTION 5. This act shall take effect on its passage.—Approved July 18, 1879.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. MISTAKE IN PROTEST THROUGH INDISTINCT DATE.

A gave note to B at sixty days, which the latter had discounted at his bank, who forwarded it for collection to the bank at which it was made payable. The date of the note was uncertain—whether it was dated on the 5th or 6th of the month. The collecting bank considered the former the proper date and matured the note accordingly. No provision was made for payment, and the note was duly protested and returned. The indorser B, refused to pay, on the grounds that the 6th was the proper date, and the note had been protested a day too soon, and they were thereby released. Upon these facts, conceding the date was the 6th as claimed, (a) is the indorser released? If so, (b) if the date was doubtful and the collecting bank mistook it, can it be held liable, having protested the note a day too soon?

The maker of note kept no account at the bank at which the note was payable, and there being no funds to meet it, the note would have been protested on the later as well as earlier date.

REPLY.—(a) The indorser is released. (b) This depends upon whether the officers of the collecting bank were negligent in not reading the date correctly, and must be decided by a jury, on inspection of the note, and from any surrounding circumstances proper for their consideration. The collecting bank is bound to use due care in presenting the note for payment on the precise day it falls due. If it fails to do this, it is liable for any loss which occurs.

The fact that the maker of the note kept no account with the collecting bank is of no consequence as regards the release of the indorser through neglect of proper demand.

II. WAIVER OF PROTEST.

A sight draft upon a party here, made by a firm in New Jersey, payable to their own order, was deposited by them in a New York bank. After passing through two other banks, it was forwarded to us for collection by a third bank in this State. No instructions to waive protest were given by our correspondent, and the draft being unpaid was duly protested.

The first indorser (the drawer) claims to have stamped the words "*No protest*" above their name on the back of the paper before depositing it for collection with their bank, and insists that we had no right to protest the paper because *they* had so indorsed it.

We hold that the fact of the first indorser waiving protest did not affect the subsequent indorsements; that the bank from whom we received it was alone competent to give us instructions; and that in the absence of a waiver from the latter, it was our duty to protest the draft for non-payment to prevent the release of other indorsers.

REPLY.—An indorser may waive protest for himself and can release preceding indorsers, but he has no control over names which may be signed *after* his own. In the case described above, the collecting bank (which makes the inquiry) was clearly in the right. The instructions under which it was obliged to act, were those of its correspondent. There is nothing to indicate that the latter authorized the omission of protest.

III. LIABILITY FOR INFORMAL INDORSEMENTS.

Will you please give me your opinion upon the liability of a bank, as a last indorser, arising from an informality of a previous indorsement. To illustrate: A check is drawn payable to the order of John Brown. It is indorsed "John Brown per James Smith." It is indorsed and deposited in bank by "Thomas Jones." The bank puts its stamp upon it and collects it through the clearing house. After a lapse of time it is discovered that the indorsement of Smith is fraudulent, and that the payee never received benefit. Can the paying bank recover from the bank that collected it? I notice that the New York banks exact a specific guarantee in such cases. Is this necessary?

REPLY.—An inquiry touching the same point was answered in our August number. The indorsement of the collecting bank is equivalent to a special guarantee that the previous indorsements are genuine and valid. The exaction of a specific guarantee, although a general custom, is not necessary, for each indorser is responsible for the regularity of the signatures which precedes his own.

IV. RESTRICTIVE INDORSEMENTS.

In the August number of your magazine I notice in "Inquiries of Correspondents" a query in regard to erroneous indorsements and your answer thereto.

Suppose "C D" had indorsed the check "for deposit," would your answer have been the same?

REPLY.—We think there is a distinction between the two cases. In the former, the indorsement was "For deposit only to my credit," which, being addressed to the drawee bank, restricts the deposit to a credit on *its* books. But the mere words "For deposit," indorsed or stamped on a check, may be regarded as a memorandum indicating that the check is to be paid through *some* bank, and not to any bearer who may present it.

V. POWERS OF ATTORNEY.

Can an executor give a power of attorney?

REPLY.—An executor may undoubtedly give a power of attorney for some purposes; but this question cannot be intelligently answered without knowing what sort of a power it is proposed to give.

A CALCULATING PENCIL.—An "addition pencil," capable of adding up to 1,000, has recently been patented in Germany, by Herr Leuner, of Dresden, and is described in *Dingler's Journal*. From the fore end of the pencil projects a flat bar, graduated from 0 to 9. When this is pushed inwards it works against a coiled spring, and also, at the other end of the case, actuates a rack against one of three pinions in a row, each having a cylinder connected with it, which shows figures outside the case. Suppose you wish to add 5 and 8. You push in the flat bar at the end as far as the mark 5 on it; this causes the wheel and cylinder to turn round and present the number 5. Then you raise the pencil, and while the flat bar is forced out again by the spiral spring, the wheel is prevented moving therewith by a retarding spring. You now push the bar in to the figure 8, whereby the wheel is forced round eight teeth more, and the figure 3 is presented. But in each revolution of this wheel it moves the next wheel one tooth. The result here is then that the figure 1 appears on the cylinder, and with the 3 on the other cylinder gives the number sought.

BANKING AND FINANCIAL ITEMS.

“THE MONETARY QUESTION IN AUSTRIA.”—The conclusion of the article by Herr Max Wirth, of Vienna, of which the first portion was published in the August number of this magazine, is deferred until our next issue.

THE UNITED STATES TREASURY.—On the 1st of August, the coin and bullion actually in the United States Treasury was as follows:

Gold coin and bullion.....	\$ 135,517,483
Standard silver dollars.....	29,151,801
Fractional silver coin.....	12,731,765
Silver bullion.....	5,112,223

At that date there were outstanding certificates of deposit as follows:

For gold coin.....	\$ 15,196,900
• silver dollars.....	771,170

Deducting these last sums, which are the property of individuals, the Treasury held on the 1st of August, in its own right, the following amounts of gold and silver:

Gold coin and bullion.....	\$ 120,320,583
Standard silver dollars.....	28,380,631
Fractional silver coin.....	12,731,765
Silver bullion.....	5,112,223

Total..... \$ 166,545,202

On the 1st of July, the amount of fractional silver coin on hand was \$ 8,903,401. The present stock of that coin is excessive, but the excess of it can better be held in the Treasury than anywhere else. It will gradually be absorbed by the increasing population of the country, and perhaps also by the increasing activity of business.

DIVIDENDS.—The Comptroller of the Currency has declared the following dividends in favor of the creditors of insolvent National banks during the month of August:

	<i>Per cent.</i>	<i>Total dividend.</i>
First National Bank of Dallas, Texas.....	10 ..	10
Lock Haven National Bank, Lock Haven, Penn.....	10 ..	60
People's National Bank of Helena, Mon.....	15 ..	15
First National Bank of Ashland, Penn.....	25 & int.	100 & int.
Atlantic National Bank of New York, N. Y.....	5 ..	90
German National Bank of Chicago, Ill.....	25 ..	25
National Bank of the State of Mo., St. Louis, Mo.....	20 ..	70
National Bank of Poultney, Vt.....	25 ..	25

Also the following dividends to shareholders, 100 per cent. and interest having been previously paid to creditors.

	<i>Per cent.</i>	<i>Total dividend.</i>
Farmers National Bank of Platte City, Mo.....	13 ..	13
Commercial National Bank of Kansas City, Mo.....	11 ..	31

THE MANHATTAN SAVINGS INSTITUTION.—The Treasury Department has decided to surrender to the Manhattan Savings Institution of New York \$ 150,000 of the duplicate bonds issued in place of the bonds stolen from that institution. It will be remembered that the bank lost \$ 1,200,000 in bonds, and Congress authorized the Secretary of the Treasury to issue duplicates and deliver them to the institution at his discretion. Over three-fourths of this amount have already been given to the bank, and this \$ 150,000 is a part of the remaining one-fourth. Before any of the duplicates were delivered the bank was required to give the most satisfactory evidence that the bonds were stolen, and it was made obligatory on the part of the trustees to revoke the authority held by any of its officers to execute any assignment of stolen bonds. All these requirements were promptly complied with.

GEORGE WALKER, Esq., of this city, sailed recently to Europe as an accredited agent of the State Department. A Washington dispatch says that it is semi-officially stated that Mr. Walker is not authorized to propose, on behalf of the United States, an international conference relative to the silver question, but is instructed to endeavor to persuade some European government to take the initiative in suggesting such a conference. If that is really Mr. Walker's mission, he is admirably qualified for it, by his official knowledge of the subject, as well as by his general abilities, a previous residence in Europe, and familiarity with the French and German languages. Other dispatches from Washington say that Secretary Evarts is quite confident that another bi-metallic Congress will, in some way, be brought together, and that Germany, which declined to participate in one last year, is now disposed to co-operate in the movement.

DEFALCATIONS.—On August 15th, it became publicly known that the Citizens' National Bank, of Washington City, by the defalcation of its cashier, William M. Roach, is short some \$60,000. The first intimation of irregularity came in a circular note addressed to the different banks and banking associations, stating that Roach had been discharged from his position, no longer had any connection with the bank, and that the bank would not be responsible for his acts after the 11th instant. The defaulting cashier had heretofore borne an unblemished character. It is surmised that the money has been used in stock speculations.

It seems that the speculations have extended over a period of eighteen months. President Creswell's imperative orders were recently violated and slight suspicion aroused, but the discrepancy was explained away. A watch was, however, kept upon Roach, and the fact demonstrated that his books have been skillfully forced, erased and forged. Erroneous and false entries have been made, frequently in making settlements. New York correspondents would ask for good commercial paper, preferring it to money. Roach gave them bills and credited himself with the payment of cash. He also deceived the National bank examiners by his forced balances on the ledger. Roach is under \$25,000 bonds, which his sureties will pay, and he will surrender his property, so that the actual loss to the bank is but little. This deficit has been promptly supplied by the directors, and the bank will continue uninterruptedly without inconvenience to its customers.

KANSAS.—In February, 1878, W. B. Clarke, banker of Junction City, made an assignment for the benefit of his creditors, but afterwards compromised with them for twenty-five cents on the dollar, obtained a release in full, and continued in business. He subsequently paid to his creditors ten per cent. additional. On August 7th, Mr. Clarke gave notice that he was ready to pay in full all his former obligations with interest to that date.

It is gratifying to announce an act so honorable as this. Doubtless such actions are the more rare from the fact that few men have the ability or the good fortune to carry out similar good intentions after having once failed. Mr. Clarke and his creditors are to be congratulated on so happy a termination to a former disaster.

LOUISIANA.—At a meeting of the directors of the Bank of Lafayette, New Orleans, held in the last week of July, it was determined to put the concern into liquidation. The measure has been in contemplation for some time, the bank not having sufficient business to make it profitable for the stockholders, who have received no dividends for a long time past.

Another Defalcation.—Upon investigation of the accounts of Chevalier Jumonville, who has been cashier of the New Orleans Canal and Banking Co. for thirty years, it was found on August 1st that he was a defaulter to the amount of \$20,000. Eighteen months ago a discrepancy was discovered between the account of the Canal Bank and their New York correspondent amounting to \$19,000. The bank made the amount good, but the cause was only brought to light by the recent examination. There will be no prosecution.

MASSACHUSETTS.—It was announced on July 30th that Prescott G. Pillsbury, cashier of the Lawrence National Bank, was a defaulter to the amount of \$64,000. A day or two before Pillsbury told the president of the bank that he could carry his burden no longer; that he had taken the bank's funds to speculate in mining stocks and lost; that the amount actually taken was \$64,000, but that the stocks which he had were worth about \$30,000, making the loss to the bank about \$34,000, and that everything else in relation to the bank was all right. The president called a meeting of the directors, who made a thorough investigation and found everything as the cashier stated. They then sent for the Bank Examiner, who made a careful examination of the bank with precisely the same result.

The Messrs. Smith, of Andover, are owners of about one-third of the capital stock of the bank, and two of them, who are directors, proposed to the other directors that they should make good the loss to the bank, so that the depositors and stockholders should suffer no loss or inconvenience, and that they would pay pro rata according to the amount of their stock for that purpose, provided the other directors do the same. This the other directors agreed to, and it was done in the presence and with the approval of the Bank Examiner.

Pillsbury had tendered his resignation, but the directors, under the advice of the Bank Examiner, passed a vote dismissing him from office. His bondsmen are all responsible men, liable to the amount of \$20,000. Pillsbury surrendered himself, and was taken before Commissioner Hallett, in Boston, who placed him under \$20,000 bonds for further examination. In default of bail he was committed to jail. Mr. Pillsbury is a prominent Mason, a man of good habits, and heretofore of excellent character.

MISSOURI.—The directors of the Exchange Bank of St. Louis decided, on July 29th, to put that institution in process of liquidation, in view of the unprofitable condition of the banking business. They have deposited with the Commercial Bank funds to pay all current and time deposits and leave a surplus for shareholders. Mr. E. C. Breck, hitherto cashier of the Exchange Bank, is elected cashier of the Commercial Bank, and Mr. Wm. Nichols is promoted from the cashiership to the presidency of the latter, in the place of Mr. Wm. J. Lewis, lately deceased.

ATTEMPTED ROBBERY.—During the night preceding August 20, a daring attempt was made to rob the vault of the Long Branch (New Jersey) Banking Company, by five men, who assaulted, gagged, and bound the police officer on the street, entered the bank and attempted to blow open the safe with gunpowder, but fled at the sound of the explosion, without obtaining a dollar, leaving their kit of tools. The safe was not opened. The attempt was discovered in half an hour, and detectives put on the track of the burglars.

NEW YORK.—The Attorney-General has given an opinion that section 4 of chapter 456 of the laws of 1857 exempts deposits in Savings banks absolutely from State taxation, and that the law mentioned protects the individual depositor as well as the bank.

ROBBERY AND SUSPENSION.—In the earlier part of August the banking house of G. H. Bussing & Co., Cincinnati, was robbed during daylight of over \$10,000. The old trick of calling the manager to answer the inquiry of a person in a carriage was successfully used.

On August 18th the firm decided to wind up its business, and made an assignment to Judge P. Mallon. The assignee's statement of the firm's condition gives total liabilities of \$114,086.27; assets, \$105,699.12. Among the assets is some Chicago property, upon which no estimate of value has yet been placed.

PENNSYLVANIA.—Walter Hibbard, president of the National Bank of Chester County, West Chester, Pa., died at Cape May, N. J., on July 31st, after an illness of only two hours. Mr. Hibbard became identified with the Bank of Chester County, in November, 1850, serving as a director of this bank, under its State and National organizations, a greater part of the time until 1873, when he was chosen to its presidency. He was a member of the Society of Friends, and was highly esteemed for his business accomplishments and for his high attributes of character in all the walks of life.

AN ACTIVE RAILROAD.—The tunnel of the Atchison, Topeka and Santa Fe Railroad through the Raton Mountains was expected to be opened on the first day of this month. It is 2,011 feet in length, nineteen feet in height, and fourteen feet and five inches in width. The road is expected to reach Albuquerque by the end of 1879, and is thence to be pushed rapidly down the valley of the Rio Grande into Mexico, and on to Guyamas on the Pacific. The *St. Louis Republican* says the road has a land grant from the Mexican Government of 15,000 acres to the mile, so far as it is built in Mexican territory.

PACIFIC RAILROAD SNOW SHEDS.—The Reno (Nevada) *Gazette* says: "A great many repairs have to be made in the snow-sheds every summer. The weight of snow is so enormous, and the sliding rocks and racking winds keep tearing away at the long building, and increase the enormous wear and tear of rot and fire. This year there are to be rebuilt 1,150 feet at Crystal Lake, and 900 feet near Cisco, which were burned; 100 feet which were carried off by a snow-slide about Truckee, and 1,200 feet new double shed at Cisco, which have rotted out. Gangs of carpenters go over the line every summer, replacing rotten sticks, putting in foundations where the old is rotten or washed away, etc. The shed costs from \$5 to \$10 a foot."

MOSCOW.—It is reported that a short time ago, by order of Prince Dolgorukoff, Governor-General, all the usurers and pawnbrokers resident there, to the number of 278, were summarily expelled the city's bounds. On the following day the Prince in person visited the dwellings of these outcasts, in order to convince himself that none of them remained behind. The greater part of these ejected persons are described as Russians of importance, possessing their own dwellings and banking houses, and they were accompanied forth out of the city by the military and an immense mob of spectators.

CANADA.—It is asserted by the supporters of the Government that Sir S. L. Tilley has succeeded in getting a company organized in England to construct the Canadian Pacific Railway. This news must be accepted with caution. Sir A. T. Gault is said to have submitted to the Government, by request, a scheme for a National bank of issue, and which contains a recommendation for the Dominion to issue all legal-tender notes. It is said that as bank charters expire in 1881 the time is opportune for the accomplishment of such a measure, and the Finance Department is looking for considerable changes to follow the new banking act to be introduced by Sir Samuel Tilley at the next session. There is evidently an opinion favorable to a system of National currency issued by the Government springing up all over the country.

POST OFFICE SAVINGS BANKS IN CANADA.—A statement showing business done at the Post Office Savings Banks from 1st April, 1868, to 30th June, 1879, has been printed. Since the last day of June interest has been calculated and balance struck of the accounts of 27,445 depositors. There are in the Dominion 297 post offices which receive deposits. The number of depositors is 27,445, and the amount standing to their credit on June 30th was \$2,925,290.80, or nearly three million dollars. Interest is allowed at the rate of four per cent., except on \$179,900, which draws five per cent., and it is stated that no new deposits to draw five per cent. have been accepted since 1871. The following figures show the total amounts due depositors on 30th of June in each year named, that for 1868 being accumulation of three months' business, only the beginning having been made on the first of April that year:

1868	\$ 130,688 00	....	1872	\$ 21,446 00	....	1876	\$ 24,328 52.
1869	153,614 00	....	1873	25,086 51	....	1877	23,755 37.
1870	939,938 00	....	1874	26,928 65	....	1878	44,984 00
1871	13,965 59	....	1875	25,253 90	....	1879	29,252 90

—*Monetary Times, Toronto.*

Quebec.—At a special general meeting of the stockholders of the Stadacona Bank July 29th it was resolved to go into liquidation. The bank is perfectly solvent.

THE BANK OF MONTREAL.—Mr. R. B. Angus, general manager of this bank, has tendered his resignation in order to devote his attention to railway interests. The retirement of Mr. Angus is a noteworthy event, as the position is one of commanding influence, and the emolument higher than that of any similar office on this continent. It is reported from Montreal that a petition is in course of signature by leading citizens to the directors of the Bank of Montreal, asking them to use their influence to get Mr. Angus to withdraw his resignation.

Montreal.—The failure of three banks in Montreal has been announced during the month of August: The Consolidated Bank, Exchange Bank, and Banque Ville Marie. The *Monetary Times*, of August 1st, thus mentions the first named: "The Consolidated Bank has succumbed to the steady drain of its deposits and the demands of its note holders, and closed its doors last evening. It had closed or transferred nine out of its sixteen agencies, and had reduced its liabilities by nearly \$2,000,000 between June 8th and July 29th, the deposits at the former date being \$3,234,766, and at the latter date \$1,492,781, while the decrease of circulation amounted to say \$120,000. The circulation at the beginning of July was about \$718,000, and the deposits and notes together probably amount now to \$2,100,000. To meet these, there were at 1st July, specie, \$189,179, Dominion notes, \$225,230, notes and cheques of other banks \$177,874, and other available assets about \$90,000, real estate and bank premises, say \$330,000. These, with the amounts due from corporations for loans, and the secured debts, are inadequate by about half a million to meet the \$2,100,000 demand; but there are over \$5,000,000 of discounted bills to be realized, besides the double liability of shareholders. It seems likely, therefore, that note holders and depositors will be paid in full; and arrangements may be made by other banks to make present advances against deposit receipts."

After a continued run at its head office and at the Hamilton Branch, the Exchange Bank of Montreal closed its doors on the morning of August 7th. This bank was begun in 1872, with a capital of \$1,000,000, and for a time seemed to succeed remarkably. But since the change from general business prosperity to depression, its losses have been severe, and confidence in the soundness of the bank was weakened. There is thought to be every probability that depositors and note-holders will be paid in full.

The Banque Ville Marie suspended August 8th. Its affairs are probably in a more unfavorable condition than those of either of the other two suspended banks, but the manifest expectation of interested parties is, that circulation and deposits will be met without loss. A run upon the City and District Savings Bank, Montreal, resulted in the withdrawal of nearly \$400,000 in specie by frightened people. The panic seems to have been occasioned by the fact that this bank was a holder of stock in the banks which had failed; but the City and District Savings Bank being willing and able to meet all demands, the rush was over by the close of the second day, and the excitement subsided.

An examination of the affairs of the Mechanics' Bank, Montreal, by a committee of the creditors, shows that a considerable portion of the paper held under discount was worthless, and that to meet the claims of the depositors and bill-holders in full would require about \$50,000 more than the double liabilities of the shareholders. The new directors of the bank think the assets will turn out somewhat better than the result of the investigations of the creditors' committee would indicate.

It is reported that preliminary steps have been taken by influential stockholders for criminal proceedings against the directors and ex-general managers of the Consolidated Bank, for preparing and submitting to the Government an untrue statement of the affairs of the bank. At the latest advices from Montreal the feeling on the Stock Exchange was greatly improved and there was an advance in leading bank shares.

THE GERMAN THALER.—It is stated in the Vienna correspondence (August 5th) of the London *Economist*, as if it was a matter important to be mentioned, that, as fast as silver thalers are received for taxes by the German

government, they are paid out and put into circulation again. Inasmuch as that Government has decided to sell no more silver at present, it is not apparent what it could do with the silver paid to it, except to pay it out again in the ordinary course of public disbursements. The silver piece of one thaler has never been demonetized, and will remain legal tender and current money until that is done. All the fractions of the thaler have been demonetized for some time, and their place supplied by the new silver mark currency.

COMPTROLLER KNOX'S REPORT IN ENGLAND.—The recent disastrous bank failures in Great Britain have evidently aroused a desire for information in regard to our National banking system, under which such calamities to depositors could not have occurred. The last annual Report of the Comptroller of the Currency, has been republished in London by Messrs Trübner & Co. The following paragraph from the London *Bankers' Magazine* for August indicates the growing appreciation of our system, and confirms statements made by Mr. Knox in his address before the recent Bankers' Convention: "Messrs Trübner & Co. have published in England this interesting report, drawn up annually by Mr. John Jay Knox, the Comptroller of the Currency. It will be convenient to many of our readers to know that this volume can be obtained from an English publisher. The report contains a complete description of the position of the National and State banks, private banks, and Savings banks, in the United States, statistics of the banks which have failed, and other useful information respecting them. We can only say that it would give us great pleasure to be able to report that a similar publication were annually made by Government in this country respecting the position of the banks in Great Britain. Such statistics are of great public value. The report drawn up by Mr. Knox is clear and instructive. It shows the advantage of the secured note circulation of the National banks, and in this respect again the legislation of the United States gives an example which we should do wisely to bear in mind whenever legislation on that subject takes place here. Mr. Knox shows clearly that no advantage would be gained by substituting Treasury notes for National bank notes. The dividends paid by National banks which have failed, are mentioned, and are certainly favorable to the good success of the system."

THE BANKERS' CLEARING HOUSE OF LONDON.

The following statement shows the working of the London Clearing House for the twelve years during which these statistics have been collected. The columns give the total amount of cheques, bills, etc. paid at the Clearing House for the times specified during the years ending April 30th, respectively:

	Total for the Year.	On Fourths of the Month	On Stock Exchange Account Days.	On Consols Settling Days.
1867-1868	£ 3,257,411,000	£ 147,113,000	£ 444,443,000	£ 132,293,000
1868-1869	3,534,039,000	161,861,000	550,622,000	142,270,000
1869-1870	3,720,623,000	168,523,000	594,763,000	148,822,000
1870-1871	4,018,464,000	186,517,000	635,946,000	169,141,000
1871-1872	5,359,722,000	229,629,000	942,446,000	233,843,000
1872-1873	6,003,335,000	265,965,000	1,032,474,000	243,561,000
1873-1874	5,993,586,000	272,841,000	979,945,000	260,072,000
1874-1875	6,013,299,000	255,950,000	1,076,585,000	260,338,000
1875-1876	5,407,243,000	240,807,000	962,595,000	242,245,000
1876-1877	4,873,000,000	231,630,000	718,793,000	223,756,000
1877-1878	5,066,533,000	224,190,000	745,665,000	233,385,000
1878-1879	4,885,091,000	212,241,000	811,072,000	221,264,000

It will be seen that the aggregate for the year ending April 30th, 1879, is £ 181,442,000 less than that of the corresponding period of 1877-78. The settlement on Stock Exchange account days however, are £ 65,407,000 more than in the previous year.

NATIONAL-BANK CIRCULATION.

STATEMENT of the Comptroller of the Currency, showing the Issue and Retirement of NATIONAL-BANK NOTES AND LEGAL-TENDER NOTES, under the Acts of June 20, 1874, and January 14, 1875, to August 1, 1879.

NATIONAL-BANK NOTES

Outstanding when act of June 20, 1874, was passed.....	\$ 349,894,182
Issued from June 20, 1874, to January 14, 1875....	\$ 4,734,500
Redeemed and retired between same dates.....	2,767,232
Increase from June 20, 1874, to January 14, 1875.....	1,967,268
Outstanding January 14, 1875.....	\$ 351,861,450
Redeemed and retired from Jan. 14, 1875, to date. \$	76,614,571
Surrendered between same dates.....	11,245,402
Total redeemed and surrendered	87,859,973
Issued between same dates.....	64,489,260
Decrease from January 14, 1875, to date.....	23,370,713
Outstanding at date.....	\$ 328,490,737
Greenbacks on deposit in the Treasury, June 20, 1874, to retire notes of insolvent and liquidating banks.....	\$ 3,813,675
Greenbacks deposited from June 20, 1874, to date, to retire National bank notes.....	88,873,486
Total deposits.....	92,687,161
National-bank Circulation redeemed by Treasurer between same dates without re-issue.....	79,381,804
Greenbacks on deposit at date.....	13,305,357
Greenbacks retired under act of January 14, 1875.....	\$ 35,318,984
Greenbacks outstanding at date.....	346,681,016

JOHN JAY KNOX, *Comptroller of the Currency.*

TAXATION OF BANKS AND BANKERS.

The following statement of the capital and deposits of State banks, private bankers and Savings institutions, is compiled from reports made to the Commissioner of Internal Revenue, during the months of June and July, 1879. It shows the average amount of each class for the six months ended May 31, 1879, and the tax assessed thereon:

	Actual Capital.	Taxable Capital.	Actual Deposits.	Taxable Deposits.	Amount of tax.
State banks and private bankers.....	\$ 195,007,892	150,911,152	394,158,417	394,155,876	1,366,667
Savings banks:					
With capital stock....	3,229,701	2,995,672	35,420,057	21,853,188	62,122
Without capital stock..			739,055,640	26,299,596	65,748
	\$ 198,237,593	153,906,824	1,168,634,114	442,308,660	1,494,538

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from August No., page 160.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
CAL.	Alameda.....	First National Bank.....	.....
		\$25,000 Levi Jenks, <i>Pr.</i> J. E. Baker, <i>Cas.</i>	.....
IOWA	Jesup.....	Farmers' Bank.....	Kountze Brothers.
MASS	Holyoke.....	City National Bank.....	.....
		\$200,000 Joseph C. Parsons, <i>Pr.</i> Edwin L. Munn, <i>Cas.</i>	.....
MICH.	Whitehall.....	First National Bank.....	First National Bank, Chicago.
		\$50,000 Isaac M. Weston, <i>Pr.</i> Carleton A. Hammond, <i>Cas.</i>	.....
MINN	Ortonville.....	Bernhard Dassel.....	Corbin Banking Company.
PR. ONT	Berlin.....	Branch Canadian Bank of Commerce.	Amer. Exch. Nat. B.
	.. Chatham.....	Branch Federal Bank of Canada.	Amer. Exch. Nat. B'k.
	.. Clinton.....	Branch The Molsons' Bank.	Mechanics' National Bank.
	.. Waterford.....	Bank of Waterford (M. Minkler, <i>Mgr.</i>)	Nat'l Park Bank.
	.. Woodstock.....	Branch Imperial Bank of Canada.	Bank of Montreal.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from August No., page 161.)

	Bank and Place.	Elected.	In place of	
CONN.	Second Nat. Bank, Norwich.	E. R. Thompson, <i>Pr.</i>	A. F. Smith.*	
		C. P. Cogswell, <i>V. P.</i>....	.....
		E. A. Tracy, <i>Cas.</i>	C. P. Cogswell.	
DAKOTA	First Nat'l Bank, Deadwood...	R. C. Lake, <i>Pr.</i>	L. R. Graves.	
LA.	New Orleans Canal & Bkg Co.	J. B. Montreuil, <i>Cas. pro tem.</i>.....	.....
MAINE.	Biddeford Nat. B'k, Biddeford.	Luther Bryant, <i>Pr.</i>	W. P. Haines.	
MASS.	Conway Nat. Bank, Conway...	W. D. Luey, <i>Cas.</i>	E. L. Munn.	
	.. Lawrence Nat. B'k, Lawrence..	John R. Rollins, <i>Cas.</i>	P. G. Pillsbury.	
MICH.	Citizens' National Bank, Flint.	Wm. B. McCreery, <i>Cas.</i> ..	W. L. Gibson.	
MO.	Commercial Bank, St. Louis.	William Nichols, <i>Pr.</i>	W. J. Lewis.*	
		E. C. Breck, <i>Cas.</i>	W. Nichols.	
		R. R. Hutchinson, <i>Cas.</i> ..	G. T. Hulse.	
N. Y.	First National Bank, Auburn..	C. T. Backus, <i>Pr.</i>	C. N. Ross.	
		Charles T. Coit, <i>Pr.</i>	J. H. Metcalfe.	
		R. P. Lee, <i>Cas.</i>	C. T. Coit.	
	.. First National Bank, Buffalo.	R. P. Lee, <i>Cas.</i>	C. T. Coit.	
		M. L. Fenton, <i>Pr.</i>	W. H. Tew.	
OHIO	First National Bank, Athens.	A. Norton, <i>Pr.</i>	E. H. Moore.	
		E. H. Moore, <i>V. P.</i>....	.....
		S. A. Baxter, <i>Pr.</i>	W. F. Coulson.	
		E. B. Halladay, <i>Cas.</i>	S. A. Baxter.	
		John Armstrong, <i>Pr.</i>	G. K. Jenkins.	
	.. Ohio City Bank,	W. R. Ratcliffe, <i>Cas.</i>	C. H. Jenkins.	
		.. Belmont Bank, Somerton.....	E. J. Hoge, <i>Cas.</i>	T. F. Martin.
	.. Monroe Bank, Woodfield.....	W. C. Mooney, <i>Cas.</i>	J. Williams.	
PENN.	Farmers & Mechanics' Sav. Bank, Sharpsburg	R. M. Coyle, <i>Cas.</i>	A. W. Clancy.	
		.. National Bank of Chester Co. West Chester	Wash'n Townsend, <i>Pr.</i> ..	W. Hibbard.*
		.. First Nat'l B'k, Wilkes-Barre..	Henry C. Smith, <i>Cas.</i>	T. Wilson.
TENN.	German Nat. Bank, Memphis	T. H. Milburn, <i>Pr.</i>	H. E. Garth.	
		James C. Neely, <i>V. P.</i>....	.....
		Warren C. McClure, <i>Cas.</i> ..	M. Griffin.	
VT.	First Nat. Bank, Brattleboro.	Silas M. Waite, <i>Pr.</i>	N. B. Williston.	
		N. C. Sawyer, <i>A. C.</i>.....	.....

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from July No., page 71.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2428	Bradford National Bank... Bradford, PENN.	Robert F. Borckman..... John F. Merrill.	\$ 100,000	\$ 50,000
2429	First National Bank..... Whitehall, MICH.	Isaac M. Weston..... Carleton A. Hammond.	50,000	50,000
2430	City National Bank..... Holyoke, MASS.	Joseph C. Parsons..... Edwin L. Munn.	200,000	200,000
2431	First National Bank..... Alameda, CAL.	Levi Jenks..... J. E. Baker.	50,000	25,000

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from August No., page 160.)

DAKOTA	Rockville.....	Name changed to Rockerville.
IND	Holland.....	Henriques & Rice; now E. C. Rice & Co.
KANSAS	Chetopa.....	Clark & Sturges; now Clark & Bates.
MICH	Hudson.....	Boies, Rude & Co.; now Boies & Co.
"	Marquette.....	Citizens' Bank; succeeded by Campbell & Wilkinson.
"	Whitehall.....	Lumberman's State Bank; now First Nat. B. Same officers.
OHIO	Cleveland.....	E. B. Hale & Co.; admit W. B. Hale. Style same.
"	Troy.....	W. H. H. Dye & Co.; succeeded by H. H. Weakley & Co., as Miami County Bank.
PENN.	Bradford.....	Bradford B'k, Limited; now Bradford N. B. Same officers.
"	Coudersport...	Arch F. Jones & Son; now W. K. Jones, as Bank of Coudersport.
"	Latrobe.....	W. S. Head & Son; now W. S. Head.
"	Sharpsburg.....	Farmers & Mechanics' Sav. B'k; now Far. & Mech. Bank.
PR. ONT	Berlin.....	Consol. Bank; bus. trans. to Canadian Bank of Commerce.
"	Chatham.....	" " succeeded by Federal Bank of Canada.
"	Clinton.....	" " succeeded by The Molsons Bank.
"	Hamilton.....	" " bus. transferred to Merch. Bank of Canada.
"	Ingersoll.....	M. Minkler & Co.; removed to Waterford.
"	Woodstock....	Consol. B'k of Canada; suc. by Imperial Bank of Canada.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from August No., page 160.)

IND	Vincennes.....	R. J. McKenney & Co.; retired. Paying in full at First N. B.
LA	New Orleans..	Bank of Lafayette; in liquidation. Paying in full.
MO.	St Louis.....	Exchange Bank; in liq. Paying in full at Commercial B'k.
N. J.	Dover.....	Dover Bank; consolidated with National Union Bank.
N. Y.	Dansville.....	Bank of Dansville; enjoined.
OHIO	Cincinnati.....	G. H. Bussing & Co. (Walnut Street Bank); assigned.
PENN.	West Middlesex	Millers & Farmers' Bank; closed.
TENN	Memphis.....	Fourth National Bank; voluntary liquidation.
VA.	Luray.....	Page County Bank; closed.
PR. QUE	Montreal.....	Banque Ville Marie; suspended.
"	".....	Consolidated Bank of Canada; failed.
"	".....	Exchange Bank of Canada; failed.
"	Quebec.....	Stadacona Bank; in liquidation. Perfectly solvent. Efforts being made to continue.

NOTES ON THE MONEY MARKET.

NEW YORK, AUGUST 25, 1879.

Exchange on London at sixty days' sight, 4.81½ a 4.87½ in gold.

The prediction of an easy money market has so far been fulfilled, although the fears that some disastrous monetary stringency will yet arise out of the Treasury negotiations with the banks, continue again and again to revive, only to be proved unfounded and delusive. The arrangements of Mr. Secretary Sherman have been so complete, and the admission of the Sub-Treasury to the New York Clearing House has worked so well, that the large payments between the syndicate and the Government have been completed without creating as much disturbance as would often attend the influx of a few millions suddenly into the Treasury from the banks a few years ago. Two or three circumstances have tended of late to aid the efforts to renew the apprehensions of monetary stringency. First, there is a notable revival of business confidence all over the country. Hence, the active movement of currency and of deposits from the financial centers, which is normal and necessary as the fall trade approaches, has set in with unusual activity and somewhat earlier than was expected. Secondly, a speculative fever has been developed here and elsewhere, which has caused large amounts of loan transactions to press upon the banking machinery of the country. The demand for breadstuffs abroad is one of the sources of this speculative animation, and trustworthy estimates show that the insufficient crops of France, England, and Germany will probably lead to the shipment of a larger amount of wheat than has been generally anticipated. The estimates vary from seventy-five millions to one hundred and twenty-five millions of dollars, as the value of the shipments of the whole season. Moreover, in Wall street a brief series of clique movements have carried prices up, and have been followed by the usual feverish oscillations, which still continue. A well-known expedient of the "bear" operators, by which successful attacks upon the stock market have often been made, is to spread rumors of monetary stringency. Of late this manœuvre has been adroitly made use of, and not without success. One of the numerous reports has been that some of the syndicate banks were so heavily burdened that they could not respond if the Treasury should call upon them to close their bond accounts. A multitude of sensational rumors have also been industriously stirred up and put in circulation, but they have no great influence among the well-informed portion of the community. The fact is officially stated that the Treasury will not ask to have the four-per-cent. bond accounts closed before the beginning of October. At present only about \$18,000,000 remain to be paid into the Treasury on such accounts, while over \$20,000,000 have yet to be paid out by the Treasury in redemption of called bonds. The stability of the

money market is further aided by the shipments of gold to this country from Europe. Already about two and one-half millions of specie have arrived, and four millions are reported to have been shipped from France, while nearly eight millions more are expected. With these substantial indications as to the favorable balance of trade, and the efficiency of our control over the vast reserves of idle specie in France and England, we have abundant reason to repeat the assurance, which we have given in previous reports, that the indications of the money market are favorable to continued ease at fair rates of interest. Unless some new contingency, not now threatening, should enter into the financial arena and become a source of perturbation, there is much reason to believe that the money market will be favorable to that revival of commerce and trade, the evidence of which is so gratifying throughout almost every section of the country. The rates for call loans are irregular, and close at 6 to 7. Prime paper is passing at five to seven per cent. The banks report an increase in their total reserve, which is now \$2,479,225 in excess of the lawful requirement. The movements of several weeks past will be seen in the following table of the averages of the New York Clearing House :

1879.	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.	Excess of Reserve.
July 26.....	\$260,582,600	\$19,927,600	\$54,288,100	\$20,549,500	\$243,383,000	\$13,369,950
Aug. 2.....	267,280,100	19,652,400	57,655,100	20,594,800	254,770,700	13,614,825
" 9.....	272,936,000	19,624,100	50,435,500	20,682,100	253,230,200	6,752,050
" 16.....	274,311,000	19,553,200	43,974,000	20,719,500	248,474,600	1,408,550
" 23.....	263,570,100	19,631,100	41,838,600	20,827,500	235,953,900	2,481,225

The Boston bank statement for the same period is as follows :

1879.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
July 28.....	\$127,896,500	\$3,572,600	\$5,386,300	\$46,772,700	\$26,572,500
Aug. 4.....	128,035,500	3,567,500	5,354,200	46,838,500	26,635,200
" 11.....	129,133,000	3,561,200	5,643,900	46,854,900	26,700,600
" 18.....	130,578,100	3,496,300	5,159,100	45,803,800	26,749,800
" 25.....	131,174,200	3,474,900	4,777,000	44,409,300	26,832,100

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

1879.	Loans.	Reserve.	Deposits.	Circulation.
July 28.....	\$61,415,445	\$17,405,816	\$51,901,368	\$11,415,745
Aug. 4.....	61,932,961	17,396,863	52,980,548	11,406,477
" 11.....	62,740,144	17,590,102	52,719,432	11,437,610
" 18.....	62,688,249	17,011,709	52,015,168	11,438,106
" 25.....	62,972,906	16,308,517	51,415,739	11,430,589

The stock market has shown considerable activity during the month. Government bonds have been in demand from investors, but the stringency in money produced free offerings of bonds from holders who wished to realize. The consequent decline in quotations was slight, and it has been followed by a firmness at the close, 101 being bid for the new four per cents. We give the following quotations since first January, 1879, with the amount of each class of bonds reported outstanding in the Government debt statement of first August, 1879 :

	—Range since Jan. 1, 1879.—			—Amount Aug. 1, 1879.—	
	Lowest.	Highest.	Registered.	Coupon.	
6s, 1880-1.....	103½	107½	\$204,496,100	\$78,240,250	
5s, 1881.....	102	107½	267,101,700	241,338,650	
4½s, 1891.....	104	108	166,050,350	83,949,650	
4s, 1907.....	99	103½	448,589,800	*286,142,950	
6s, currency.....	119½	128	64,623,512		

*This amount does not include \$6,058,350 of Refunding Certificates outstanding on Aug. 1.

To show the movements of prices in London we give the following table :

Quotations in London.	Aug. 1.	Aug. 8.	Aug. 15.	Range since Jan. 1, 1879.	
				Lowest.	Highest.
U. S. 5s of 1881....	105½	105¾	105¾	105	July 16 .. 109½ Jan. 4
U. S. 4½s of 1891....	109¾	109¾	108¾	106½	Mar. 24 .. 110 May 2
U. S. 4s of 1907.....	105½	105	104½	101	Mar. 26 .. 105½ May 22

In State bonds there is little doing. Tennessees are lower since the failure at the recent election of the proposition for compromising with the creditors of the State. Louisiana bonds are neglected. Virginias are firmer. The Funding Association report that about twelve millions have been sent in for funding under the new plan. Subjoined are the principal quotations :

States.	July 25.	Aug. 1.	Aug. 8.	Aug. 15.	Range since Jan. 1, 1879.	
					Lowest.	Highest.
Louisiana consols.....	38	36¾	37	37	36	July 24 . 69 Jan. 6
Missouri 6s, '89 or '90.....	104¾	104	—	103½	103¾	Mar. 5 . 107¾ June 10
North Carolina 6s, old.....	24½	24	23¾	23	18	Feb. 8 . 25½ June 14
Tennessee 6s, old.....	34¾	—	32	—	30½	Aug. 14 . 42 Feb. 13
Virginia 6s, consol.....	78	78	80	—	73¾	June 20 . 73¾ June 20
do. do. 2d series...	—	—	—	—	41¾	Apr. 29 . 44 Mar. 28
District of Columbia, 3-65s....	88½	86½	—	—	79½	Jan. 3 . 88½ May 23

Railroad bonds are not so strong as for some months past, but the best descriptions are firmly held for investment. In railroad shares the fluctuations have been large. Lake Shore the most buoyant, having sold up to 93 on rumor of a lease to the New York Central, the contradiction of which put down the price to 83. The coal stocks are lower. At the close there is a better feeling and quotations are firmer. Subjoined are the comparative prices of the last month :

QUOTATIONS:	July 25.	Aug. 4.	Aug. 11.	Aug. 16.	Aug. 23.
U. S. 5-20s, '1867 Coup.	102¼	102¼	102¼	102¼	102¼
U. S. 10-40s Coup.....	101¼	101¼	101¼	101¼	101¼
West. Union Tel. Co..	90¾	89	94¾	92	93¾
N. Y. C. & Hudson R.	118	119¾	118	119	118¾
Lake Shore.....	77½	82	92	85	88¾
Chicago & Rock Island	139¾	139¾	141½	139	138¾
New Jersey Central...	52½	52¾	50¾	50½	51½
Del. Lack. & West ...	59¾	59½	59½	57½	57¾
Delaware & Hudson..	47½	48¾	48½	47½	47¾
North Western.....	71½	74¾	78¾	74¾	75¾
Pacific Mail.....	14½	14¾	16	17½	16¾
Erie.....	27¾	27½	27½	27½	24½
Call Loans.....	2 @ 3	2½ @ 5	5 @ 6	6 @ 7	6 @ 7
Discounts.....	4 @ 5	4 @ 5	4 @ 5	4½ @ 5½	6 @ 7
Bills on London.....	4.84-4.86	4.82½-4.84½	4.82-4.84	4.81½-4.83½	4.81-4.83½
Treasury balances, cur. \$ 29,624,758		\$ 39,539,361	\$ 47,311,183	\$ 46,276,987	\$ 45,037,981
Do. do. gold. \$ 126,895,681		\$ 127,573,275	\$ 128,655,323	\$ 129,249,118	\$ 131,750,548

Foreign exchange is unsettled. The first importation of gold from England has already arrived, and consists of double eagles. The further shipments from France and England, which are reported, cause some anxiety among the foreign correspondents of our principal dealers in foreign exchange. The actual rates for sterling bills are 481½ for sixty days, and 484½ for three days' sight. Considerable amounts of American securities are said to have been purchased for transmission in order to prevent specie shipments this way.

The following statement shows the *average* of loans and discounts, specie, legal-tenders circulation, and net deposits of the banks composing the New York Clearing House Association, for the week ending Saturday, August 23d, 1879:

<i>Names.</i>	<i>Capital.</i>	<i>Loans and discounts.</i>	<i>Specie.</i>	<i>Legal tenders.</i>	<i>Circulation.</i>	<i>Deposits.</i>
	\$	\$	\$	\$	\$	\$
American Exchange National.	5,000,000	13,416,000	1,186,000	827,000	447,000	9,268,000
Bank of America.....	3,000,000	9,145,600	583,500	832,300	1,100	6,728,800
Bank of New York, N. B. A.	2,000,000	8,011,500	512,000	1,876,000	495,000	8,844,000
Bank of North America.....	700,000	2,069,100	83,000	212,000	—	1,942,100
Bowery National Bank.....	250,000	1,105,100	29,000	312,000	224,400	1,003,000
Central National Bank.....	2,000,000	9,172,000	450,000	1,262,000	1,466,000	8,003,000
Chase National Bank.....	300,000	2,052,500	123,600	424,800	240,300	2,147,700
Chatham National Bank.....	450,000	3,186,900	105,100	706,200	398,000	3,093,400
Chemical National Bank.....	300,000	10,352,800	1,570,800	1,179,200	—	10,842,500
Continental National Bank...	1,000,000	4,531,400	5,900	1,105,500	768,600	4,373,800
Corn Exchange Bank.....	1,000,000	3,539,000	71,900	292,000	4,600	2,186,400
East River National Bank...	250,000	819,300	84,600	55,600	144,000	609,300
First National Bank.....	500,000	10,746,300	1,183,700	1,752,400	46,100	10,510,000
Fourth National Bank.....	3,200,000	17,287,900	1,122,700	3,372,800	1,024,400	17,123,800
Fulton National Bank.....	600,000	1,659,600	185,500	346,400	—	1,295,600
Gallatin National Bank.....	1,000,000	3,538,100	162,300	292,700	530,800	1,862,800
German-American Bank.....	750,000	1,910,800	130,100	186,400	—	1,555,700
Greenwich Bank.....	200,000	873,900	12,500	162,100	2,700	759,400
Grocers' Bank.....	300,000	670,000	3,000	113,600	—	636,200
Hanover National Bank.....	1,000,000	6,044,500	624,600	843,700	270,000	6,085,200
Importers & Traders' Nat'l..	1,500,000	16,362,400	1,007,800	3,759,100	1,110,300	18,187,200
Irving National Bank.....	500,000	2,453,300	133,000	563,200	252,500	2,479,000
Leather Manufacturers' Nat..	600,000	2,775,400	200,600	402,400	470,500	2,121,700
Manhattan Company Bank...	2,050,000	5,974,000	169,000	441,000	400	3,787,000
Manuf. & Merchants Bank...	100,000	302,800	1,000	92,700	—	346,700
Marine National Bank.....	400,000	2,418,500	27,100	510,000	356,700	2,316,900
Market National Bank.....	500,000	2,416,100	21,700	357,700	346,400	1,829,300
Mechanics & Traders' Nat'l.	300,000	961,000	34,000	218,000	198,000	960,000
Mechanic's National Bank...	2,000,000	7,009,200	569,000	767,000	441,500	5,532,200
Mercantile National Bank...	1,000,000	3,654,300	368,600	465,900	177,600	3,403,900
Merchants' Exchange Nat'l..	1,000,000	3,624,300	231,800	465,900	531,300	2,939,500
Merchants' National Bank...	2,000,000	5,857,900	667,400	736,100	73,200	4,723,900
Metropolitan National Bank.	3,000,000	13,077,000	302,000	2,736,000	2,241,000	11,067,000
Nassau Bank.....	1,000,000	2,064,400	23,700	214,300	3,900	1,840,100
National Bank of Commerce.	5,000,000	14,255,400	1,181,200	2,663,900	1,538,300	9,696,900
National B'k of the Republic.	1,500,000	4,015,700	109,900	335,700	900,000	1,716,100
Nat. B'k of the State of N. Y.	800,000	1,401,700	7,600	420,700	135,000	1,588,800
National Broadway Bank...	1,000,000	5,137,400	373,100	616,200	891,900	3,835,500
National Butchers & Drovers',	3,100,000	1,278,300	190,400	126,500	243,000	1,080,100
National Citizens' Bank.....	600,000	1,575,400	106,400	289,400	240,700	1,538,200
National City Bank.....	1,000,000	6,114,400	1,038,200	598,000	—	5,667,600
Nat'l Mechanics' Bkg. Asso.	500,000	588,100	51,200	44,500	308,700	418,200
National Park Bank.....	2,000,000	12,755,500	1,608,000	2,838,800	527,100	15,840,100
National Shoe & Leather...	500,000	2,966,000	306,000	375,000	450,000	2,625,000
New York County National...	200,000	1,085,400	9,700	319,700	180,000	1,125,300
New York Nat'l Exchange...	300,000	1,211,300	50,700	188,400	268,400	869,500
Ninth National Bank.....	750,000	4,344,000	359,000	579,000	575,000	4,081,000
North River Bank.....	240,000	700,200	35,300	170,800	—	850,700
Oriental Bank.....	300,000	1,476,100	19,000	160,000	—	1,268,000
Pacific Bank.....	422,700	2,056,100	76,300	508,700	—	2,075,100
People's Bank.....	412,500	1,254,000	53,000	365,700	5,400	1,307,700
Phenix National Bank.....	1,000,000	2,741,000	291,000	465,000	251,000	2,638,000
St. Nicholas National Bank...	500,000	1,865,100	25,200	336,900	450,000	1,378,600
Second National Bank.....	300,000	2,293,000	184,000	406,000	269,000	2,373,000
Seventh Ward National Bank.	300,000	849,600	63,700	133,100	34,570	758,100
Third National Bank.....	1,000,000	7,343,800	925,000	1,227,500	799,500	7,739,500
Tradesmen's National Bank.	1,000,000	3,034,100	267,200	182,700	769,100	1,937,800
Union National Bank.....	1,200,000	4,145,600	292,800	593,400	121,600	3,160,000
	—	263,570,100	19,631,100	41,838,600	20,827,500	235,953,900

Under recent regulations, ten per centum, in standard silver dollars is now paid out on all checks and drafts presented to the Treasury for payment. This rule is also applied in the redemption of subsidiary silver coin. This will have the effect of partially stopping the presentation of small coin for redemption, as the banks say it is easier to get rid of the small change than it is to dispose of the silver dollars. For the latter there has been of

late considerable demand, but not to such an extent as to exhaust more than half the monthly coinage. If the disbursements of ten per cent. are found insufficient to relieve the Treasury, it is thought that the amount will be increased to twenty per cent. at an early day.

The London *Economist*, in its issue of August 9th, has an article on the accumulation of bullion and the precious metals in the leading European banks. By an inadvertence its table of detailed figures, showing an increase in the aggregate within the past year from £165,983,000 to £189,966,000, is headed "*gold coin and bullion*." But the sums given do not represent the "*gold*" in the banks named, but the gold and silver, which is a very different thing, especially in the case of the Banks of France and Austria, both of which have more silver than gold in their metallic reserves. There has been no increase of gold in the European banks within either one or two years past, as the loss of gold by the Bank of France offsets the gain by some other banks.

By the latest reports from Washington it is stated that the receipts of called bonds at the Treasury for redemption will average about \$750,000 per day, of which two-thirds are paid for by check and the balance is credited to the syndicate banks.

The following are the latest sales of the shares of New York city banks as quoted by Messrs. Gold, Barbour & Swords :

American Exchange ^s National.....	110	..	Merchants' Exchange National	75
Bank of America.....	129	..	Merchants' National.....	124
Bank of North America.....	79	..	Metropolitan National.....	125
Central National.....	101	..	National Bank of Commerce.....	132½
Continental National.....	97½	..	National Bank of the Republic.....	105
Fourth National.....	102	..	National Bank of the State of N. Y..	104
German-American.....	80	..	National Butchers & Drovers'.....	105
Hanover National.....	103	..	National City Bank.....	200
Manhattan ^s Company.....	133	..	National Mechanics' Banking Asso..	60
Marine National.....	101½	..	National Park Bank	100
Mechanics & Traders' National.....	76	..	Pacific Bank.....	142
Mechanics' National.....	134	..	St. Nicholas National.....	99
Mercantile National.....	95	..	Union National.....	142

DEATHS.

AT CAPE MAY, N. J., on Thursday, July 31st, aged seventy-three years, WALTER HIBBARD, President of the National Bank of Chester County, West Chester.

AT MORRISTOWN, N. J., on Sunday, August 10th, aged fifty-eight years, LEWIS R. COBB, formerly President of the Morristown Institution for Savings.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XIV, }
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No. 4.

THE INFLUX OF GOLD.

The importation of gold from Europe during August and September was in round numbers \$30,000,000, and is still continuing. It is in itself a fact of the first magnitude. No equal gold importation in the same space of time has ever occurred, and it is the more extraordinary, inasmuch as it is the shipment of the metal on a great scale from a Continent in which no appreciable quantity of it is mined, to a country which produces it abundantly, and from which, under normal circumstances, it should be a constant article of export.

So far, the loss of gold by Europe to be sent to this country, has not produced there either a rise in the rate of interest, or any further fall in the prices of commodities. Therefore, neither of these ordinary causes which arrest the international flow of the precious metals has yet been called into action. That they will both begin to act after the loss reaches a certain point is quite sure, but it is difficult to determine what that point is. The circumstances in Europe were favorable to the possibility of a large export of gold without any disturbance being produced. Owing to the prostration and stagnation of trade, the coin accumulations in the European banks were unprecedentedly great, when the drain to this country set in. The accumulation was not wholly in gold, but in some of those banks, as in the National banks of France and Austria, was rather more than one-half of it in silver. But all the banks, a part of whose

metallic reserve is silver, possess a good deal of gold. In the case of the most important bank, that of France, it is a matter of indifference which metal is parted with, so far as its own solvency and strength are concerned. As France is under the double-standard *regime*, the French Bank can pay its depositors and note-holders in either gold or silver, at its own choice and pleasure. But well prepared as Europe was to part with more or less gold, when the drain of it began in August, there is a limit at which the drain will be checked.

An international movement of the precious metals acts upon the prices, both of commodities and of bonds and stocks, which it depresses sooner or later in the countries drawn upon and raises in those which receive new accessions of money. In that way a reversal of the mercantile balance of trade is finally accomplished, and transfers are caused from one country to another of that class of bonds and stocks which from their character are dealt in internationally.

We are now in the third year of a heavy balance of trade in our favor, and the balance is still kept up by various circumstances, chief among which is the general failure of the current European harvests. When this balance in our favor commenced, Western Europe was full to repletion of American bonds and stocks, which were then held at such prices that their flow back to us was natural and easy. But the foreign holding of our bonds and stocks is now largely reduced, and those which remain in Europe are retained with great tenacity, not merely from the general improvement of American credit, but from the increasing difficulty which European capitalists find in making investments at home. We see no evidence that any of them are being sent here for sale, or, at any rate, no evidence that more are being sent back to us than we are sending to Europe. Taking the comparative prices of American bonds and stocks, in our markets and in the European markets, it appears improbable that the balance of the flow of them is this way. And that is further rendered improbable by the fact that so much gold is coming from Europe.

It is only the question of price which determines the European holder of an American bond, or any species of bond, to part with it. An Englishman will not dispose in this market of Illinois Central Railroad stock, or New York Central Railroad stock, with any reference to the state of the balance of trade between England and the United States. If from the pressure upon himself of some need for money, or under the temptation of the offer of some very desirable investment at home, he decides to part with his Illinois Central, or New York Central stock, he will select the best market, and leave the balance of trade to take care of itself.

If he sends his stocks here for sale, it will not be to adjust an international mercantile balance of trade, or to prevent an outflow of gold from the Bank of England, but because the American market will yield him the best price for his property. The effect of a balance of trade continued sufficiently long, in favor of the United States and against Europe, is to bring about a state of things which will make the market for American stocks better here than it is there. It is in that way only that the balance of trade does, in its necessary consequences, control his action.

The London *Economist* seems to be hopeful that the present balance of trade in favor of the United States, will not require the transmission on any great scale of either gold, or bonds, or stocks, but that this balance may cease to exist, by increased purchases in this country of European, and especially of British merchandise. It says: "A very slight advance in American prices would, in many cases, lead to a very large export from our side, where production is now cheapened to an extent which can hardly be credited."

Such an advance is shown most notably in the American prices of iron, and considerable shipments of that article in various forms are being made to the United States from British ports. English writers who are, of course, disposed to make the most of any circumstance calculated to keep up the courage of the English people, naturally have a good deal to say about this improving price of iron in America. There is really very little else of that character for them to write about. As a general fact, the prices of everything in which our manufacturers are the competitors of the British, remain very low. Indeed, they are so low, that the competition is still vigorously maintained, not only in this country, where we have the advantage of a tariff in our favor, but in outside markets, where we meet them on equal terms. Furthermore, it is by no means certain that such changes of prices as have occurred in our markets are, upon the whole, calculated to make the balance of trade less unfavorable to Great Britain, or to Europe in general. A rise of prices in international trade is a sword which sometimes has one edge, and sometimes two. In the present case, the prices of our exports are so far on the average, rising quite as much as the prices of imports, and the existing probabilities are that this will continue to be the case for some considerable time longer. The prices of many of our exports have been miserably low for two years past, notably of Indian corn and hog products. Wheat is rising, and the promise is good for a rise in other important articles of export. In respect to certain manufactures, a rise in their prices in our markets might prevent their further exportation. But that is not true of cotton and petroleum, of which we have the substantial monopoly, nor is it true of grain

and provisions when the needs of the world for them become extraordinarily large, from a general failure of harvests.

What we desire and hope to see, before the present course of trade between this country and Europe undergoes a change, is the return home of all our securities. The present drain of gold from the other side of the Atlantic tends to compel such a return, and in that aspect it is an advantage to us. In every other respect it is a disadvantage. A great producer of gold, like the United States, has no occasion to import it, and least of all from Europe. Four-fifths of all our exports are made to that continent. We want European prices of those exports to be high, not low, and it is a misfortune to us to deplete the European stock of money, upon which the prices of our exports depend. Not only is the Treasury already sufficiently stocked with coin to make resumption secure, but the Secretary of the Treasury is at his wits' end to devise ways and means of getting rid of what he declares to be an unnecessary and troublesome accumulation of gold and silver in the public vaults. It will be a fortunate day for us, when Europe shall be forced to cease to send us gold which we do not want, and to send us our securities which we do want.

MOVEMENT OF THE PRECIOUS METALS.

During the first seven months of 1879, as compared with the corresponding months of 1878, the British silver export to India fell from £3,335,556 to £3,013,600, and to China (including Hong Kong) from £1,430,500 to £449,014. Taking July alone, the comparison with 1878, shows a diminution in the export to India from £301,561 to £194,373, and in the export to China from £327,391 to £49,095.

Per contra, the British silver export to Austria, *via* Germany, shows an increase during the first seven months of 1879, as compared with the same months of 1878, from £59,456 to £1,291,806, and during July alone an increase from £54,115 to £296,386. This new Austrian demand has therefore, just about off-set the falling off in the Eastern demand upon the British market for silver, and the reports are that the coinage of silver at the Austrian mints continues without abatement.

In our last number, we gave official statements showing that the net imports of gold into Great Britain during the first six months of 1879 were:

From India.....	£ 1,260,735
" China (including Hong Kong).....	630,201
" Japan.....	696,672

During the month of July, 1879, the net British gold imports were :

From India.....	£ 6,248
From China (including Hong Kong).....	71,676
From Japan.....	211,524

The Japanese stock of gold still holds out. From 1874 to 1878, both inclusive, Great Britain drew gold from that quarter to the amount of £ 6,727,600.

During the first seven months of 1879, the aggregate imports of gold into Great Britain were £ 10,161,687 and the aggregate exports £ 5,210,223. Of silver, the aggregate imports were £ 7,140,404 and the aggregate exports, £ 6,692,648. Of its silver imports, Great Britain retains an annual average of one million sterling for consumption in the arts and the maintenance of the coinage, and of its gold imports an annual average of about four millions, and some authorities say five millions, for the same purposes.

The gold and silver exports from San Francisco to China (including Hong Kong) during August, and during the first eight months of the present year (including August) were as follows :

	<i>August.</i>	<i>Eight Months.</i>
Gold dust.....	\$ 3,080	.. \$ 7,420
Gold coin.....	24,222	.. 132,067
Mexican dollars.....	209,102	.. 1,511,863
Trade dollars.....	8,880	.. 518,374
Silver bars.....	778,600	.. 3,902,014
Total.....	\$ 1,023,884	.. \$ 6,071,738

The export of silver in all forms was, therefore, \$ 5,932,251 during the first eight months of this year. During the first five months of last year it was \$ 5,420,496, but did not maintain that ratio during the remainder of that year.

The total movement of silver during 1878 to the East from Southampton and San Francisco, with the addition of about two million dollars from Mediterranean ports, was \$ 41,000,000. As will be seen above, the movement thus far reported in 1879 is less than in 1878, but we retain the opinion, expressed heretofore, that the movement for the whole year 1879 will, probably, exceed what it was last year. British commercial authorities concur in saying that both India and China, having this year much better crops than last, will call for an increased amount of silver during the fall months. Their call for it during the last months of 1878 was very small. During December, 1878, there were no silver shipments from Southampton to India, a circumstance which is said not to have occurred in any month before for many years.

The steamers which left Southampton for the East in August, took £ 422,740 in silver.

The number of silver dollars coined at the U. S. mints to the end of August, 1879, under the law of February 28, 1878 is 40,237,050. Of that aggregate 1,649,000 were coined

in July last, and 2,787,050 in August last. In July the coinage, from various causes, fell below the minimum prescribed by law, and the deficiency was principally, but we should judge not wholly, made up in August. The bullion in the 4,436,050 dollars coined during the two months, taken together, would have cost at the current discount of thirteen per cent. \$3,859,364, whereas the law requires two million dollars worth of silver, at least, to be purchased every month. It is possible, however, that some silver on hand, not purchased at so good advantage as at a discount of thirteen per cent., was coined during July and August.

In France, comparing the first seven months of 1879, with the same months of 1878, the imports of gold and silver (coin and bullion) have fallen from 364,972,893 francs to 223,665,799 francs, while the exports have increased from 58,914,480 francs to 122,457,250. The net import, that is, the excess of imports over exports has therefore fallen from 306,058,413 francs to 101,208,448. Distinguishing the two metals, the net import of silver has fallen from 86,628,507 francs to 43,170,189 francs, and the net import of gold has fallen from 219,429,906 francs to 58,038,360 francs. During August of this year, the export of gold is known to have been very large, and it is stated that the Bank of France then parted with all its gold bars and all its foreign gold coins, except those of the States of the Latin Union.

SOUTHERN STATE DEBTS.

A writer in a city paper (the *Tribune*) gives the details of the debts of the States which went into secession, and sums up the amount in 1868 at \$174,141,253, as recognized by the governments then controlling those States. As is well known there has since been a radical change in the administrators of political power at the South, and the validity of a good deal of this indebtedness of \$174,141,253 has been disputed. The general view in this part of the country is, that while some of these debts were of very doubtful legality and equity, some have been repudiated upon inadequate grounds.

In addition to the repudiation of a portion of the indebtedness, on the ground of legal invalidity, there has been a scaling down of other portions, on the ground of the inability of the indebted States to pay the full amount of what is admitted to be due. The old social and labor systems of the South having been overthrown by the civil war, there was a great increase of debt from the mere accumulations of interest during the years when it is admitted that there was an inability to pay interest.

The general result of the repudiation of some debts and of the scaling down of others, has been the reduction of the aggregate figures of the indebtedness from \$174,141,253 in 1868 to \$90,000,000 at the present time. The repudiations and scalings exceed the difference between those two sums, inasmuch as some new debts for railroad construction were contracted between 1868 and 1879.

Of the debts recognized in 1868, those incurred by the seceded States during the Civil War formed no part, nor have they since been recognized in any way.

A computation of the losses of the creditors of these States since 1868, in unpaid principal and interest, swells the total to \$272,000,000. This is done by assuming what is by no means true, that these bonds were originally sold at their par, or nominal value, and also by including under the head of losses, the difference between the rates of interest agreed to be paid when the bonds were issued, and the present rates, to which it is said creditors have assented, not freely, but by compulsion. This last assumed loss seems altogether fanciful, except in those cases in which the reduction has been greater than it has been upon the average, in the rate of interest throughout the world, in transactions which have been perfectly free upon both sides. The losses of the creditors of the Southern State governments have been sufficiently serious and there can be no need of making them appear greater than they really are.

The general tendency, north and south, seems to be to pay off all existing State debts and to contract no new ones. Of the North-Eastern States, Massachusetts has the largest aggregate of debt, but it has also the largest ability to pay, relatively to the amount of its indebtedness, and its policy has uniformly been to establish a sinking fund for every debt it has incurred. Of the Western States, Missouri is the most largely indebted, but its resources are great, and it has a sinking fund carefully guarded by constitutional provisions, and under which large reductions of its debt have already been effected.

Of the debts of the (lately) seceding States as now recognized, that of Virginia is the largest, and that of Georgia is, we think, the next largest. There has been no scaling of debts by either State. Georgia decided that certain debts were invalid, but as to those decided to be valid, has made provision for their payment in full. In the case of Virginia, there has been, as is well known, a division. That part of the old State which preserves the old name, is about two-thirds of the whole, taking population and territory both into account, and did not consider itself fairly liable for more than two-thirds of the old debt. In the recent plan of settlement, to which its creditors have assented, the rate of interest for the future is reduced so as to con-

form more nearly to the current rates. One part of this plan contains a provision for a sinking fund, looking to the ultimate extinguishment of the entire debt, although at a day somewhat remote. In the case of Georgia, the sinking fund, guaranteed by its present constitution, will extinguish its debt more rapidly, and the credit of the State now commands money among its own citizens at an interest of four per cent., payable, not in coin, but in lawful money. Those are rather more favorable terms than the United States were able to obtain in the recent refunding operations.

USURY LAWS IN EUROPE.

The existing French laws against usury are those of 1807 and 1850. Under them, the permissible maximum of interest is six per cent. in commercial transactions, and five per cent. in other transactions. Usury laws had always existed in France prior to 1807, but in that year they were re-enacted with modifications. These modifications were not, however, in the direction of mitigating their severity. One of the idiosyncracies of the first Napoleon, then in power, was his extreme dislike for political economists, and for "idealists" generally, of whom he said, often, that no government was strong enough to survive their intermeddling.

The French, proverbially slow and conservative in all legislation relating to trade and finance, have not considered the usury question at all until within six or eight years, and it is only within two or three years that the Chamber of Deputies took the step of instituting a Commission of Inquiry, which was renewed by the succeeding Chamber. In behalf of this Commission, M. Jozon made a report in July last, which was assented to by a majority of one in the committee, giving to parties to commercial paper the right to agree upon any rate of interest, but maintaining as to all other obligations the prohibition of any rate higher than five per cent. The supporters of a repeal, or relaxation, of the usury laws now existing, do not express an expectation of the speedy adoption of a new law on the basis of M. Jozon's report. If it shall finally be adopted, the French will have commenced the abrogation of the usury laws at the point where the English commenced it, that is to say, in respect to commercial paper. Early in the reign of William IV, or rather less than fifty years ago, and quite fifty years after Jeremy Bentham wrote against usury laws, the British Parliament allowed parties to bills and notes not having more than three months to run, to stipulate the rate of interest, at their pleasure. In the second and third years of the reign of Vic-

toria, this liberty was allowed on bills and notes not having more than one year to run, and in 1854, all the old British laws in respect to usury in any transactions were repealed.

According to the report of M. Jozon, the entire abrogation of usury laws was effected in Denmark, in 1854, in Sweden, in 1855, in Norway and Holland, in 1857, and in Italy and Belgium in 1865, but the Belgian penal code still prescribes the punishment of one month's imprisonment and a fine ranging from 1,000 to 10,000 francs for "any person who shall *habitually* lend money at rates higher than those prescribed by law, where the rate is not agreed, *by an abuse of the weakness or desires of the borrower.*" How that peculiar language of the Belgian code is applied in practice, is not stated by M. Jozon, but it is easy to see that its application must depend very much upon the temper of judicial tribunals, as influenced by public opinion.

It also appears from M. Jozon's report that the usury laws are repealed in some, but not all, of the Swiss cantons, and in Hungary and Gallicia. Their repeal, he says, has proved everywhere entirely satisfactory in its results, and has given rise to no complaints, except in the two last countries, in respect to which he observes: "In Hungary and Gallicia, the abolition of the usury laws produced at first some frightful evils. In Gallicia especially, the peasants were forced to borrow at rates which were most extortionate and which ate up all that they apparently borrowed."

Upon that passage in M. Jozon's report a writer in *L'Economiste Francais* remarks with more wit than deliberate wisdom, that "it only proves that those peasants are fools and semi-savages, and so much the worse for them." It may prove a good deal more than that. It may show that the repeal of usury laws is not adapted to all states of society, and to all conditions in respect to the diffusion of intelligence, provident habits and moneyed capital. In Eastern Europe, where nearly all the borrowers are the owners, or cultivators, of land, and where the lenders are few, and unchecked by any public opinion, which is not indifferent to them, the restraint of usury laws may be necessary. And we know, as a matter of fact, that at the present time political agitations in some of those countries, especially in Servia and Roumania, turn upon questions growing out of usury. What concerns Frenchmen and Americans to learn, in guiding their own policy, is how the repeal of usury laws has worked practically in England, Holland and other countries, in which the social, commercial and financial conditions correspond with their own. The evidence certainly is, that it has worked well.

By a law passed, as recently as last March, Russia has added itself for the first time to the list of European nations, leaving the rate of interest to be agreed upon

between borrower and lender in all contracts, whether commercial or non-commercial. This law was adopted at the instance of the Minister of Finance. In many portions of it, Russia resembles Galicia, Servia, and other regions of Eastern Europe, where the new system is reported not to have worked well. The present Russian law has, however, one feature which is novel and may remedy some of the mischiefs which are apprehended. The rate of interest in Russia being six per cent. where no special rate is agreed upon, a borrower may terminate a contract to pay a greater rate, by discharging his debt at any time after six months have elapsed from the date of incurring it, but he must give the creditor three months' notice of his intention to get rid of his contract in that way.

FINANCES OF INDIA.

On the 16th of June, the Governor-in-Council of India, issued an extended circular to the various provincial and other local administrations, stating the circumstances under which the budget for the current year, commencing April 1, had been made up in March, and the changes which must now be made in it, in consequence of the refusal of the assent of the Home Government to the plan of raising the value of the rupee to its former relation to gold, so as to relieve the Indian Government from the large loss by exchange which it is now suffering. The leading points of this circular were immediately telegraphed from Calcutta, and with substantial correctness, to the *London Times*, and were fully commented upon by one of our correspondents in the last number of this Magazine. The entire text of the circular is now before us.

Its dominant idea is, that when the budget for the current year was framed in March, it was seen that if the equilibrium of the budget was not restored by getting rid of the loss by exchange, in purchasing sterling money wherewith to pay London debts, it must be restored by economies in some or all of the branches of the public service, inasmuch as it was not deemed practicable to obtain more revenue by increased taxes. In the uncertainty existing in March, whether the Home Government would approve, or disapprove, the plan of raising the value of the rupee, proposed to it last fall, it was considered best to defer, until its decision could be known, the task of determining in what part of the public service economies could be practiced. The circular does not state, and it was quite unnecessary that a thing so well understood should be stated, that economy is the most dis-

greeable and distasteful resort to which those who administer governments are driven, and that they are rarely ever driven to it by anything short of dire necessity.

The circular states that the order of the Secretary of State for India, announcing that the Home Government could not sanction an artificial enhancement of the value of the rupee by limiting its coinage, was not issued until the 19th of May, but that its "purport" was known to the India authorities "a few weeks" previously. The latter part of this statement, in order to be credible, must be understood with some modifications. The Home Government, being aware that its decision on the point referred to was awaited by the India authorities, as something which would determine their policy in respect to the pressing matter of the budget for the current year, was bound to announce this decision the moment it was finally and definitely arrived at. The most that can be true is, that for "a few weeks" prior to May 19, the India authorities had intimations of what the decision probably would be.

It is a most noteworthy circumstance, that on Saturday, the 17th of May, Bismarck said at a Parliamentary *soiree* at Berlin, that he would "like to see the silver sales stopped," and that on Monday, May 19, the German agents in London posted a notice that they had no more silver to sell. On that same Monday, the British Secretary of State for India issued an order, that the scheme of tampering with the rupee must be given up. Doubtless, that was a determination at which the British Cabinet had already nearly arrived, in consequence of the determined opposition made to that scheme in Parliament and by the London financial journals; but it cannot be said that they had definitively and irreversibly come to it, until they announced it. It is very plain that what resolved any lingering doubts they had about it, was the declaration made by Bismarck on the 17th of May.

The scheme of economies announced in the circular of June 16, from the Indian authorities, is well summed up in the remarks of a London journal, that in selecting the expenditures to be curtailed, "the object which has fewest supporters goes, as is natural, to the wall." The India authorities suppress a very few civil offices, but save at present but little in that way, from their practice of providing pensions and retiring allowances for displaced officials, civil as well as military. The expenses of the army which swallow up the lion's share of the revenue, and which are said to be on a very wasteful and extravagant scale, they propose to do nothing about, except to appoint a commission to see what, if anything, can be done. It is much to be feared that this amounts to an indefinite postponement of the subject. It is in the expenditures for public works, being principally railroads, that the Indian authorities find the first

place for the practice of any serious economy. Looking to the interests of the people of India, that is probably the last place to which retrenchment should have been applied.

The cost of famine relief in the three years 1876-7-8, is stated in this circular to have been "little short of £13,000,000."

There is one improving spot in Indian finance, and that is in the annual charge the government is under in respect to railroads. There are two classes of such works in India. One consists of the roads built and run by the government, and the loss is the difference between the net income, and the interest averaged at four-and-a-half per cent. upon the money borrowed to construct them. The other and larger class consists of the roads built by companies upon a government guarantee of five per cent. dividend, and a government participation, generally or always to the extent of one-half, in the excess of dividends beyond that rate. The loss is the difference between the sums paid under the guarantee, and the sums received from excess of dividends beyond five per cent. This loss has been for the nine fiscal years ending March 31, 1877, as follows:

<i>Fiscal year.</i>	<i>Loss on guar- anteed railroads.</i>	<i>Loss on govern- ment railroads.</i>	<i>Fiscal year.</i>	<i>Loss on guar- anteed railroads.</i>	<i>Loss on govern- ment railroads.</i>
1868-1869	£ 1,651,504	£ 13,834	1873-1874	£ 1,376,734	£ 205,771
1869-1870	1,498,084	29,970	1874-1875	1,189,053	275,113
1870-1871	1,784,902	43,517	1875-1876	908,857	363,104
1871-1872	1,665,030	72,262	1876-1877	225,530	498,904
1872-1873	2,053,933	109,148			

In the fiscal year 1877-8 the loss on the government railroads was £609,705, but the guaranteed railroads, instead of showing a loss, showed an absolute gain of £741,505. There was thus in that year, taking the two classes of roads together, a gain of £131,800, as compared with a loss in the year 1868-9, taking the two classes together, of £1,665,338.

The capital of the railroad companies, whose dividends are guaranteed, increased during the ten years from £79,167,736 to £95,420,309. The cost of the railroads built and operated by the government increased during the same ten years from £552,992 to £18,636,321. The government railroads are therefore new, as compared with the guaranteed roads, and a future improvement in their net earnings may consequently be hoped for.

As respects the net annual loss on the guaranteed railroads, it is to be considered that under the terms on which they were constructed, they become government property at the end of one hundred years from the date of their construction, without any payment being then made for them. The sums which the government now pay from year to year, under its guarantee of dividends, may be looked upon not as mere losses, but as being in the nature of advances for the

ultimate acquirement of the property. The French government, although it gives no guarantee of the dividends of railroads built by private companies, applies to them the same rule that at the end of a term, generally or always, of one hundred years, they shall become public property.

THE NEW BRITISH BANKING LAW.

We have heretofore referred to the new bill regulating Joint-Stock banks, proposed by the British cabinet, and which was under consideration during the late session of the British Parliament. The passage of the bill was finally secured, and it is now a law, although changed in many respects from the form in which it was first introduced. The full text is now before us, and we will make a brief statement of its leading points.

As is well known, the new law originated in the alarm caused by the failure of the Bank of Glasgow, in respect to the risk incurred by shareholders in those banks, about one-half of the whole number, in which the liability of shareholders was unlimited. Theoretically, the risk always existed, but the British public seemed to have forgotten that it involved a real and enormous danger, until the explosion at Glasgow. The apprehension then became general, that the responsible holders of shares in unlimited banks would make haste to sell them, which would have resulted in two evils, viz: a great and undue depreciation of the market price of shares, and the substitution as shareholders of men of straw for men of substance.

The new law authorizes all banks now unlimited, to register themselves as limited, and even in the case of those banks in which such a change is forbidden by their original organization. The limitation of liability is only to apply to debts contracted after the new registration, and does not apply at all to circulating notes. Banks already limited, may register again under the provisions of the present law, and it applies to all Joint-Stock companies, as well as to Joint-Stock banks. In respect to circulating notes, the banks, under the new Act, are permitted, but not required, to cause to be stated on their face the fact that the liability of the shareholders for their redemption is without limit.

In respect to shareholders in limited banks, they were personally liable under former laws, and are still left liable under the present law, to contribute toward the payment of debts, the difference between the subscribed or nominal capital of the banks, and the amount of such capital actually paid in. This difference, in the existing limited banks, is

very large. In the aggregate, their subscribed capital is £66,806,100, while their paid-up capital is only £19,276,292, which leaves the shareholders personally liable to the extent of £47,529,808. In addition, the banks registering under the present law, may increase their nominal capital to any extent they please, by providing that such increase is never to be called for except for the purpose of winding up and paying off their debts. And they are authorized to make the same provision in respect to any part of their existing subscribed capital which has not been paid in.

The present law requires that the accounts of all banks shall be audited at least once a year by an auditor, or auditors, not holding the position of a director, or officer, in the bank which is examined. Also, that all bank balance sheets shall be signed by such auditor, or auditors, by the Secretary, or manager of the bank, and by at least three of the directors.

An amendment to the present law was proposed but not agreed to, requiring the banks to set apart in the hands of trustees, approved securities sufficient for the redemption of their notes. But although this amendment was not carried, it is still said by London financial journals that it is legally competent for the banks to set apart a fund in that way, for the redemption of their notes, if they choose to do so, and that some of them will be likely to conclude that such a course would be wise. As a general rule, they are abundantly supplied with consols, or equal securities, to be set apart for such a purpose, and the motive to do it is the obvious one, that a greater public confidence in their circulating notes would thereby be inspired.

As will be seen, the present law increases the security of the notes of the British banks, by making the liability of shareholders for them unlimited, in respect to all banks registering themselves as limited. As regards the security of depositors, it leaves the liability of the shareholders quite as extensive as it ought to be. The objection we should make to the law is, that it leaves the extent of this last liability too much to the discretion of the banks, whereas it ought to be regulated by law and upon principles of public policy. This liability should be large enough to provide reasonably for the safety of depositors, but it does not seem wise to permit banks to acquire from the liability of their shareholders a credit which experience shows to be subject to be abused. Nor does it seem to be wise to permit investors, a portion of whom are little informed in respect to banking, to be drawn into liabilities, which may involve them in such ruin as has followed the recent catastrophe at Glasgow.

BRITISH LAND SYSTEM—LORD BEACONSFIELD.

Lord Beaconsfield, on two or three recent occasions, has declared his fixed opposition to any changes in the existing British land laws. He did so very emphatically in a speech August 6, at a banquet given in London to the Ministers, at the Mansion House. The text which he selected for the occasion, was the complaint made by Lord Hartington that under the present system land was obliged to pay three profits, one to the owner under the name of rent, one to the farmer for his investment in capital to work with, and for his superintendence, and one to the laborers under the name of wages. Lord Beaconsfield insisted that those three profits must be paid always and under any system, and none the less so because they might happen to be paid to one and the same person. He said that in the case of such a peasant proprietorship as exists in France, nobody could buy land unless he received the interest on its cost, or could cultivate land unless he was in some way paid for the use of his employed capital and for the labor of himself and family. As the three profits must actually come out of the land, however it might be owned, he maintained that it was better that they should be received by three classes. His language was: "I wish it, then, to be impressed on the sense of this nation that the three incomes which land must, under any circumstance, produce, are, in England, distributed among three classes, and on the land where peasant proprietorship prevails, they are devoted only to one class. The number and variety of classes in England dependent on land are sources of our strength. They have given us the proprietors of the soil, the constructors of our liberty in a great degree, and the best security for local government; they have given us the farmers, who cultivate and improve their estates, and, lastly, the agricultural peasant, whose lot is deplored by those not acquainted with it, but who has, during the last forty years, made more continuous progress than any other class in Her Majesty's dominions. (Cheers.)"

In England land is tied up by entails and by family settlements, and in addition to that, the expense of searching titles is so great from the want of adequate registration laws, that the purchase of small parcels is practically almost entirely prohibited. If those obstacles to the free movement of land did not exist, its tendency would be to fall into the hands of those who could afford to pay the most for it, and we should thus have a sure solution of the much debated question, whether small or large holdings are the most profit-

able. In the Channel Islands, where the English land system does not prevail, the land is cut up into small parcels, and the price is much higher than in any other part of Great Britain. More capital is applied to working it, and it is made to produce more. The advocates of small proprietorships insist that similar results would flow from a similar system in England, but it is evident that such a change is to be stoutly resisted, less upon economic grounds than from social and political considerations. England without a landed gentry would be a new England, and the men represented by Lord Beaconsfield manifestly shrink from trying the consequences of a transformation which would lead to they know not what.

Most political and social systems, known in the world, have had some attendant advantages, and that of the landed aristocracy of England is no exception. In ancient times it was the bulwark of defence against the Crown. It is to the English barons that we owe Magna Charta. But they must submit to the modifications demanded by new circumstances.

It is in Ireland that we see the system in a phase so utterly bad that modifications cannot be delayed, and they must be radical to be effective. Absentee landlords can perform none of the duties of local government of which Lord Beaconsfield speaks, and they can have nothing to do with the protection of the liberty of anybody. Unlike the English gentry who spend their income, or a large part of it, among the people from whom it is drawn, they are the alien descendants of alien conquerors, and as much strangers in residence as they are in race and religion to those by whom their rents are paid. Nothing but overwhelming military power, either openly displayed or known always to exist in reserve, could have maintained the Irish land system so long. A trial of more than two centuries has shown that the Irish people will never be reconciled to it. Their present resistance to, and denunciations of this system, may not be any stronger than at various times during the present century. But the significant characteristic of their opposition to it, is that it is chronic and irremovable. The London *Times* declares that the government will not only not now give way to Irish clamors, but will not encourage them by yielding anything. Governments frequently assume that tone, just before they yield everything. At some time, near or remote, when England is pressed by other difficulties, it will see the indispensability of recognizing in the case of Ireland that the proprietary rights of landlords must be made to be consistent with the necessities of a people.

FRENCH PRICES—INCREASE OF EUROPEAN PRICES IN 1871-2-3.

M. de Foville, a statistical writer in *L'Economiste Francais*, has prepared a table of the fluctuations in the prices for the half century ending with 1877, of the imports and exports of France. In respect to the last thirty years of the half century, the table shows the fluctuations from year to year.

An official valuation of all the commodities imported into and exported from France, conforming to the then actual market prices, was prepared in 1827, by a commission appointed for that purpose. For the twenty subsequent years, all the official statements of the money values of French imports and exports were predicated upon this valuation of 1827.

From 1847 to 1862, the first, or provisional, statements of money values, were still based on the valuation of 1827, but they were followed as soon as possible by final and definitive statements based on new valuations, made from year to year. In the spring of each year since 1847, a commission composed of representatives of all branches of trade, determines what actual market prices were during the preceding year. The statements of money values of the preceding year are corrected accordingly, and made final.

Since 1847, the provisional statements, instead of being based on the valuation of 1827, are based on the latest valuation actually made. For example, the first or provisional statement of 1877, would be based on the valuation of 1876, but as soon as the commission, sitting in 1878, had reported what actual market prices were in 1877, the statement for that year would be conformed thereto and made final.

Taken together, these various statements show what the change of prices was during the entire period of twenty years, between 1827 and 1847, and what it has been from year to year during the thirty years from 1847 to 1877.

From the manner in which the scales of prices are prepared, very great confidence may be placed in their accuracy.

It is, of course, of no consequence which of the years is taken to compare all the others with. For reasons, not necessary to be stated here, M. de Foville has taken 1862, the average prices of which he calls par, or 100, and he notes the rises above, or falls below that, in other years. His table is as follows :

Years.	Imports.	Exports.	Year.	Imports.	Exports.
1827	81	96	1862	100	100
1847	80	78	1863	102.5	100.8
1848	69	80	1864	104.5	101.3
1849	76	87.5	1865	99.2	97.8
1850	82	91	1866	93.5	91.5
1851	80	90	1867	89.7	87
1852	81	98	1868	87.2	83.5
1853	88	109	1869	86.6	82.9
1854	91	108	1870	89.3	81.2
1855	95	104	1871	93.9	81.4
1856	106.5	111.5	1872	97.3	83.3
1857	105	110	1873	96.1	80.3
1858	92	102	1874	89.9	76.6
1859	95	109	1875	86.7	73.8
1860	98	105	1876	87.5	75.9
1861	99	99	1877	85.2	72.9

Upon this table M. de Foville observes: "The definitive figures of our foreign commerce for 1878 are not yet published, but it is known that they will exhibit a depression still more intense."

The extraordinary fall in the prices of French imports in 1848 was caused by the revolution of that year, which completely paralyzed the French markets.

The rise in prices* in 1871-2-3 is shown principally in the imports. As to the exports, the continuous fall in their prices was arrested in those years, and in 1872 there was an absolute increase, although not large.

As will be seen, the fluctuations in the prices of imports differ widely from the fluctuations in the prices of exports. Taking the entire fifty years in one general view, there has been a rise in the prices of imports represented by the difference between the figures 81 and 85.5, and a fall in the prices of exports represented by the difference between the figures 96 and 72.9.

It is not to be assumed that in each of these fifty years there has been in the imports and exports, respectively, exactly the same proportion between raw materials and manufactured products, but the general character of French commerce has not much varied within that period. Its exports have consisted most largely of manufactured products and its imports of raw materials. We shall make no important error in assuming that the proportions of the two were about the same during the half century, as they were during the first five months of the last eight years, as shown in the following exhibit:

IMPORTS (*in francs*).

First five months of	Natural products, being raw materials used in manufactures.	Food and all articles of alimentation.	Other articles.
1872	887,924,000	335,287,000	70,870,000
1873	787,422,000	273,378,000	73,206,000
1874	832,364,000	348,949,000	61,265,000
1875	815,222,000	267,238,000	78,175,000
1876	923,430,000	321,748,000	68,588,000
1877	839,014,000	365,949,000	95,946,000
1878	920,768,000	428,531,000	83,333,000
1879	892,932,000	671,493,000	86,874,000

EXPORTS (*in francs*).

	<i>Manufactures.</i>		<i>Natural products, either articles of food or raw materials for manufactures.</i>		<i>Other articles.</i>	
1872	..	834,320,000	..	585,762,000	..	69,970,000
1873	..	900,912,000	..	641,237,000	..	93,207,000
1874	..	800,368,000	..	514,001,000	..	79,577,000
1875	..	860,107,000	..	611,387,000	..	86,581,000
1876	..	792,690,000	..	623,357,000	..	71,533,000
1877	..	714,240,000	..	592,571,000	..	70,423,000
1878	..	672,292,000	..	503,214,000	..	63,619,000
1879	..	688,281,000	..	507,967,000	..	65,063,000

Looking to the exports for the fifty years from 1827 to 1877, it may fairly be assumed that that portion of them which consisted of natural products rose in price as much as the natural products which were imported, that is to say, from 81 to 85.5. But the much greater fall in the prices of exported manufactured articles produced a fall in the prices of the aggregate mass of exports from 96 to 72.9.

In discussions upon the fall in metallic prices within the past few years, and which has undoubtedly been largely caused by the stationary production of gold and silver mines, in connection with the policy of discarding the use of one of the metals in important countries, it is said that the fall in prices in manufactured articles is due in part to the progress in inventions and machinery, which make their production more abundant and cheaper; and it is urged that so much of the fall in general prices as arises from this cause ought not to be considered as evidence of any contraction in the volume of money. What is said on this point seems to be just. The real value of fixed incomes which are based upon accumulations is increased by every new process which cheapens any commodity in general use, but it is not increased at the expense or loss of others, and it is a benefit in which the producers of other articles and persons who live upon wages participate equally, in proportion to their consumption of the cheapened commodity. That particular kind of a fall in prices is one of those advantages of an advancing and improving civilization which is for the general good of the community, including those who now labor as well as those who possess whatever represents the savings of labor performed at previous periods. Nor does this particular kind of a fall in prices indicate any disturbance in the proportion between the volume of money and the volume of other things, upon which the general range of prices in the long run depends.

As there is no appreciable proportion of manufactured articles in the list of things imported into France, the prices of French imports are very little affected by any fall in the prices of manufactured articles resulting from more facile methods of producing them. The column of prices of imports, in the table of M. de Foville given above, may

therefore be consulted without any need of making any allowance of that kind. This column shows a swell of prices in 1872-3, not indeed reaching the swell of prices in either 1856 or 1864, but still very marked. In British tables of prices, this same swell of prices in 1872-3-4, is shown, although the points reached were, in Great Britain as well as in France, considerably short of those reached in 1864-5.

The table of British prices most often referred to in this country is that of the London *Economist*, based upon the average of twenty-two leading and representative articles. In a paper read in June before the London Statistical Society, Mr. Bourne, makes two criticisms, both of which seem to be just, upon the table given by the *Economist*. The first is, that it omits coal, which is too important an article to be left out, and the second is, that among the twenty-two articles selected by the *Economist*, four are different forms of cotton manufactures, which gives an undue effect upon the average of prices to the enormous rise in the value of raw cotton, which took place during the American Civil War.

The following table shows the variations in the average prices of nearly all the years from 1851 to 1878. In the first column, the figures of the *Economist* are given, and in the second column the figures of the *Economist* corrected as above by Mr. Bourne. There are also given the prices for the month of December, 1878, as stated by the *Economist* and also by the *Economist* as corrected by Mr. Bourne, and which show a large falling off as compared with the average prices of the entire year 1878:

	<i>Economist.</i>	<i>Economist corrected by Mr. Bourne.</i>		<i>Economist.</i>	<i>Economist corrected by Mr. Bourne.</i>
1851	104	103	1866	162	141
1852	—	—	1867	137	128
1853	107	114	1868	122	122
1854	—	—	1869	121	118
1855	—	—	1870	122	119
1856	—	—	1871	118	118
1857	136	140	1872	129	133
1858	119	123	1873	134	142
1859	115	118	1874	131	136
1860	122	123	1875	126	130
1861	124	124	1876	123	123
1862	131	125	1877	123	126
1863	158	144	1878	116	118
1864	172	151	1878 (Dec.)	101	106
1865	162	138			

The standard of comparison is the average range of prices from 1845 to 1850, which were the lowest for the century, and which are called 100.

Mr. Bourne adds, in respect to his figures for the years 1872-3-4-5: "The exceptionally high prices to which coal, together with iron and other articles in the manufacture of which coal is consumed, rose in 1872 and following years, unduly raises the index numbers. But for this cause, those

for 1872 to 1875 would probably have been 125, 132, 127, 124, rather than 133, 142, 136, 130."

It is accepted and undoubtedly sound doctrine, that metallic prices depend, other things being equal, upon the proportion between the volume of metallic money and the volume of other things. There is, therefore, no difficulty in understanding the general reason for the fact that the California gold discoveries of 1849, soon followed by similar and equal discoveries in Australia, produced the rise of metallic prices witnessed in all countries during the subsequent twenty years, but which seems now to have quite disappeared.

The maximum yield of the gold mines was greatest about 1856. Since 1864-65, the aggregate yield of both the gold and silver mines has been stationary, or a little declining, the increased yield of silver being hardly equal to the falling off in the gold production. Relatively to the constantly increasing wants of mankind, the aggregate production of both the metals has diminished in a marked degree since 1864-5, and this is still more true of gold alone. The fact, therefore, that the metallic prices of 1864-5 in Great Britain and France, have never been attained since, in either of those countries, requires no special comment.

That there was a swell of prices in both of those countries in 1872-3, and which was necessarily general throughout Europe, inasmuch as the markets of commercially connected nations tend constantly towards a level, is not explained by any increased supplies of the metals. The causes of this swell of prices have been much debated, and doubtless there were many causes conspiring to produce it. But, in all those discussions, one cause, the most obvious and conspicuous of any, and probably the most efficient, has been strangely overlooked, and that is the suspension of specie payments in France in consequence of the Franco-Prussian war, followed at the close of the war by the transfer to other countries of a considerable portion of the previously existing stock of French metallic money. For the time being, France was a new mine of gold and silver for the rest of the world. The substitution of paper for the precious metals as the current money of one country, has the same effect in increasing the volume of the money of other countries still using the metals, as new metallic discoveries, or the enlarged production of old mines. The effect upon prices in other countries is stimulating, just as certainly as that the resumption of specie payments in a suspended country, by making a new demand for the metals, produces a depression in metallic prices not only in the resuming country, but over the world, the depression being proportioned to the amount of the new absorption. The truth of these propositions is obvious enough, and we have had so many practical illustrations of

it within recent historical times, that it becomes the more remarkable that the great contribution towards the rise of prices in 1872-3, from the suspension of specie payments in France in July, 1870, should have been overlooked.

According to Jevons, British prices in 1782, which he calls 100, continued substantially stationary until 1795, when they began to enlarge, reaching their maximum of 157 in 1809. From that point they fell to their lowest point of 64 in the year 1849, and they were never so high as 100 in any year after 1820, except during the single year of 1825, when they stood at 103. There was no increase in the production of the metals, relatively to the increasing population and commerce of the world, between 1795 and 1809, and the great rise of British prices during that period is only in a slight degree accounted for by the depreciation of Bank of England notes below specie, which did not become serious until after 1809. The rise of prices from 1795 to 1809, must therefore be mainly attributed to the suspension of specie payments in England in 1797, and which was general throughout Europe during the Napoleonic wars. The forty years of falling and depressed prices after 1809 were due to two causes, both acting in the same direction; the general resumption of specie payments in Europe which soon followed the pacification of 1815, and the sudden diminution of the metallic supplies in consequence of the revolutionary disturbance commencing in 1810 in Spanish America, then the principal seat of gold and silver mining.

The favorite explanation by the London *Economist* of the increased prices of 1872-3-4, repeated in many forms and year after year is, in substance, that the Franco-Prussian war paralyzed for a long period the manufacturing power of the two principal nations of Continental Europe, and left their markets so bare that their redoubled demand at the conclusion of peace, forced prices up with a sudden and great bound. The war was, in fact, finished at Sedan in a few weeks, and almost as soon as it began. There was added to it the siege of Paris, protracting the whole affair a few months longer. There is no evidence, or probability, that the industries of Germany were disturbed at all, and the armies of that Empire were not greatly increased above what they are on a peace footing. It is true that production was decreased in that portion of France which was occupied by contending armies, but consumption was also decreased, not only in that portion, but throughout the whole of France. It is true that a large demand for manufactured goods set in after the war, but it was not in France, where manufacturing industry had been in some measure disturbed, and where, on the theory of the London *Economist*, we ought to have looked for it. This new demand set in after the war in Germany, where production had not been appreciably affected,

different from the one assigned by the *Economist*. Manifestly, the new demand for commodities, which is manifested and measured by the higher prices for them, must have been largely caused by the sudden addition to the metallic money of Germany and of Europe generally, which resulted from the suspension of specie payments by the Bank of France, and from the memorable indemnity exacted of France and actually paid by France within a very brief period after the Franco-Prussian war closed.

The indemnity paid by France between June 1871, and September, 1873, in cash, and exclusive of the \$65,000,000 allowed for the value of railways in Alsace-Lorraine was \$998,000,000, to which is to be added the \$40,000,000 paid as a ransom by the City of Paris. It is true that no sums so vast could have been or were paid in actual metal. Of the ransom of the City of Paris, only one-fourth was paid in specie transferred bodily to Germany. The National indemnity was paid, \$102,500 in French gold and silver; \$21,000,000 in German coin and bank notes; \$25,000,000 in notes of the Bank of France; and \$849,500,000 in bills of exchange on England, Holland, Belgium, and Germany. The drawing of these bills must have caused more or less gold and silver to be sent to the countries drawn upon, or at any rate, must have diminished the amount of gold and silver which France would otherwise have imported from them. It cannot be known exactly by how much the specie stock of France was diminished by these transactions, but we know that it must have been greatly diminished, both from the specific figures of the reduction of specie in the Bank of France, and from the concurring contemporaneous statements as to the manner in which the whole people, in every part of the country, came forward with their hoarded francs, and bought the National bonds which were issued to liberate their territory from the occupying enemy.

At the end of January, 1870, the Bank of France held a metallic reserve of \$240,000,000, which was rather increased in July when the war broke out. The minimum which it subsequently reached, was \$79,750,000, on the 23d of February, 1871, a few days before the signing of peace preliminaries. At the end of October, 1873, the reserve was somewhat recuperated, but even then only stood at \$160,000,000, or \$80,000,000 less than before the war. During this period of a greatly diminished specie reserve, the outstanding notes of the bank were largely increased thus taking the place in the circulation of the exported gold and silver:

CIRCULATION OF BANK OF FRANCE.

End of January, 1870.....	\$240,000,000
" December, 1870.....	345,000,000
October 31, 1873.....	614,000,000

The figures of the circulation October 31, 1873, was the maximum ever reached.

That this increase of bank note circulation was not an addition to the previous metallic circulation, but rather a substitution for the metallic money which was exported, is shown by many considerations. The increase of prices was less in France, than it was in either England or Germany. The premium on coin remained within a small fraction of one per cent., except for a few days at the end of 1870, when it rose from a special cause, the highest figure reached being four per cent. The suggestion that there may have been hoarding of metallic money is negated, by the perfect confidence which the French people manifested throughout in the finances of the government and of the Bank of France. The loans of the government were taken on a scale without parallel, and the notes of the bank were everywhere accepted in transactions as the equivalent of coin.

It is since 1870, that the world has witnessed the most violent action upon the relative value of the two metals, from the policy of a single nation, ever known in history, in the simultaneous sale of immense masses of silver, and purchase of immense masses of gold, by Germany. And it is since 1870 that the world has witnessed the most violent action upon the value of the two metals relatively to commodities, from a course of action forced upon a single but great nation, by the catastrophe of the Franco-German war.

That the swell of prices in 1871-2-3 in Europe had its principal origin in some special European condition (and no condition peculiar to that continent can be pointed out except the sudden metallic outflow from France) is further corroborated by the fact, that this swell of prices extended to the United States, only to the extent of a very slight increase of metallic prices in 1872, as compared with 1870.

The table of average prices (in greenbacks) of the *N. Y. Public*, in which 1860 is taken as the standard and called 100, is the best and most generally accepted authority on that subject. The *Public's* figures are given below, from 1865 to 1873, being the averages of each whole year. In a parallel column, the average gold value of the greenback for each whole year is given from *Spofford's Almanac*:

Year.	Greenback prices.	Percentage of the gold value of the greenbacks.	Year.	Greenback prices.	Percentage of the gold value of the greenbacks.
1865	.. 184	.. 63.6	1870	.. 136	.. 87
1866	.. 167	.. 71	1871	.. 134	.. 89.5
1867	.. 189	.. 72.4	1872	.. 138	.. 89
1868	.. 195	.. 71.6	1873	.. 132	.. 87.09
1869	.. 156	.. 75.2			

The metallic prices of the United States in 1871-2-3 show only the merest trace of the disturbance which is so marked in the tables of English and French prices, and which is well known to have been even more conspicuous in Germany, upon which the metallic flow from France operated most directly and with the greatest force.

GEO. M. WESTON.

ADMINISTRATION OF THE CONTINENTAL TREASURY BOARD, 1780.

Congress ceased to issue paper money when it became so worthless that nothing could be obtained for it in exchange. Without question, the disastrous consequences attending the issue of paper money were seen by every member of that *body*, for they were so fearful as to startle every one who cared anything for his country. Not from lack of wisdom, but from necessity, did Congress continue to sow these unhealthy seeds long after it was known what manner of fruit they would surely bring forth. Money must be had from some source, and from this one, something could be obtained, though at much cost. During these troubled years Congress had not been idle; numerous experiments had been devised and tried, as we have seen; and Congress was ever ready to adopt any new scheme which gave promise of relief. It must be borne in mind how weak Congress was in authority over the States; not much more could be done than to recommend measures to them for their adoption. Congress could not appoint tax-gatherers and send them forth with arbitrary instructions to collect taxes, notwithstanding the urgency of the measure. Such an exercise of power on the part of Congress would have been regarded everywhere as an usurpation, and would not have been tolerated for a moment. All that Congress could do had been done, namely, to recommend taxation to the States, to ask for loans and apportion them among the States as perfectly as the knowledge of the members would permit. Congress had tried to borrow money at home and abroad, to raise it by lottery, and lastly it was found necessary to ask the States to furnish specific supplies to the army to prevent the troops from starving or disbanding. This mode of obtaining supplies was an extremely arbitrary one, and involved the Government in a fresh set of evils. But the plan found many eminent advocates. Not the least among the defects of the scheme arose from the distance between the army and some of the States furnishing supplies, the transportation of which cost more than they were worth at the points where they were sent for consumption. Other consequences of a still graver character will be described in another part of this narrative.

While the army was in winter quarters at Morristown, Hamilton gave the first proofs of his great genius for finance, which were so strikingly displayed a few years later, when acting as the chief executive of the Treasury Department. He addressed a lengthy letter to Robert Morris, in which the

causes of the depreciation of paper money were discussed, the impossibility of obtaining by taxation all the means needed to maintain the Government, and, consequently, the necessity of getting pecuniary assistance from other nations. He next proceeded to consider how the means thus acquired should be employed. Two plans, he affirmed, had been suggested; the first, that of purchasing the paper issued by the Government, a plan which he opposed because it would cause a rapid artificial appreciation of the paper; while the other plan of converting the loan into merchandise and importing it on public account, though less objectionable than the other, was, after all, very defective. The plan proposed by himself was, to establish a National bank, the details of which were carefully drawn. He also affirmed that Congress ought immediately to appoint a Minister of Finance, and closed by saying that he should be very happy to hear that Congress had said "Thou art the man."

The letter evinces a complete grasp of the situation, and of the measures necessary to extricate the country from financial peril. The financial legislation of Congress, though showing considerable fertility of plan, was generally tentative and narrow, resting for the most part upon no broad and enduring principles, and devised chiefly for the present exigency. Among so many blunderers it is refreshing to see a mind emerge like that of Hamilton, displaying a profound mastery of the situation.

The plan of calling upon the States for specific supplies, adopted toward the close of 1779, was resumed in February, the year following. A more minute request was made to the States for certain quantities of beef, rum, salt, hay, flour, corn, pork, etc. For the articles thus furnished, the States were to be credited at prices fixed by Congress, and the taxes which they had been directed to pay were reduced to five millions in consequence of this new order, though this latter portion of the resolution was soon after repealed. It was also determined that the accounts between the General Government and the States should "be kept and finally settled in Spanish milled dollars and the balance finally be paid in specie."

Massachusetts, through her delegate Gerry, found fault with this apportionment, deeming the burden too large by any just principle of assessment. She had willingly contributed freely of her resources, and at last, becoming jealous of an attempt on the part of the other members of the confederacy to load her with an unreasonable weight, she resolved to obtain some relief. The discussion that followed was bitter and protracted, and led to the resignation of Gerry, but finally the opposition of Massachusetts died away on account, doubtless, of the feeble compliance by the States, and Massachusetts among the rest, of the resolves of Congress. Had Massachusetts and the real cause of it must have been something altogether

been compelled to execute the measure, she probably would have sought to abate the apportionment before making any more contributions.

Although this scheme was elaborated with considerable skill, it was soon found to be impracticable, and Congress evolved another measure fraught with the gravest consequences. This was nothing less than a redemption of all the Continental money by new issues based upon the credit of the States, at a discount of forty dollars of the old emission for one of the new. Silver and gold also were to be receivable at the same rate, and so fast as the bills were presented for the discharge of past contracts they were to be destroyed. The new issue was not to exceed one-twentieth part of the nominal value of those destroyed, in other words, was not to exceed ten million dollars. They were redeemable within six years, and bore interest at the rate of five per cent. per annum, which was to be paid at the time of redeeming the bills, or "at the election of the holder, annually, at the respective Continental loan offices, in sterling bills of exchange, drawn by the United States on their Ministers in Europe, at 4s. 6d. sterling per dollar." It was further provided that in case any State was incapable, by the events of war, from redeeming those emitted upon its credit, the United States were to pay them, which undertaking was to be indorsed thereon. The face of this new emission read as follows :

The possessor of this bill shall be paid Spanish milled dollars by the 31st day of December, 1786, with interest, in like money, at the rate of five per cent. per annum by the State of _____ according to an Act of the Legislature of the said State of _____ day of _____, 1780.

Accompanied with the following indorsement :

The United States insure the payment of the within bill, and will draw bills of exchange for the interest annually if demanded, according to a resolution of Congress on the 18th day of March, 1780.

The new bills were struck under the direction of the Board of Treasury, in due proportion for each State, determined by their monthly quotas, and were lodged in the several Continental loan offices, but they were to be issued only in proportion of one to twenty of other bills returned and destroyed. Six-tenths of the quantity issued were to be used by the States, the balance was to be sent to the Board of Treasury for general use. The States were also directed to raise a sum sufficient to sink or redeem one-sixth part of the whole amount every year. Congress, hopeful of every new-born plan, notwithstanding the fearful shock given to the public from the issue of so much paper money, had at least one member who was sanguine concerning the measure, if the States could only be induced to do their duty; this was Ellsworth, of Connecticut. In his letter to Governor Trumbull, he declares : "This is precisely the point of time

for the several Legislatures to act decidedly, and in a manner that the world will forever call wise. It is now in their power by a single operation to give a sure establishment for public credit, to realize the public debt at its just value; and without adding to the burdens of the people, to supply the Treasury." "This measure," justly remarks a writer, "from which so much was expected, was entirely in a wrong direction. It was, however, in the spirit of the new articles of confederation, and substituted the credit of the States with a mere illusory ultimate pledge for that of the Union."

An act of so grave a character, as may easily be imagined, could not be passed without creating much excitement among the people. By many it was heartily approved; while others condemned it in unsparing terms. It met with approval in Connecticut, as did also the plan previously adopted by Congress asking the States for specific supplies. The merchants of Hartford issued an address declaring that notwithstanding the losses they had sustained by sea, the depreciation of Continental currency, and the receiving of payment of many debts at a nominal sum, they were willing and determined to sell their merchandise to the public at the rates affixed by Congress, and to receive the new emissions therefor, "having a firm reliance that the bills will be punctually and justly redeemed. And we do assure ourselves that our brethren, the farmers and tradesmen, will be as ready as we are to furnish, in the same manner we do, their produce and manufactures, as we believe, a spirit of harmony and friendship is like to prevail between the trade and landed interest, and that all orders of men in this State are resolved immediately to contribute all in their power to furnish supplies for the armies of the United States, and to continue these supplies to the end of the war." As further proof of their good intentions, the merchants besought the Assembly to direct the "purchasing commissary" to purchase such things as they had at their disposal, in order to show their willingness to comply with the action of Congress and of the State.

Two months after the Act was passed, at a public meeting, in Philadelphia, a German said, "I am near seventy years of age, I have a large family of children to provide for, a great part of my property has been sold long since for Continental money, which I have kept by me in confidence it would have been redeemed at the value I received it; but I am disappointed and ruined. My loss is very heavy, and it greatly afflicts me; yet the insolent triumph of my disappointed neighbors wounds me still more deeply, but I will never forsake the cause of liberty and turn Tory; if I die of a broken heart, I will die a friend of my country." This was an exhibition of patriotism rivaling that displayed by Greece and Rome in the height of their glory, and which was a mighty

force in sustaining the anxious leaders of the infant Republic. This German, whose name is lost to us, expressed the sentiments of many others who were injured or ruined by the forty-for-one Act, but who, nevertheless, retained their devotion to their country.

In August, General Armstrong, a very intelligent observer, wrote to a friend: "How the scheme of business and finance contained in the resolution of the 18th of March last will operate for our relief is yet uncertain, but doubted by too many; for although it is considered by many good judges to be at once just and wise respecting the Republic at large, yet various individuals suppose themselves injured or disappointed by fixing the money at forty to one, and therefore decry the measure." In a subsequent chapter, the effects of the Act will be more minutely traced.

Two days after the Act was passed, the States were recommended to revise their laws, making Continental bills of credit a tender in discharge of debts and contracts, and "to amend the same in such manner as they shall judge most conducive to justice in the present state of paper currency."

It was not long before the States were asked to pay into the Continental Treasury, 10,000,000 dollars for the purpose of bringing the army into the field, and of furnishing it with supplies. This sum was to be credited to the States on their quotas then due to the Government. At the same time the Board of Treasury was directed to draw bills on Dr. Franklin for 25,000 dollars, and upon Mr. Jay for a similar sum, which were to be sold in Massachusetts, Rhode Island, Connecticut, Pennsylvania, Maryland, and Virginia. If more supplies were needed from the States than those specified in a previous resolve, they were to be taken by a committee appointed for that purpose, upon the advice of the Commander-in-Chief of the Army, and with the consent of the Legislative or Executive power of the States. The committee also were to give assurance that for the things thus "purchased or otherwise procured on the credit of the United States" their true value was to be paid, "with interest at six per cent. as fast as money can be raised for that purpose." Certificates given in this way multiplied rapidly, yet as they were receivable for taxes all was not lost in receiving them.

The condition of the army in respect to subsistence and payment was more critical now than at any former period of the war.* The officers and men had not been paid for several months, and even when they were, the money received was only such in name. All the efforts to induce the States to forward supplies proved almost fruitless, and several officers were compelled to resign their commissions. Washington feared the loss of many officers of rare experience and

* Charles Petit, Acting Quartermaster-General, wrote from Philadelphia, July 13, 1780, "The Continental Treasury is so wretchedly poor, and affords so little, or at least so little comes from it to me, that I have no money at command on the most pressing emergencies." *Greene's Life of Greene*, vol. 2, p. 318.

value, and he exerted himself to the utmost to persuade Congress to grant relief. When all hope seemed to have fled, the citizens of Philadelphia formed an association to procure a supply of articles for the suffering soldiers.

When the spirit of the Roman Government, near the close of the first Punic war, grew faint, as the resources of the nation began to fail, the citizens awoke, and by a purely voluntary act gave the Government money enough to build and equip a new fleet with which a decisive victory was won; so now, when the prospect was cheerless, as the means to continue the war seemed so nearly spent, the ladies of Philadelphia inspired a new hope by making a generous contribution for the relief of the suffering soldiers, which movement, doubtless it was, that roused the other sex to put forth a still greater effort in the same direction. When their plan was perfected, Congress was informed by letter of the creation of a bank for the purpose of assisting the Government, and of the desire on the part of the directors to confer with a committee, appointed by Congress, upon the subject. Gladly complying with the request, the committee reported to Congress the next day the end sought to be accomplished. It was to supply three million rations and three hundred hogsheads to the army, with the expectation of receiving a reimbursement from foreign loans. As the bank expected to make nothing out of the enterprise, but was a purely patriotic effort, Congress pledged the faith of the United States to the subscribers of the bank for their indemnity, and the Board of Treasury was directed to deposit therein, bills of exchange to the amount of £ 150,000 to secure the bank in this undertaking. If occasional assistance were needed, Congress promised to advance as much as could be spared from other sources. The amount contributed for this purpose in gold and silver was £ 260,000.

A financial picture, drawn at that time by General Cornell, in Philadelphia, is not less true than startling: "The situation of our finances is such as to make every thinking man shudder. The new money ordered into circulation by the resolution of the 18th of March, meets with so many obstructions I almost despair of the credit it will have in the States that comply with the resolution. If that should fail, good God, what will be our fate without money or credit at home or abroad? We have not one farthing of money in the Treasury, and I know no quarter from which we have a right to expect any. Yet we go on contented, pleasing ourselves with the sanguine hopes of reducing New York. I have seen many new scenes before I came to this place. But what I have experienced since exceeds any thing I have ever seen before. I never before saw a set of men that could quietly submit to every kind of difficulty that tended to the ruin of their country, without endeavoring to make one effort to

remove the obstruction. I believe they wish their country well, but suffer their time almost wholly to be taken up in business of no consequence."

By the last of August paper money had become so unpopular that the Quarter-Master and Commissary-General were directed to issue all certificates thereafter for specie, "or other current money equivalent," which were to bear interest at six per cent. from the time stipulated for their payment until paid. Such action was taken in conformity with Pickering's suggestion. But this measure of giving certificates, as already shown, was fraught with the gravest dangers. It could not be justified save upon the extreme ground of necessity. The State agents were required to transmit to the Commander-in-Chief, as well as to the Commissary-General, monthly returns of the provisions coming into their hands, and the States were recommended to compel a prompt obedience of the order, yet the agents were exceedingly remiss in complying, and the States did nothing in the way of compelling them to make returns. Congress soon learned some of the difficulties growing out of their use, for it was affirmed, in a letter sent to the States not long afterward, that "they continued to obstruct every plan which hath been devised for restoring public credit and supporting the war."

On the 5th of September another loan of 1,000,000 dollars, in specie value, was offered to the public. From this time, henceforth, all moneys loaned were received at a specie valuation.

The final measure of the year of a financial nature was a recommendation to the States to levy a tax equal in value to six million silver dollars, to be paid partly in specific articles at prices fixed in the Act itself, and the balance in gold and silver or bills of credit of the new emission. Previous to this time, New Hampshire, Massachusetts, Connecticut, and other States had been requested to furnish supplies for the army.

Congress, amid a mountain of trials, succeeded in pulling the country through another year of war. It is wonderful how much the army endured, yet the soldiers and officers kept together, though desertions were not infrequent. Perhaps more suffering was experienced from lack of funds than from any other cause; still, it is impossible to describe the evil consequences of a constantly depreciating money which unsettled values and embarrassed all exchange.

Throughout the year, Congress was constantly adjusting salaries and accounts to prevent losses by the depreciation of paper money. The adjustment of interest on public loans was the most serious question with which Congress wrestled. How could lenders be compensated without loss either to themselves or to the Government? It was finally determined to pay them in hard money, giving each creditor as much as his paper money was worth at the time the Government received it. But how was the scale of depreciation to be

ascertained? All was uncertainty and no fixed rule prevailed anywhere. "A progressive rule of depreciation" was finally evolved, though there is good reason for doubting whether in the application of it much clamor did not arise.

While Congress was so seriously pressed for funds, the country was literally over-run with cash. The English and French armies had brought in large sums, while a considerable quantity had come from Havana. Says a writer, whose statement there is no reason for questioning, "hard money was never more plenty or more easily collected than at that time."

Congress had done much in the way of methodizing business. By degrees, order was evolving from chaos, accounts were more regularly kept, even if there were funds enough to discharge only a small portion of them. Especially in the regulation of the affairs of the army, Congress passed a large number of resolves, the chief purpose of which was to introduce a more systematic and economical mode of administering the various departments.

ALBERT S. BOLLES.

NORWICH, CT., September, 1879.

POST-OFFICE SAVINGS BANKS IN CANADA.

The number of Post-office Savings banks in the Dominion has increased from 81 on June 30th, 1818, to 297 on June 30, 1879. This growth has, however, not been uniformly progressive. In the three years of financial embarrassment which followed June, 1874, the increase was checked, for in 1875, 1876, and 1877, the withdrawals exceeded the deposits by \$98,523, \$57,053, and \$4,682 respectively. The improvement since 1877 is indicated by an excess of deposits over withdrawals of \$238,213, year ending 1878, and \$498,195 for same period to June 30, 1879.

The statement published in our September number, from the Toronto *Monetary Times*, was rendered incorrect by the misplacing of the decimal point in that generally accurate journal. The discrepancy was not detected until after its appearance in the *BANKER'S MAGAZINE*. In its issue of September 19th, the *Monetary Times* furnishes the following corrected statement, which shows the total amount of deposits, including interest allowed, upon the 30th of June in each of the years given, viz.:

	At 4 per cent.	At 5 per cent.		At 4 per cent.	At 5 per cent.	
1868 .	\$ 130,688	. \$ 73,900	..	1874 .	\$ 2,692,865	. \$ 512,100
1869 .	503,614	. 353,200	..	1875 .	2,525,390	. 400,700
1870 .	939,948	. 648,900	..	1876 .	2,432,852	. 308,100
1871 .	1,396,359	. 1,100,900	..	1877 .	2,375,537	. 264,400
1872 .	2,144,600	. 951,900	..	1878 .	2,544,984	. 209,500
1873 .	2,503,651	. 702,400	..			

Up to 1871, says the report of the Post-Master General, "deposits were received, on certain conditions, at five per cent. interest, after that year no new deposits were accepted at that rate. Withdrawals from the five-per-cent. fund have reduced the amount bearing interest at that rate from \$1,100,900 in 1871, to \$209,500 at close of fiscal year 1878 or \$193,600 at the close of calendar year 1878."

THE FRENCH MONEY MARKET.

L'Economiste Français of August 23, says :

The peculiar characteristic of the period upon which we entered in 1873, as we have said many times, is the fall in the rate of interest. This fall is yet far from the point to which it will go. For four, or five years, we have constantly repeated, that the public funds have risen, are rising, and will continue to rise. And for what reason do we say that? For two reasons: The first is, that there is an enormous annual mass of savings in France, which nobody estimates at less than 1500 million francs, and which we estimate at twice that at the least. Of those savings, one-third, and some people may say one-half, is invested in industrial and commercial establishments, new buildings, improvements in real estate, &c. The two-thirds, or the half, not so used, is forced upon the Bourse. But on the Bourse there is an absolute lack of new investments presenting a certain degree of security. We no longer have the loans of five millions for the German indemnity, or any of those other loans which were put out almost annually under the Empire. The plans of investment of public money in public works, even if carried, will add no new investments to such as have been absorbing money for the past twenty years. The new scheme is not to increase the amount of investment in public works, but to have this investment made by the government, instead of by individuals.

But it is said that there are new enterprises being initiated individually. Where are they? We look, but do not see them. There have been lately many emissions of new bonds, and some financial journals say that so much capital is required for them, that prices at the Bourse must fall. All this is a prodigious mistake. The greater part of such emissions during the past few months are deceptive. We do not use the word "*deceptive*" in any bad sense, but mean simply to say that the greater part of these emissions really absorb no capital, because, instead of being new affairs, they are nothing but transformations of old affairs. For example, the great subscription to the obligations of the Credit Foncier, which was and ought to have been a success, was simply for the purpose of paying off its anterior obligations. All, or nearly all the loans of the departments and towns, of which we hear so much, are of the same character. They are simply conversions of debts. The departments and towns are paying off 5 and 6-per-cent. debts, by borrowing at 4 and 4½ per cent.

It is the same with the vast amount of increased capital which is invested in banking and insurance. Capital is put into banking houses to be loaned out, and the capital of insurance companies, which is only a guarantee for their contracts, is also loaned, or is used in the form of investments on the Bourse. Neither of these things involves any new enterprise, or absorbs money in something material and tangible, like a railroad, a canal, gas, or water works, or an industrial foundation.

In respect to banking in France, *L'Economiste* says there is no profit in discounting paper at existing low rates of interest. The Bank of France is making no money. The old banks and bankers with an established clientage are doing

well, not from discounting paper, but from investing the funds of their depositors, for which they allow only from one to $1\frac{1}{2}$ per cent., in the public funds and securities of that class which, in addition to yielding annual income, have been steadily rising since 1873, and, according to the views of *L'Economiste*, will continue to rise. When the banks have gone outside of the purchase of securities and have taken an interest in industrial enterprises and establishments, they have, in a great majority of cases, come to grief. This experience tends to confine their operations more strictly to the Bourse, whereby the rise in securities and fall in interest are still further augmented. In that connection, *L'Economiste* refers to the failure thus far of Lesseps' Panama canal scheme which, if successful, would furnish a real employment for a good deal of capital. In the opinion of French investors, however, the evidence that it would be profitable is as yet too indefinite and unsatisfactory, although their doubts on that point may be removed by more careful investigations than have yet been made.

The condition of things in France, which *L'Economiste* describes, is very different from the condition in this country, the greater part of which is new and a greedy absorbent of capital. The Trans-Mississippi region wants everything, railroads, manufactories, mining works, etc. It is not in this generation that the United States, which, in addition to its own vast area, has Mexico and South America lying open to it, will suffer from anything like a veritable glut of capital. South America is not an India, as it is sometimes thoughtlessly described. It is the very reverse of India, of which the dominant characteristic is the density of its population. Mexico, Central America and South America are not the Old World, but the New World, and they are to be occupied, not conquered.

The new loan of the Credit Foncier, referred to by *L'Economiste Français*, was for 500 million francs, or \$100,000,000, and was a remarkable success, having been placed at a better rate than English consols are now selling at. The Paris correspondent of the London *Economist* says:

The Credit Foncier, by means of the lottery attached to its loans, is enabled to raise money on lower terms than the leading European Governments. The million 500-franc bonds recently issued at 485 francs, although, nominally, three per cents., are subject to taxation, and the real return is only 2.72 per cent. The chance of receiving a prize is, however, equal to an annual payment one and one-fifth francs per bond, making a total interest of 2.97 per cent.; while English consols return 3.10 per cent., French threes 3.65 per cent., and French fives 4.25 per cent.

We copy from the same correspondent the annexed account of some financial operations of M. Philipart, which, in one part of it, illustrates what we have quoted above from *L'Economiste*,

that many of the new French companies are only transformations of old ones :

A rare mark of confidence in the ability of M. Philippart has been displayed by the public in France and Belgium. Scarcely three years ago himself and the numerous companies he had founded, or which he had been elected to preside over, were involved in utter ruin. A little more than a month back he was reinstated by the Belgian tribunals in his civil rights after discharging all his personal debts, and about the same time the French courts, both in first instance and on appeal, absolved him from the charges of malversation brought against him. He has just started a new financial establishment in the two countries, and the subscriptions to the share capital of 25 millions of francs, the 500f. shares being issued at 200f. premium, or 700f., were so numerous that the allotment was only from fifty down to ten per cent. of the demands, according to scale, which favored the small subscriptions. Having obtained this working capital, M. Philippart is about to issue a further series of 25,000 shares, but this time at par. They will, however, be reserved for subscribers of the first series, or for share or bondholders of M. Philippart's former companies, whose old titles are admitted, at a price, in whole or part payment of shares of the European Bank. That combination is a fulfillment of the promise he recently made to indemnify, as far as possible, those who formerly lost by having assisted him in the contest carried on by him on the Paris Bourse. Shares or bonds of the Franco-Hollandaise Bank, Banque de Belgique, Banque Belge, Vendée, Lille to Valenciennes, and Orleans to Rouen Railway Companies, and about a dozen others, are admitted to this privilege.

THE CENTAL SYSTEM.

The Produce Exchange of New York City, as is well known, has adopted the cental system in grain dealings, to come into operation October 1, of this year, after which grain will be bought and sold by the 100 pounds, instead of by the bushel. In their published proceedings, we find a letter from Mr. Chatterton, Secretary of the National Association of British and Irish Millers, in which interesting accounts are given of the progress of the cental system in Great Britain. It would appear that it has opponents there as well as supporters, but Mr. Chatterton is confident that the latter are the most numerous and will finally prevail. He says :

The Association of British and Irish Millers was formed in February, 1878, for the protection and promotion of the interests of the milling trade, no bond of union between millers having been in existence before that time. Its first meeting developed the fact that each district appeared to carry on its business in a manner peculiar to the locality ; in fact, there were twenty-eight different modes of buying and selling corn, besides a variety of ways of disposing of flour, meal, and other products of manufacture. The law passed by Parliament on August 12, 1878, effected a partial reform in this state of affairs, but under one of its clauses any multiple of an imperial weight or measure, or any part thereof, could be used. It was thus needful for the milling trade to agree upon some standard by which business could be carried on after January 1, the time when the new act was to go into effect. On October 1, 1878, the millers attending the Liverpool market were called together, and a branch of the association was formed, its first and immediate action being to pass a resolution to buy and sell all grain and flour and meal by the 100 pounds only.

On October 8 it was resolved by the Liverpool corn merchants and millers to extend the cental standard from transactions in wheat, to which it had always been confined, although in use for twenty years, to all grain dealings. Subsequently twenty different public meetings were held in various parts of the country, and the cental system approved, and on November 4 the London Corn Exchange, notwithstanding a vigorous opposition, also approved the system. On February 4, 1879, after further public meetings had been held, the Imperial Council formally sanctioned the new denomination of standard. It is still claimed, however, by the opponents of uniformity that the new act changed nothing, and that no old weight had been abolished, but only a new one added to increase the existing confusion.

A proposition, made by the Chamber of Commerce of Hull, that for the future the English stone should consist of ten pounds, the hundredweight of 100 pounds, and the ton of 2,000 pounds, has met with universal approbation, and may possibly be the standards which will be adopted.

There is a strong and noisy party here in London very much opposed to any change in the system of dealing in grain, so that we look to your side for support to our movement. We shall be glad to hear that all barrel flour is coming in 200-pound barrels, and that all your offers are made by the cental.

The recommendation of the Produce Exchange of this city to the several trade committees is, that after October 1, all dealings in grain, flour, meal, provisions, lard, tallow, butter, cheese, petroleum, naval stores, oils, hay, salt, seed, dried fruit, live and dressed stock, and all other articles of produce that are dealt in on the Exchange, shall be dealt in, and all freights and storage thereon adjusted, exclusively on the basis of weight; that the unit of weight shall be the pound avoirdupois; and that its principle multiple shall be the cental, or 100 pounds. The weight per gallon for different liquids, as oils, vinegar, molasses, etc., either has been, or will be fixed by committees in the different branches of trade. It is said to be intended that the barrel of flour shall be sold as two centals, and its whole weight, including that of the barrel, be 218 pounds.

The proposition was made and supported by a portion of the members of the Produce Exchange to extend the date for the new system to come into operation, to January 1, 1880, but this change of time was not agreed to.

The Chicago Board of Trade has unanimously accepted the report of a special committee, to the effect that while Chicago favors the ultimate adoption of the cental system, it is not expedient to bring it into practice without further legislation in Illinois and by Congress. They say:

As grain is the principal commodity to be affected, great confusion and dissatisfaction would result from any attempt to establish values based upon the cental while the current and future stowage charges are based upon the bushel, these charges being regulated by statute; and it would be impracticable for the grain trade of Chicago to adopt the cental system, until such time as the State Legislature had so modified the laws as to reduce the inconveniences attending the change to the minimum. The Committee regret that the adoption of the cental system in Great Britain does not seem to have been successful to any great extent. They do not think it practicable to adopt the change in Chicago, even at the beginning of the new year, and believe that action should first be taken on the subject by Congress. To this end they recommend early and concerted action by all the commercial interests of the country, in order that Congress may direct all Government transactions, wherever practicable, to be conformed to the cental system.

The Commercial Exchange of Philadelphia, on September 16th, by a vote of 94 to 64, adopted the cental system as the basis for the purchase and sale of grain, flour, and seeds, to take effect on January 1, 1880.

THE PRESENT ASPECTS OF SPECIE RESUMPTION.

ADDRESS OF MR. GEORGE S. COE BEFORE THE AMERICAN BANKERS' ASSOCIATION, AT SARATOGA, AUGUST 7, 1879.

I consent to take this position to-day in order to develop in this assembly a general discussion upon the admirable paper of Mr. Knox, and I think an association of bankers, such as I see before me, ought not to disperse without expressing their sentiments on the subject upon which the Comptroller has so ably addressed us. If he is right, we should say so in our own way, and if he is wrong, let us deliberately and without hesitation say so. He has stated in very happy terms the effect of resumption, and we have to congratulate ourselves and the country that we have reached, after long expectation, the period of specie payments. The question now is, have we resumed all the conditions which properly belong to the country in a time of perfect restoration? Are we restored to all the healthful relations of sound commerce? Or is this only an accidental, a temporary, or partial resumption? Any person now having legal-tender notes in possession may go to the Treasury and obtain for them gold. This is a fact, and a very happy fact. But the reason for it is, that the last seven years, as the Comptroller has happily said, have been years of plenty. They have filled the land with abundance, and turned the balance of commercial exchanges in favor of the United States to the enormous sum of nearly one thousand millions of dollars. We are so replenished with riches, that we do not take the long coveted gold now that we can obtain it. This great change comes not because of any new conditions in the policy of the Government. As the war left the country in respect to its currency so it now remains. And the reason, therefore, for resumption, is the happy general commercial prosperity which has returned, and not because of any measures adopted by the Government. It would be a singular fact if, after a war of such unexampled severity, in which financial expedients of novel and extraordinary character were resorted to, we should find the financial situation to be in perfect harmony with all sound economic conditions. It surely would be a marvelous state of things if financial order should spring out of civil discord and chaos. Let us look at the simple facts. Before the war the banks of the United States were the holders of the reserve coin of the country and the sole issuer of its currency. At present the Treasury is such custodian. It divides with banks the current issues, and all the banks, as well as the people, seem perfectly content to have it so. To permit the Government to be the sole cash keeper of commerce, and the banks to use as their reserve, the notes of the Government, upon which they rely for obtaining the coin whenever commerce requires it, unmindful of the fact that coin so situated, is most exposed to commercial alternations,—is that the condition which we desire to have perpetuated? Is that the best possible financial system for the country? This is the question, I think, to which we should now earnestly address ourselves. Let us examine it. This country, as I said before, has had a credit balance of trade of nearly one thousand millions, the aggregate gain of the

last six years, and all the signs of the times point to a gradual transfer of commercial empire from the Old World to the New. [Applause.] It is perfectly plain to every one who reads, that it can only be a few years before New York, and not London, will become the financial center of the world. [Applause.] Already the change is apparent by our calling home nearly all our own bonds, and ceasing to be borrowers abroad. It is more apparent by our negotiating bonds of Canada and some other foreign securities, showing that we have capital for ourselves in abundance, and some excess for other countries. Already you perceive a relative decline in the fertility of the land, and in the industrial resources of England. Already you see an almost incredible growth in this country of all productions and wealth, and from present appearances, it cannot be more than twenty years before we shall have attained the commercial supremacy. If that be so, it becomes us as bankers and as citizens to look carefully at the question. Are we upon a sound financial basis at present, and is it such a basis as, with such high expectations, we wish to perpetuate? Is it such a basis as will best promote the social growth for which we are ambitious? At present the bank notes of all the National banks rest upon other notes, for which, it is assumed, we can obtain coin if wanted. Now, what is the use of that superfluity and complication in the financial machinery? It would be a very illogical arrangement, if we had to make it anew, that one note should rest upon another note, and that note upon something else. If this plan be a sound one, as I said before, it is very illogical. The fact is, gentlemen, it is not a sound one, and we all know it is not, therefore, we might as well confront the question honestly and fairly now. One or the other of these two classes of circulating notes ought to be superseded. There is no evading that conclusion, if we honestly bring our minds to the subject. If the bank notes now rest upon other notes, and those again upon a reserve of coin, particularly exposed to the vicissitudes of foreign trade, why not dispense with one class of the circulating notes, and let them all be of the same issue? There ought to be something, gentlemen, in the nature of the two things which is essentially different, or else we must absolutely abolish either the one or the other. Which kind is the fittest to survive? Let us see. During the last year the exports of the United States were some seven hundred millions, and the imports some four hundred and fifty millions. The difference was between two hundred and fifty and three hundred millions, and it has been so for two or three years in succession. The property represented in those large sums did not pass by means of money. There was almost no money used in it. What was the operation? Ships sailing to and fro upon the ocean, carried great cargoes of the various productions of the United States, and brought back in return the products of every other clime. By what means were those large changes of property effected? By simple pieces of paper, not in any sense money, but by instruments which we call *Bills of Exchange*. These great changes were chiefly promoted by a class of citizens most useful, important, and, in fact, indispensable, called *bankers*. Those bankers became, from time to time, the custodians of all this merchandise, by means of those bills representing and controlling it. Their special service in the human economy is to distribute and exchange property.

Now, it is perfectly clear that such bills of exchange are the currency of the world. They constitute the currency of the larger denominations by which the world's wholesale business is transacted.

That we all know. But what does that currency rest upon? What gives it value, and by what means is it secured? Upon the ships, upon the cargoes which go to and fro, and against which the bills are drawn. If any of you require a bill of exchange, and wish to know of a surety that it is true and genuine, and absolutely guaranteed to be so, you will say to the gentleman who comes to negotiate it: "I am not certain that you have shipped a cargo against which you draw this bill, and in order to secure your fidelity I demand that you give me a bill of lading of the goods shipped. This I will attach to the bill of exchange to which the transaction belongs." That is the basis of the whole operation. In other words, some form of useful industry, constitutes the sum and substance, not only of that paper, but also of the whole world's commerce, and thus business continually goes on, not by the use of money, but by goods exchanged among mankind, which are useful and necessary for human life. Such bills of exchange are really the world's currency; but without the shipments, the currency would be good for nothing. They are the essential ingredients out of which the bills are composed, and the goods must thus pass, or else the bills are not genuine. Now, suppose the Governments of the United States and Great Britain were to make a treaty, permitting the issue of Government bills, without the shipment of any goods whatever. What would be the effect of them upon the world's industry. Suppose the United States were to issue three hundred and forty-six millions of bills upon London (that being the amount of currency issued by the Government at home), and not ship a dollar of property? Is it not very manifest that the people of this country who used them would draw, through the world's commerce, that amount of the labor and industry from the people on that side of the water, without giving them anything from this side in return. They would disarrange the whole world's affairs, and disturb all the relations among men and nations. There is nothing plainer than that.

And suppose that the United States should say: "This bill is perfectly good; because when it becomes due, another will be given of the same sort to pay it with." Then what becomes of the balance of the exchange between the two nations? It seems, therefore, practically a most false, ruinous, and absurd assumption of power in Government, not possessing industrial powers, to create commercial instruments, whose vital essence and virtue must, in the very nature of things, be wanting. Neither the Government of the United States nor any other Government can legitimately issue this kind of currency, unless it be endowed with power from on High to create the goods out of which alone any true currency can be made. To perform this omnipotent act, Government must possess omnipotent powers, and, as Mr. John Bright said recently in the discussion of a kindred subject: "Here is where the omnipotence of human government utterly fails."

Having thus shown the operation of currency for international trade, let me make another illustration for the home market. The other day, with the President of this Association, I went into the New York Clearing House, and while there the morning exchanges between banks was going on. We saw pass through the hands of the bank messengers, within the space of about ten minutes, pieces of paper called *bank checks*, representing eighty-seven millions of dollars. These eighty-seven millions—what were they? The exchange of industrial property and things, which had occurred in the City of New York, through all the banks the day before. There was not

a dollar of money to be seen in all this, but after those exchanges were made up there appeared to be two classes of banks: one a creditor class, which had given more property than they had received, and the other was a debtor class, which had given less, and the difference between those two classes was some five millions of dollars, which sum had subsequently to be paid in money. That was all the actual money needed for that great transaction.

Now, the same suggestion I made a moment ago, I now make in respect to these *instruments of internal commerce*. The checks and papers passed between those banks were internal currency, and they, like the foreign exchanges, were based upon the actual transactions pressing through banks, and by them through their dealers, the community at large, the day before. And I now state this is an undeniable axiom. You cannot make a paper honestly representing value unless it actually passes property from one person to the other for the full value represented, and such is the case with every legitimate note or obligation issued by a sound bank. If that be true, the essential superiority of bank currency over the Government issues must be apparent.

This seems to me to be a statement in exact science that cannot be denied. Now, whence comes industry? It is the personal, individual act of every man. Government has no function for it whatever. It has no capacity for production, distribution or exchange of industry. It cannot, therefore, furnish genuine credentials of labor. If it forces its currency devices into business the intrusion can only produce derangement of all honest labor, first, last and always. It cannot create capital. It has power to borrow it from its producers, and when it borrows, it borrows like an individual, by paying an annuity to the owner for the use of it. A paper that passes as money value, without passing at the same time the real material of which it is composed, is just as absurd as a coin without any metal in it. *Coin or money of the world's standard passes property of intrinsic value in itself. Genuine paper currency of every kind, must pass property concurrently with itself, and of the money value expressed.*

* * * * *

The Government of the United States have, it is true, now provided for its currency issues a small proportion of the value which they purport to convey. Why should they not provide for the whole, and retire from a business for which they have no competency? Is there any reason in the nature of things why they should not? On the contrary, does not every commercial instinct imperatively demand it? The war is over. These currency devices were born in poverty and in the nation's extremity and supposed inability to borrow capital. Since then this thousand millions of new capital has come in, and offers itself to the Government upon lowest terms.

* * * * *

It seems now the order of Providence, against which we may not rebel, that commerce should resume its normal conditions. Incoming resources provide abundant means. Is there anything in the peculiar financial conditions that should prevent it? On the contrary, do we not by permitting the continuance of Government currency, cherish the germ which like an epidemic lies latent during the winter, ready to break out again into fever upon the approach of the hot season? It is a danger which, if not removed, may again revive with the same terrific injury as before.

This is a moral as well as a financial question. It is a question that affects the welfare, and the stability of society. No man can doubt this, when he reviews the circumstances of the last ten years. It is not a mere matter of dollars and cents; it is a question of human life and destiny. These things, indissolubly united in the order of Providence, cannot be separated.

With these simple illustrations, I have said enough to show that industry is the true and only means of restoration, and will naturally and necessarily provide the best currency instruments by which wealth can be exchanged, and its results incorporated into vital forms and institutions to benefit society. As the country now starts upon a new career, shall the great West, the granary of the world, and all other sections of the land now teeming with surplus property ready for exportation—shall they be permitted freely to exchange their productions for the wealth of the Old World upon equal terms? Or shall there be needlessly interposed an obstacle created by war, unknown or unrecognized in other nations with which we exchange, and which renders the financial results of all this industry variable and uncertain.

Commerce has to do with mankind at large, and with producers and consumers irrespective of National lines. It must be apparent that any peculiar, local standard or conventional measure established by a people seeking the benefits of the largest trade, is a self-imposed impediment to their own progress. The smallest trader, producer, or laborer, when he sells his property or his service, knows not but that they will enter into some great aggregate for shipment abroad. And if they do not, their value is favorably affected by a wider demand. The humblest laborer and the largest merchant or banker are therefore bound together by a common tie, as workers in the great human hive. They are alike interested in having the most extended commerce with the world, and also in adhering to the standard which the world most recognizes. They who aim to inject into the currency a false representative of labor, or to alter the measure by which labor is exchanged, may justly be suspected of a sinister design. They are either drones or deceivers.

In the light of this explanation, let us now, as bankers, examine the statements of the National banks, and of the Treasury bank, in order to test the relative merits of the two currencies.

1st. The National banks are indebted to the public:

	<i>Millions.</i>
For deposits	823
For circulating notes	290
	<hr/>
Total	1,118

They have in hand to meet this indebtedness assets as follows:

	<i>Millions.</i>
Loans and debts due to them	1,191
United States and other bonds	420
Coin due from Treasury	40
Legal-tender notes	123
	<hr/>
Total	1,774

Showing an excess, which is *their own capital and surplus*, of 656 millions, or one hundred and fifty-eight dollars of assets for every hundred of liabilities. These assets are composed in large measure of notes secured by every form of industry produced by people in every section of the country. They are predicated upon cotton, corn,

wheat, farming utensils, and upon the infinite variety of things, which contribute to the life and comfort of society, and which are hourly and perpetually exchanged for such things, among the people, through the banks. This is the service which the banks perform, and without which our advanced social life could not exist. It is a service so indispensable in the great economic system that every civilized nation of the world has found it necessary to establish and to encourage such institutions and associations as we represent. The oldest institutions in Europe are of this character. In fact, some of our own associates, still in youthful activity, are the most venerable in the land, and are older than the Government itself. The Bank of North America, in Philadelphia, was formed by Robert Morris, our Colonial Secretary. Its aim was to draw from the people their industrial resources to sustain the Revolution, and he did it. Through that instrumentality means were mainly provided to defeat Cornwallis. The Bank of New York, founded by Alexander Hamilton, is 100 years old; and the Manhattan Company Bank, inaugurated by Aaron Burr, whose able President is near me, is about the same age. Your own bank, Mr. Chairman, has been in business some seventy-five years; and a larger number of us more youthful institutions have existed half a century. And no sooner does any new community grow into the importance of a commercial town or city, than a bank is established to supply an obvious need. This fact of itself proves that they do a work which society demands, and that there is an intrinsic necessity for their existence. The part of the currency of these institutions which is composed of deposits and is transferred by checks, forms the medium for larger transactions, and that part which consists of bank notes is used for the smaller. It is all alike currency, and performs substantially the same office, *the notes being the subsidiary currency*, just as pieces of metal of smaller denominations are *the subsidiary coin or money*. These notes are secured by, 1st., the capital of the bank; 2d., by the property taken by the banks and held to redeem the notes when paid out; 3d., by Government bonds of 100 cents for every 90 cents issued. They have the guarantee of Government and of the personal property of the people, each to more than their face value, as security; and, if the Comptroller continues to exercise the same fidelity which has so far eminently characterized him, these banks will be prepared at any time to hand over to their creditors, upon instant demand, either money or the money equivalent in other industrial values, such as will reimburse them in full and leave a large margin or excess, as already stated.

Now, in the same way let us examine the Treasury Bank; it has issued:

	<i>Millions.</i>
Notes payable on demand.....	346
Fractional notes.....	16
	<hr/>
Total	362

It has assets to meet this indebtedness:

	<i>Millions.</i>
Gold and silver coin and bullion.....	148
	<hr/>
Deficit.....	214

This bank is therefore prepared to pay its creditors on demand forty-one cents per dollar, but for the balance it has nothing to show. Where is this deficit sum to be found? Simply in the power of

taxation. This is a power slow in its operation and utterly impracticable as an immediate resource for payment on demand. The other resource consists in the power to borrow capital. This kind of bank conducts its business upon the chances of floating a currency, wanting all sound commercial basis, under the idea that part of it only will be returned for redemption. What is that but doing by Government, as much illegitimate financiering as is possible without exposure, and resting in the confidence of being able to retire in case of need, behind its good credit as a borrower? What is it but doing by Government a kind of banking it would arrest as criminal, if done by its subjects? It must be remembered that every true note certifies to the community the ability of the country to expend the value it represents, and every false one, the more it is accredited, the more it deceives, by inviting and facilitating expenditures in excess of means, so that the very high credit of Government currency, gives it peculiar danger. Such an institution as this surely has not the qualities of a bank of last resort. If the good rules which the Comptroller applies to all National banks should be applied to this, it must be ruled out as an unsound institution.

If this view of the laws which underlie all commerce among men be correct, it must be seen that our better currency is resting upon the worse, that there is in that respect a complete inversion of all sound financial principles, and that what we rely upon as the reserve of banks and the last resort for all business transactions in the United States, is really the weakest item among the commercial assets. While other portions of them are founded upon full exchangeable values, this one, the very foundation of them all, contains but forty-one per cent. of convertible worth, and the deficiency, when demanded, must be supplied from those very commercial resources which banks represent. It is also obvious that when the balance of trade necessitates a report to these Treasury reserves, the disturbance and exhaustion produced, will render a loan by the people to the Government more difficult and uncertain. Here, then, is another chance to which this Treasury Bank is exposed. Is it not an undeniable fact, that while Government notes, be they more or less in amount, inevitably betray the people into extravagant expenditures, labor must finally be called in to save what has thus been lost? And even if the wasted sum be supplied by foreign loans, it is yet true, that the labor and economy of other lands will contribute to counteract the prodigality of this, and must be compensated by labor in return. So true is it that the universal law of labor is one of mutual obligation and dependence the world over. It is a law resting upon every man, and from it, even Government cannot emancipate nor absolve us.

The only security for commerce and for the country then lies in the entire withdrawal of Government from all further effort to supply a currency for the people, and from all interference with industrial exchanges. So long as such a power is recognized as within the possible functions of legislation, the industries of every citizen and his consequent happiness as well as the consequent well-being and good order of society, will be subjected to the caprices of Congress. The Divine law is thus supplanted by human legislation, and nothing but discord can result.

The practical question remains, *how can this now best be done?* The Congress that authorized the issue of the original legal-tender notes never contemplated the possibility of their continuance after the war

was over, and to promote their early extinction as currency, they made every one of them convertible 'into a six-per-cent. bond. Thus inviting exchangeable capital to be supplied for them from surplus industry of this or other peoples, by imprinting upon each note the offer of a liberal annuity for a loan of its amount. Had this condition been continued, the notes would long since have ceased to exist, and the Government and people would have saved an incalculable sum, subsequently lost by waste, extravagance and prodigality, besides averting the untold misery, disappointment, wretchedness and crime, directly and indirectly traceable to the prolonged use of this new and variable medium of exchange. As originally issued, they presented an inducement for every holder to exercise his skill, industry and economy to secure to himself the offered annuity. They were earnest incentives to thrift and motives to economy, but in an evil hour this privilege was withdrawn, and the notes became like idle and unmitigated tramps, possessed with power to consume the capital of others, but rendering none in return. The option given to every holder to loan, was a continual solicitation to save. But the irredeemable, unexchangeable note, on the contrary, awakened an intense desire to expend, in order to secure for it any species of property attainable, regardless of price. This was the greatest financial blunder of the war. It cost the nation untold millions in money, and infinite demoralization. It relaxed all industry, and made us a nation of prodigals.

These great evils having been arrested by a natural reaction from their very excess, it is now the duty of every good citizen to take measures to prevent their possible recurrence, by urging a total abolition of the system out of which it grew. This can be effectually done by the simple restoration of the privilege of funding into bonds, bearing a rate of interest, of the last loans made by Government. By this means the desire to save will be revived, industry will be stimulated to create the capital required, the deficit sum, now entirely within the capacity of the nation, will be gradually supplied from the resources, industry and ingenuity of the people, and exchangeable values, convertible into gold or into any other form required, will fill the void now represented by Government currency, which will imperceptibly pass away. This change may be made without violence, commotion, or financial embarrassment. It will proceed in the silent order of nature, surely and effectually, affecting beneficently every good interest and injuring none. The whole nation, in every part, and every man in it, will feel the renewing influence, and there will be opened up on this broad continent a period of sound commercial prosperity such as the world has never yet seen. Why should we delay in removing forever this last vestige of war, or hesitate in reinvesting this great nation with the unrestricted powers and privileges of healthful commerce?

GOLD PILING UP.—In a letter to the Treasury Department, dated Sept. 4, Gen. Hillhouse, U. S. Assistant Treasurer at New York, says: "Gold still continues to accumulate in our vaults. As it is less convenient than notes to handle, not only the annual production, but the imports, will naturally take the same direction."

Gen. Hillhouse adds, that from this accumulation of gold in the N. Y. Sub-Treasury, it will soon be necessary to use, for the storage of gold, some part of the room in the vault recently constructed for the storage of silver.

INDIA AND THE SILVER QUESTION.

[FROM BLACKWOOD'S MAGAZINE FOR AUGUST.]

The prevalent depression of trade—a state of matters which always disturbs the normal value of money—renders it difficult to determine how far some of the circumstances connected with the value of gold and silver are of a temporary or permanent character. But for the recent demonetization of silver, we believe that the increase in the annual production of that metal would not have been in excess of the requirements for it. At present, owing to the diminished yield of the gold mines, the annual supply of the precious metals, taken together, is no greater than it has been throughout the last quarter of a century. Accordingly, it is a fact worthy of more attention than it at present receives, that the effect of demonetizing silver must proportionately raise the value of gold. While the supply of the precious metal remains as it is, a plethora of silver in the Western world in consequence of demonetization implies a concomitant appreciation of gold. The merchants and bankers in the City of London have memorialized the Government on the “scarcity of metallic currency;” but what other result could be expected from the recent work of demonetizing silver?

The source of the silver dilemma is *here*—in the West—not in India. And so long as we fail to see this, and go on trying to devise a remedy by making changes in India, we are wasting our time and thought. At the best, anything done in India would but touch the outer fringe of the silver question; we should be dealing with some of its consequences, instead of curing the evil itself. Led by England, the Western world is abandoning silver as money, reducing it to a mere metal; and hence we are depriving it of the chief source of its value, and which it has possessed since the beginning of civilized society. British statesmen of all parties, adopting the views of scientific authorities, have united in extolling the advantages of “monometallism” in the form of a single gold standard. To such a pitch has this nostrum been carried, that the United States were preached into adopting a single gold standard when resuming specie payments; and the publicists in this country have been filled with indignation that any proposals like Bland's Silver Bill should be made for giving even a limited circulation to silver in the American Republic. Well, our wise men have got what they wanted. The German Empire discarded silver and adopted a single gold standard; so have the Scandinavian kingdoms; and France, in self-defence, has had to close her mint against silver, to avoid being deluged with the silver discarded by its neighbors. Surely our statesmen and economists ought to be well content! Yet no sooner is what they have so long preached being practised, than they find that the British Empire suffers more than any other country from the change. Nevertheless, they shut their eyes to their own part in the matter, and choose to regard the present dilemma as if it were one of India's making; and the Indian Government is to be tortured and disturbed in order that one evil consequence of their own doctrine may be somewhat lessened.

For the present, our Indian Empire suffers most severely from the

recent change in the relative value of gold and silver; but the question is one of a world-wide character; and unless it be dealt with as such, no amount of retrenchment or petty financial devices can prevent India from ere long suffering more than at present. We are told that "the loss must be faced manfully," as if it were a famine or visitation of Providence; whereas it is as entirely an evil of man's making as anything can possibly be. "Legislation," says Mr. Gladstone, "can do nothing;" and yet the dilemma is born of legislation, and its authors are governments, not Providence. By Act of Parliament we discarded silver and adopted a single gold standard in 1816; we imposed a single silver standard upon India in 1836; and recently, Acts of Congress and of Parliaments have extended the single gold standard over a large portion both of Europe and America. Yet when these Acts of legislation begin to bear their fruits, our statesmen calmly protest that legislation has nothing to do with the evil, and that they can do nothing to mitigate it! The evil "must be faced manfully"! That is all that as yet they can think, or bring themselves to say on the subject.

The proposal has been made, and for some time was favorably entertained, to demonetize silver in India, and adopt a single gold standard, as in this country. What would be the effect of such a procedure? It would at once destroy a large portion of the value of the present silver currency of India, amounting to at least 200 millions sterling, besides creating in that country a monetary revolution of the severest character. This would be a strange way of benefiting India! Secondly, thereafter we should have to make all our payments to India in gold instead of silver—whereby silver, from being disused for this purpose, would still further decline in value to an enormous extent. Further, where would we get the new supply of gold wanted for these payments, and without which it would be impossible to carry on our usual trade with the East? The annual supply of gold, as we have already said, has been diminishing for twenty years, and now stands at a low point compared with what it did when the "golden age" was in its prime. We hold most confidently that as soon as trade revives and resumes its old and normal condition of progress, the diminished yield of the gold mines will make itself felt very sharply; and this change will be first and most severely felt in our own country, under the absurd and pernicious currency system established in 1844. But for the new gold mines, the Act of 1844 must have been abandoned as impracticable many years ago; and now that the gold supply is diminishing (although still more than double what it was in 1848), the unsuitableness of such a Currency Act for an expanding commerce will again be forced upon the attention of the public. How much more serious would be the dilemma were silver demonetized in our Indian Empire. Were it to become necessary to send gold instead of silver to India, the scarcity of gold and the further destruction of the value of silver would not merely break down our own monetary system (for which we should have no regret), but would seriously disturb monetary affairs generally, besides checking the great and most valuable trade between India and the countries of the West.

If such would be the effects of demonetizing silver in India, how much vaster would be the calamity produced by likewise and simultaneously pursuing the present process of demonetizing silver in Europe and America? Fortunately, we can hardly believe that governments will persevere in, or that nations will tolerate, so suicidal a policy. Mankind will not allow themselves to be strangled in defer-

ence to any theories or doctrine, however "well established" they may be held to be. A single gold-standard, no doubt, suits our own country—especially when gold is so abundant as it still is; but to preach up this form of "monometallism" for universal adoption in civilized countries, and to pour contempt upon the "double standard," is one of the most perilous freaks of "science falsely so called." It would cut our own throat to begin with, by making gold too scarce for the maintenance of our own monetary system. For the world at large, our own country included, such a change would produce the widest and most oppressive calamity that human intelligence or folly ever created. It is now acknowledged on all hands that our recent commercial prosperity, and the general well-being of mankind, have been greatly owing to the large supply of the precious metals from California and Australian mines. To proceed in the work of demonetizing silver would not only undo these benefits, but would create disasters far exceeding in magnitude the past blessings. It would destroy about one-half of the entire stock of the world's money. It would not merely paralyze commerce and rob industry of its due reward, but it would intensify the worst evils of old-established society. It would make the rich vastly richer, and the poor still poorer. We often hear, from certain quarters, of "bloated capitalists" accumulating fortunes at the expense of the laboring classes; but even if capitalists were the sole and unchecked legislators of the world, they could not devise any law so purely and exorbitantly for their own interests as one for the demonetization of silver—for the destruction of one-half of the world's currency, and the consequent doubling or quadrupling of the value of their own capital. Such a course would promote the "social revolution" far beyond all the preaching of French Communists or Russian Nihilists.

We repeat, we cannot believe that such an issue will be arrived at. But political and scientific doctrines have been and still are running in favor of a single gold standard, with the consequent demonetization of the sister metal. Among our own politicians, Mr. Goschen is the only one who has in any degree protested against the disastrous doctrine hitherto in vogue; and it is lamentable to find that when the silver question is discussed in the House of Commons, our statesmen express their belief that legislation can do nothing. It is true that the difficulty cannot be solved by the action of any single government; but it can, and ere long must, be dealt with by means of an International Congress. The United States proposed such a Congress a year ago; but the British Government, with the cordial approval of the House of Commons, refused to take any active part in it, and our Commissioner was specially enjoined to uphold the single gold standard. The Commission, thus neglected by the European governments, proved abortive. But we feel assured that this course is the only proper one, and the only one which can be effective; and the sooner an International Congress upon the silver question is renewed, with the concurrence of all the leading governments, the better will it be, not merely for our Indian Empire, but for the world at large.

URUGUAY.—Cattle abound in other places as well as in Texas. The *British Mercantile Gazette* is authority for stating that, in 1877, in Uruguay, of which Montevideo is the capital, 6,500,000 cattle were slaughtered and sold for \$15,000,000, and that 4,060,487 tons of artificial guano were made from the refuse.

CURRENT EVENTS AND COMMENTS.

THE BLACK HILLS.

In Lawrence County, Dakota, in which the great belt of low grade gold ore is found, the mills erected since January 1, 1877, are valued at \$604,010, and contain 1,205 stamps. The minimum crushing power per day of each stamp is one and one-half tons, and if they are supposed to be all of them steadily at work every day, which is probably not the case, they would crush 1,807½ tons daily, yielding daily, at \$10 per ton, \$18,075, which is equal to \$6,507,000 annually. The Black Hills newspapers claim that this will be exceeded, as the ore is steadily growing richer as it is worked at lower depths, and as the number of stamps is being constantly increased.

COMMERCE OF BOSTON.

The total imports and exports at Boston for the two last fiscal years were as follows:

<i>Year ending</i>	<i>Imports.</i>		<i>Exports.</i>
June 30, 1879.....	\$40,516,981	....	\$48,100,019
June 30, 1878.....	40,350,690	....	46,543,741
Increase over 1878....	\$166,291	....	\$1,556,278

The Boston *Journal* is of the opinion that taking into account the fall in prices of from ten to twenty per cent., that the real increase in quantities imported and exported in 1879, as compared with 1878, is fifteen per cent.

MUNICIPAL REPUDIATIONS.

The aggregate of city, county, and town debts in bonds, the validity of which is denied or "repudiated," is said to be \$5,547,000. Seventeen counties and five cities and towns in Illinois have repudiated debts, aggregating \$8,517,000. Controversies have been carried on in Courts, in respect to the matters in dispute, with various results, but in a majority of the cases the validity of the debts has been affirmed. Several of the towns in Vermont and New York have carried into the Courts the question of the validity of their debts, but we have never seen any statement of the aggregate involved. In New Jersey, the City of Elizabeth is contesting a \$6,000,000 debt.

SHEEP IN TEXAS.

An Austin correspondent of the Chicago *Tribune* says: "The importance of sheep husbandry in Texas can be partly conceived when the following estimated shipment of wool from the State, and the present number of sheep now feeding upon nutritious grasses, are properly considered. It is estimated that there are now over 5,000,000 sheep in the State—more than there are in any other State in the Union, excepting California, which has about 8,000,000, Ohio ranging third in the list, with about 4,500,000. Last year over 11,000,000 pounds of wool were shipped out of the State, besides large quantities that were manufactured into yarns and cloth by the woolen mills in our State. These figures will increase annually, and in a very few years this State will contain a larger number of sheep, ship more wool, and manufacture more woolen goods, than any other State in the Union."

WESTERN FARM LOANS.

A correspondent of the Chicago *Tribune*, writing from Hartford (Conn.), estimates the loans made in New England on Western farms, by banks, insurance companies, and individuals, at one hundred million dollars, but states that the amount is not now being increased. The rate of interest ranges, as we suppose, from eight to ten per cent. In the winter of 1877-8, Senator Eaton, of Connecticut, estimated the Western loans of all kinds, on town property, farms, etc., made in Hartford alone at \$50,000,000, but that city is the seat of many large insurance and fire companies and banks, in addition to the great amount of individual wealth. We believe, and at any rate hope, that the estimate of \$100,000,000 loaned in New England on Western farms is too large. Added to the large amount of similar loans known to be held in the Eastern States outside of New England, it would make an alarming aggregate of debt on a species of property which is liable to be crippled, from time to time, by either bad harvests or bad markets.

AUSTRO-HUNGARIAN HARVESTS.

The estimates made at Vienna, early in September, were, that Austro-Hungary would be obliged to import grain during the coming year, of the value of ten million florins, instead of exporting a value in grain of 100 million florins, as it has done during each of the past two years. The Austrian florin is worth about fifty cents.

BISMARCK.

In his interview with Hon. Wm. D. Kelly, Prince Bismarck called the advocates of free trade "blockheads." Mr. Kelly's report of that interview, published in this country, has now got back to Germany, where it is served up in the German newspapers. Bismarck's epithet of "blockheads" naturally excites great wrath among the free trade *doctrinaires*. Bismarck has always been, in his style of action and language, rather strong than polished.

BRITISH GOVERNMENT ANNUITIES.

In the statements made of the British National debt, the terminable annuities which the Government has bound itself to pay, are figured at £42,778,147, which is the estimated capitalized value of the annuities. These terminate at various periods. The annual sum which they now call for is £5,711,318. The following is a statement of them in detail:

Life annuities.....	£ 904,783
Exchequer annuities.....	14,640
Annuities for terms of years.....	36,607
Annuities expiring in 1885.....	4,712,381
Sinking-fund annuities expiring 1885.....	6,907
Red Sea Telegraph annuity expiring 1908.....	36,000

Total present annual payments..... £ 5,711,318

As will be seen, the bulk of these annuities expire in 1885, and the British National debt will then show a large reduction, if in the meantime new debts are not accumulated, of which unfortunately there is too much probability. What the British call unfunded debt, consisting of exchequer and treasury bills, is already swollen to £25,870,100. Included in it are the exchequer bonds issued for the purchase of Suez Canal shares, amounting to £3,866,300. If circumstances for the next half dozen years are favorable, this unfunded debt will be liquidated from surplus

revenues, but there is great danger that they will take the shape of permanent consols. Great Britain is constantly exposed to wars from the wide extent of its dominions, and in fact is almost always involved in a war of some kind. It has been peculiarly unfortunate of late, having had two wars, in Afghanistan and with the Zulus, on hand at one time.

BRITISH PRICES.

In the sixteen principal articles of raw materials for the purpose of manufacture imported into Great Britain during the month of July, a fall of nine per cent. is shown in a comparison with the prices of the same articles during July of last year. But the larger part, if not the whole, of this fall of nine per cent. occurred during the last half of last year, and principally during the last quarter of last year. A comparison of the prices of July, 1879, with the prices of January, 1879, would not probably show any fall.

ENGLISH BANK NOTES.

As the law regulating English banking was stated in the House of Commons, July 11, by the Chancellor of the Exchequer, the English banks are governed by a rule different from that applied to Scotch banks. In both cases there is a specified amount of note circulation, called "the fixed issue." The English banks with the exception of the Bank of England, are not allowed to exceed this amount under any circumstances, but the Scotch banks may issue any excess, provided that they hold gold for the redemption of such excess, dollar for dollar. The Bank of England has the same privilege. In the case of the Bank of Glasgow the gold required and supposed to be held for the excess of notes above the fixed issue, was found to be missing when the bank failed.

ENGLISH PAUPERISM.

The number of persons in England and Wales receiving public relief during the quarter ending at midsummer, was :

In 1877.....	655,726
• 1878.....	674,798
• 1879.....	715,231

There is an increase evcrywhere, but it is greatest in the chief manufacturing districts.

ENGLISH LOCAL TAXATION AND DEBTS.

The returns of local taxation in England for the fiscal year ending March 31, 1878 (not including Ireland or Scotland), compiled under the supervision of the Local Government Board, show that during the year the sum raised by local taxation was £29,519,984, in addition to which Treasury subventions amounting to £2,032,552 were received in easement of the local rates. Of the total local taxation £24,352,437 was raised by rates falling on ratable property; £4,715,476 by tolls, dues, and rents falling on traffic; and £452,071 by duties falling on consumable articles. The local taxation levied by rates included:—Poor-rate, £8,531,849; county and police rates, £2,869,299; borough and town police rates, £2,786,126; highway rates, £1,722,575; metropolitan local management rate, excluding pre-cept rates paid thereout, £2,222,486; Metropolitan Board of Works, £2,077,749; Metropolitan Police rates, £1,050,503; urban sanitary rate, £17,221,478; and School Board rate, £3,174,105. The loan transactions of the local authorities show that a sum of £14,930,429

was borrowed, and £ 9,262,658 repaid during the year, while at the close of the year there were loans outstanding to the amount of £ 114,683,002.

The amount of this local debt has been steadily increasing for several years past, and, as will be seen, has now reached a very large aggregate. The classes in England who are troubled to find safe investments for their money, are numerous and influential, and they are continually stimulating the policy of raising funds for local purposes by loans, rather than by taxes. It may be presumed that the process of piling up local debts in England will go on until they become so large that money lenders will be alarmed, and throw their influence against any further increase.

IRISH CRIMINAL STATISTICS.

In Ireland, for 1878, the serious criminal offences, such as are punishable only after a trial by jury, were 2,886. Allowing for difference of the numbers of the populations, this is 1,339 less than in England during the same year, and 3,057 less than in Scotland. The excess in Scotland is mainly in crimes committed against property and accompanied by violence, and is attributed by some authorities to the peculiar and severe provisions of the Scotch Poor Laws, which prohibit relief to able-bodied persons, however destitute they may be. That does not explain the excess, as compared with Ireland, of the more serious offences in England. A more probable explanation of the excess, both in Scotland and England, is the fact that their proportion of urban to agricultural populations is much larger than in Ireland. In the latter country, the number of indictments in 1878, including those for offences not necessary triable by jury, was 6,959, but of these 3,512, or slightly more than one-half, were in Dublin, which contains only one-sixteenth of the population of Ireland. In Carrickfergus such indictments were only 1 in 10,000 of the population, while in the worst division of Dublin they were 158 in 10,000.

Making the comparison on the same numbers of the populations, the sentences to imprisonment for one year and upwards, were in Ireland 87, in France 220, in Scotland 241, and in England 266. The sentences to penal servitude were in Ireland 170, in Scotland 198, in France 284, and in England 364. It is said, however, by way of a partial explanation, that convictions are much more easily obtained in England than in Ireland, and that, as a rule, English judges impose heavier sentences for the same offences than the Irish judges do.

SCOTCH FISHERIES.

According to the Report of the Scotch Fishery Board, the number of barrels of herring caught and cured during 1878, was 905,768, being twelve per cent. above the average of the last ten years. Reckoning 800 herrings to the barrel, and adding those which are made use of fresh, it is estimated that the number of herrings caught is eight hundred millions. 608,969 barrels are exported to the Continent of Europe, of which 546,000 go to Germany. Of cod, ling, and hake, 200,000 cwt. are caught, about one-half of them by the fishermen of the Shetland Islands. In addition to about 50,000 men and boys engaged directly in these fisheries, there are 976 fish-curers, 1,984 coopers, and 40,537 persons in other employments connected with these fisheries.

FRENCH MUNICIPAL LOANS.

During the session of the Chambers which closed in August, laws were passed authorizing seventeen cities, or departments, to issue loans for public works. The largest loans authorized for towns, were four million francs for Cette, five millions for Bourges, and ten millions for Roubaise. The maximum rate of interest permitted is in some cases four and one-half per cent., and in other cases five per cent.

THE GOLD STANDARD IN GERMANY.

"The rumor that Prince Bismarck has felt some degree of hesitation about the permanent maintenance of a single gold standard in Germany appears to be correct, though the exact details of the plan to be followed have not yet been made public. The *Berlin Borsen Zeitung* states that although Prince Bismarck has not announced to the American Government, as reported, that he is willing to return or go to a double standard, yet that the negotiations which have taken place render it probable that a decision will be arrived at in this direction. We have, in recording this matter, to give the information that reaches us."—*London Economist*, of August 16.

CUBA.

In the Spanish Cortes, three months ago, General Salamanca said that Martinez Campos had not ended the Cuban rebellion by arms, but by bribing the rebels, or their leaders, and that a rebellion suspended in that way was liable to break out again at any time. He said that the money used in this bribery amounted to 172 million reals. General Campos replied that he had used, not 172 million reals, but only seventeen millions, or \$850,000, and that it was "only bestowed on the insurgents, after they had surrendered, to enable them to disperse and go back to their homes." It has always been reported from Cuba that many of the insurgent leaders received large bribes, and under the circumstances of the collapse of the insurrection, the world will continue to believe it, until more precise accounts are given than are ever likely to be, of the manner in which General Campos used his money.

A FLOURISHING CITY.

A correspondent of the *London Times* devotes two and a half columns to a description of the prosperity of Barcelona, the manufacturing center and chief seaport of Catalonia, the most industrious and active of the Spanish Provinces. A new Barcelona is said to be growing up around the old city, and to have now a population of 250,000, and it is expected that with the addition of certain suburbs which are to be annexed, the number will soon be doubled. Two hundred and fifty thousand bales of cotton are worked up in its manufactories. Speculators in city real estate may be interested to know what land sells for in a European city of that population and degree of prosperity. The *Times* correspondent says: "The ground of the demolished citadel has been made over to the Municipal Council; that of the old line of the fortifications, or circumvallation, belongs to the State; and the rest is brought into the market by private owners, so that a vast area is thrown out for the competition of building speculators, who purchase the land as freehold at an average price of 270 francs, or £ 10 16s. per square metre. In central localities, as in Fernando street, the ground is bought at 1,305 francs (£ 52 4s.) per square meter."

A square meter is equal to ten and two-thirds ($10\frac{2}{3}$) square feet, so that these Barcelona prices, reduced to sterling or gold money, average five dollars per square foot in the new areas over which the city is extending itself, which is much above the average current prices in the upper part of Manhattan Island. It is ten times the current valuation of the lands of the Boston Water Power Company which adjoin the most elegant and rapidly extending part of Boston. In central localities in Barcelona, the price of land seems to be \$25 per square foot.

THE PANAMA CANAL.

In a letter written in 1866, the late Commodore Maury objected to canalizing the American Isthmus at Panama, principally on the ground that sailing vessels could not conveniently approach it, on account of what he calls "the calm belt about the equator," and within the range of which Panama is situated. He then said:

The results of my investigation into the winds and currents of the sea, and their influence upon the routes of commerce, authorize the opinion which I have expressed before, and which I here repeat, namely, if nature, by one of her convulsions, should rend the Continent of America in twain and make a channel across the Isthmus of Panama, or Darien, as deep, and as wide, and as free, as the Straits of Dover, it would never become a commercial thoroughfare for sailing vessels, saving the outward bound and those that could reach it with leading winds. Steamers would and coasters might use it, but homeward bound vessels in the China, India, or Australian trade, rarely.

BRITISH REVENUE.

From April 1 (the beginning of the fiscal year) to September 6, the British revenues show in the aggregate no falling off from last year. Customs have decreased £462,000, and excise duties £574,000, being together £1,036,000. On the other hand the income tax gains £761,000, and the stamp duties £295,000; being together £1,056,000.

FRENCH LAND HOLDINGS.

In the English discussions upon the question of peasant proprietorship of lands, it is stated upon French authority that half of the farming land in France is held in that way, that thirty-six per cent. is occupied by tenants who pay money rents, and that fourteen per cent. is occupied on the share system.

NEW ZEALAND.

Sir George Grey, in a Ministerial memorandum recently submitted to the Assembly of New Zealand, says in reference to Chinese immigration: "No possible chance should be allowed to arise of the European population being over-borne, or even to any extent being interfered with, by a mixed race of an inferior order, and whose civilization is of a secondary type."

FRENCH SAVINGS.—Previous to the Franco-Prussian war, deposits in the French savings institutions had been increasing at the rate of about thirty million francs per annum. In 1872, they fell suddenly from 720 millions to 515 millions, the principal explanation obviously being that the depositors withdrew their funds in order to invest them in the great Government loans negotiated to pay off the German indemnity. The deposits recovered to 660 millions in 1875, to 769 millions in 1876, to 863 millions in 1877, and to 1,010 millions in 1878. No deposit greater than one thousand francs is allowed. Any accumulation from interest beyond one thousand francs is invested by the banks in *rentes*, and the titles to such *rentes* passed over to the depositor.

ITALIAN LABORERS.

It is well known that no class of European immigrants into this country are ready to labor for less wages than the Italians. All accounts from Italy are to the effect that they are steady and willing laborers, and accustomed at home to fare meagerly and receive but little pay. They emigrate a good deal to all parts of North and South America, and it is now said that they are proposing to colonize New Guinea, on a somewhat extensive scale. There is very little in their condition or prospects in their own country, to dissuade them from trying their fortunes elsewhere.

A correspondent of a city paper, the *Tribune*, gives very striking statements as to the wages they get in producing raw silk, and there is no reason to suppose that any of their peasantry fare better in other avocations. He says:

I visited the house of a poor peasant on the slope of the Julian Alps, who (like many of his neighbors) raised silk worms in a usually vacant room in his cottage. The man was at work in the fields, and his wife fed and attended the worms. The entire expenses of the family of three persons could not be more than eighteen cents per day, and the entire furniture of the cottage could be purchased for less than the American laborer would expend for two or three articles of luxury for his home. This woman had all the quickness and intelligence necessary for raising the silkworms successfully. In America, according to locality, she would command from \$ 10 to \$ 20 for housework. I should be surprised if the laborious man and wife for the year earned more than \$ 50.

Another place that I visited was the cocoonery of a wealthy farmer, who produces some 800 pounds of cocoons annually. The ordinary laborers attended to them. The men were paid nine cents per day and fed, or say a total of twenty cents per day; the women less.

About seventy-five hours of active labor are necessary to reel off a kelo (a little more than two pounds) of raw silk. For this work five francs in paper, or about ninety cents of our money is paid.

I visited a mill, employing forty winders, which was in full operation. The forty workwomen sat in two long rows in the upper room. The puddler of Pittsburgh and Danville lives in a comfortable atmosphere compared with that in which the silk-winder exists. Her work requires an unceasing and vigilant attention. No word is spoken. "We don't allow them to talk to each other," said the son of the mill-owner. "It takes off their attention—but they may sing as much as they please; it does'nt hurt the work for them to sing." Presently they did sing; a high voice started a long note, and others, one by one, joined in the strain until the room was filled with a song that rose high above the hum of the machinery. I never heard music more utterly sad. Those who know the field-songs of the slave-laborer, or the croon of the half-starved fellow in their mud huts on the banks of the Nile, know the undertone of hopelessness that vibrated through every note. But it was not the cry of the semi-civilized slave; it was the hopeless, helpless wail of hearts that have known and seen about them a higher life, but that stand forever despairingly outside the open gates. The women were seemingly of the better Italian type, and capable of the culture of a noble civilization. "They must come here at half-past three in the morning," said the proprietor, "and they go away at eight in the evening, out of which sixteen and half hours they have one and a half hours intermission from labor." For this they receive what is equivalent to eighteen cents American money. "What do they eat?" I asked. "Boiled Indian cornmeal," said the proprietor—"never meat." "But they have gardens in which vegetables are raised?" I said. "I don't know," said the master; "I never know where my workpeople live."

THE WEST OF ENGLAND BANK.

The history of the West of England Bank, which is now laid in full before the public, is a painful one. Such a career could not possibly have existed under the checks and safeguards of our National banking system. We take from the London *Standard* the following narrative:

After an investigation which has lasted for nine entire days, the case for the prosecution as against the Manager and Directors of the West of England Bank has been brought to a close. The story is a sad one, and extends over many years, but its main features are sufficiently simple. The West of England Bank was started in 1835 with an available capital of a million of money. Its original directors were gentlemen of considerable position and influence both in Bristol and in South Wales, and for many years the Bank did a large and lucrative business. It was believed to be as solvent as the House of Rothschilds or the Bank of England itself. Its shares brought a high premium; its dividends were large; its operations continued to extend. When or how its downward course first began it would now be difficult to say. It is clear, however, that ten years ago at least, if not earlier, there were upon the books of the bank several heavy bad debts, which ought, by all ordinary rules of business, to have been written off. The largest of these commenced as far back as 1855, when the bank took over the banking business of the Messrs. Toogood, of Cardiff. Among the customers of the Toogoods were the Messrs. Booker & Co., a large South Wales firm, believed to be highly prosperous, but in reality insolvent. Booker & Co. soon became indebted to the West of England Bank in a very large sum, and year by year the balance against them increased. The Directors seem to have been afraid to boldly avow the existence of a loss so large, and to have determined, at any cost, to keep Booker & Co. afloat. This resolve once taken, the losses accumulated day by day until the position became desperate, and in 1867 half a million of money had been swallowed up. In spite of this fact, the insolvent business was converted into a joint-stock company under the auspices of the bank, and the public were invited to take shares in it. Such a course of conduct could have but one possible end. When the crash came at last, the bank had utterly lost all it had ever had. It had spent everything, even to its paid-up capital of seven hundred and fifty thousand pounds. It had spent the whole of its reserve fund, amounting to one hundred and fifty-six thousand pounds. Its deficiency beyond this, due to investors and depositors, was over three hundred thousand pounds. In round figures, in short, a million and a quarter of money had been irretrievably swallowed up. And yet, almost down to the hour of its suspension, its published accounts and balance sheets had shown large dividends and rich bonuses, which we now know could not possibly have been earned. Such is the painful story which, day after day, Mr. Robinson and his colleagues, in their capacity as magistrates of the city of Bristol, have had brought before them in all its details, and upon which it will soon be their duty to express their opinion judicially.

In the present stage of the proceedings it would be obviously most improper to hazard any opinion upon the charges which have been preferred against the defendants, and which in effect resolve themselves into this—that, knowing the bank to be insolvent, they yet continued to pay dividends, to publish balance sheets in which hopeless losses were entered as sound assets, and generally to represent to the public that the bank was worthy of its confidence.

THE CUSTOM OF DRAWING CHECKS PAYABLE “IN CURRENCY” AN IMPROPER ONE.

I wish to call the attention of your readers, and the public generally, to the fact that numbers of banks are in the habit of issuing non-negotiable drafts and certificates of deposit, by making same payable “in currency” or “in current funds,” either of which phrases at once destroys the negotiability of the instrument. To prove the above assertions I would refer the reader to *Morse on Banking*, page 65; *Daniel on Negotiable Instruments*, vol. 1, page 46, sec. 59. These rules should be understood by your readers, but if understood they are not adhered to by a great many.

It is a duty which a bank owes to its customers and to other banks, that the paper it issues should be negotiable; for a great majority of our customers are not sufficiently versed in commercial law to understand such differences, while a banker, familiar with such laws, hesitates to buy paper that he knows may be subject to off-set, etc., and yet which he feels is perfectly safe.

It is a duty we owe ourselves to issue none but negotiable paper, for our customer trusts his bank for paper that he may use in distant places. If he receives paper subject to laws governing non-negotiable paper, and the bank where he is refuses to discount his certificate because it is not negotiable, distrust is at once thrown upon the issuing bank.

A case was recently given in your magazine where a bank had bought such paper upon which the issuing bank was entitled to credit, and the bank buying the paper had to lose the amount of those credits.

It is our duty, first to our own banks, then to our customers and other banks, that we neither buy nor issue any paper except it be strictly negotiable.

I trust that you will impress upon your readers the necessity herein pointed out.

GEO. W. VOIERS, *Cashier*.

CANADIAN BANKS.—Recent events have called attention to the nature of the personal liability of holders of shares in insolvent banks in Canada. Like that of the holders of shares in the National banks in this country, it is for an amount equal to the nominal, or par value, of the shares held, but the method of enforcing it is different. No suits by creditors are required, or, in fact, authorized, but at the end of six months from the date when a bank commits an act of insolvency, unless all its debts are in the meantime provided for, it is made the duty of the directors to make calls upon the shareholders, but not in excess of twenty per cent. of the par value of shares at any one call. The calls are to be repeated at intervals of thirty days.

THE LAW OF GUARANTEE.

EFFECT OF INDORSEMENT OF NEGOTIABLE INSTRUMENT WITHOUT RECOURSE.

SUPREME COURT OF KANSAS, JUNE, 1879.

Challis vs. McCrum.

The transfer of a note by indorsement without recourse, impliedly warrants that the prior signatures to the paper are genuine, and that it expresses upon its face the exact legal obligations of all such prior parties.

The facts are stated in the opinion.

BREWER, J. On December 4, 1871, plaintiff in error loaned one Edward A. Ege, \$250, and took his note therefor in the sum of \$265, payable to Richard Probasco, or bearer, and secured by mortgage. Long after its maturity, and in 1876, several payments having been made thereon in the meantime, plaintiff in error sold the note for its then face value to defendant in error. At the time of such sale he indorsed it "without recourse, W. L. Challis." McCrum sued on the note. Ege pleaded usury. The plea was sustained and McCrum recovered \$229.90 less than the face value of the note, for which sum he brought this action. A demurrer to the petition was overruled, and this ruling is now presented for review. Can the action be sustained? Of course no action will lie on the indorsement, for by his written contract Challis expressly declined to assume the liabilities of an indorser. If sustainable at all, it must be as against him as a vendor and not as an indorser, and upon the doctrine of an implied warranty. The theory of the defendant in error is that every vendor of a bill, bond, or note, impliedly warrants that it is what it purports on its face to be, the legal obligation of the parties whose names appear on the instrument, and that the character of the indorsement, or the lack of an indorsement, in no manner affects this implied warranty. On the other hand, the counsel for plaintiff in error lays down the broad proposition that "there is no such thing as implied warranty in the sale of chattels," and that in the absence of express warranty the maxim *caveat emptor* is of universal application. It is clear that the character of the indorsement cuts no figure in the question. As stated, no action will lie on it. But further, the restriction is only as to his liability as indorser, and in no manner affects his relation to the paper as vendor. An unqualified indorsement is the assumption of a conditional liability. The indorser becomes a new drawer and is liable on the default of the drawee. "Without recourse" does away with this conditional liability. It leaves the indorsement simply as a transfer of title and the indorser liable only as a vendor. Yet it leaves him a vendor and divests him of none of the liabilities of a vendor. It makes the transaction the equivalent of a delivery of paper payable to bearer and transferable by delivery. *Hannum vs. Richardson*, 48 Vt. 508. Independent, therefore, of any matter of indorsement, what implied warranty is there in the transfer of a promissory note? Two things are clear under the authorities: 1st., that there is an implied warranty of the genuineness of the signatures; and 2d., that there is no warranty of the solvency of the parties. It is unnecessary to more than refer to a few of the authorities upon these propositions. *Byles on Bills*, 123, 125, and cases in notes; *Jones vs. Ryde*, 5 Taunt. 488; *Gurney vs. Womersley*, 4 Ell. & Bl. 133; *Gompertz vs. Bartlett*, 24 Eng. Law & Eq. 156; *Terry vs. Bissell*, 26 Conn. 23; *Merriam vs. Wolcott*, 3 Allen 259; *Aldrich vs. Jackson*, 5 R. I. 218; *Loddell vs. Baker*, 3 Metc. 469; 1 *Add. on Cont.* 152; *Ellis vs. Wild*, 6 Mass. 321; *Eagle Bank vs. Smith*, 5 Conn. 71; *Shaver vs. Ehle*, 16 Johns. 201; *Dumont vs. Williamson*, 18 Ohio St. 515; 2 *Parsons on Notes and Bills*, ch. 2, § 2.

But in the case at bar the signature of the maker was genuine. The objection is that it was never his legal obligation to the full amount for which it pur-

ported to be. How far is there any implied warranty in this respect? A reference to some of the leading cases will throw light upon this question.

In *Thrall vs. Newell*, 19 Vt. 203, it appeared that one of the makers of a note was insane. The vendor made a written assignment, in which was a description of the note, and the Court construed this as an express warranty that the instrument was the legal obligation of the apparent makers, and, one being incapable of contracting, gave judgment against the vendor on account of this breach for the amount received by him. While the judgment of the Court is rested upon the fact of an express warranty, the judge who writes the opinion expresses his individual conviction that the same result would follow on a mere transfer without any express warranty, and quotes approvingly an extract from Rand's edition of *Long on Sales*, that "that there is an implied warranty in every sale that the thing sold is that for which it was sold." In *Lobdell vs. Baker*, 3 Metc. 469, it appeared that the owner of a note procured the indorsement of a minor, and then put the paper in circulation. He was held liable to a subsequent holder. Chief Justice Shaw, delivering the opinion of the Court, says: "Whoever takes a negotiable security is understood to ascertain for himself the ability of the contracting parties, but he has a right to believe without inquiring that he has the legal obligation of the contracting parties appearing on the bill or note. Unexplained, the purchaser of such a note has a right to believe upon the faith of the security itself that it is indorsed by one capable of binding himself by the contract which an indorsement by law imports."

In *Hannum vs. Richardson*, 48 Vt. 508, a note was given for liquor sold in violation of law, and was by statute void. Defendant knew its invalidity, transferred it by an indorsement without recourse, and he was held liable to his vendee. In *Delaware Bank vs. Jarvis*, 20 N. Y. 226, a usurious note was sold and the vendor was adjudged liable, not merely for the money received by him, but also the costs paid by his vendee in a suit against the makers on the note. In the opinion Mr. Justice Comstock used this language: "The authorities state the doctrine in general terms that the vendor of a chose in action, in the absence of express stipulation, impliedly warrants its legal soundness and validity. In peculiar circumstances and relations the law may not impute to him an engagement of this sort. But if there are exceptions, they certainly do not exist where the invalidity of the debt or security sold arises out of the vendor's own dealing with or relation to it. In this case the defendant held a promissory note which was void because he himself had taken it in violation of the statutes of usury. When he sold the note to plaintiff and received the cash therefor, by that very act he affirmed in judgment of law that the instrument was unattainted, so far, at least, as he had been connected with its origin." In *Young vs. Cole*, 3 Bing. N. C. 724, certain bonds were sold as Guatemala bonds, which turned out afterward to be lacking the requisite seal, and the vendor, though ignorant of the defect, and innocent of wrong, was compelled to refund the money. The thing in fact sold was not the thing supposed and intended to be sold.

In *Gamperts vs. Bartlett*, 24 Eng. Law & Eq. 156, the plaintiff discounted for the defendant an unstamped bill purporting on its face to have been a foreign bill drawn at Sierra Leone and accepted in London, but which was in fact drawn in London. If actually a foreign bill, it required no stamp and was valid, but being an inland bill, it required a stamp to make it a valid bill in a Court of law. The acceptance was genuine, and the acceptor had previously paid similar bills. But the acceptor becoming bankrupt, the commissioner refused to allow it against his estate because not stamped. Thereupon plaintiff, who had sold the bill and been compelled to take it up, brought his action to recover the price he had paid for it, and the action was sustained. Lord Campbell, before whom the case had been tried, and who then held adversely to the plaintiff, said: "I then thought that the rule *caveat emptor* applied; but after hearing the argument and the authorities cited, I think the action is maintainable, and upon this ground, that the article sold did not answer the description under which it was sold. If it had been a foreign bill, and there had been any secret defect, the risk would have been that of the purchaser; but here it must be taken that the bill was sold as and for that which it purported to be.

On the face of the bill it purported to be drawn at Sierre Leone, and it was sold as answering the description of that which on its face it purported to be. That amounted to a warranty that it really was of that description."

In *Ticonic Bank vs. Smiley*, 27 Me. 225, an overdue note was transferred, and with this indorsement: "Indorser not holden," yet it was decided that the indorser was liable to his vendee for any payment made on the note before the transfer, or any set-off existing against it, of which the note gave no indication and the vendor no information.

In *Snyder vs. Reno*, 38 Iowa, 329, it was held that there is an implied warranty that there has been no material alteration in the paper since its execution. The Court says: "We have no doubt that there is an implied warranty of the transferor that there is no defect in the instrument, as well as that the signature of the maker is genuine." See, also, *Blethen vs. Lovering*, 58 Me. 437; *Ogden vs. Blydenburgh*, 1 Hilt. 182; *Fake vs. Smith*, 2 Abb. (N. Y. App.) 76; 2 *Parsons on Notes and Bills* ch. 2, § 2, and *Cases in Notes*; *Terry vs. Bissell*, 26 Conn. 23; 1 *Daniels on Neg. Instruments*, § 670.

In this the author thus states the law: "When the indorsement is without recourse the indorser specially declines to assume any responsibility as a party to the note or bill; but by the very act of transferring it he engages that it is what it purports to be—the valid obligation of those whose names are upon it. He is like a drawer who draws without recourse; but who is, nevertheless, liable if he draws upon a fictitious party, or one without funds. And, therefore, the holder may recover against the indorser without recourse: (1) If any of the prior signatures were not genuine, or (2) if the note was invalid between the original parties because of the want or illegality of the consideration; or (3) if any prior party was incompetent; or (4) the indorser was without title."

These authorities fully sustain the ruling of the District Court. The note was not the legal obligation of the maker to the full amount. As to the usurious portion it was as if it were no note.

This was a defect in the very inception of the note. It was known to the vendor and arose out of his own dealings in the matter. By all these authorities there is an implied warranty against such a defect, and the vendor is liable for a breach thereof.

The suggestion of counsel that the change in the usury law by the legislation of 1872 affected the right of recovery upon the note has been already decided adversely in the case of *Fenness vs. Cutler*, 12 Kan 500.

Judgment will be affirmed. All the justices concurring.

THE ARGENTINE REPUBLIC.—A report made to the Congress of the Argentine Confederation, July 14, 1879, contains the following: "Immigrants, on arrival, are landed at the expense of Government, and boarded and lodged free for five days, assisted to pass the Custom House, afforded every information to enable them to find employment, and finally sent free to wherever they elect to settle. All this is done by National Government employees who speak all languages, the emigrant being free to take or reject advice given to him; so that all intending emigrants can come to the Argentine Republic with perfect confidence, although they may have no relatives here, as they will meet, in all quarters of the republic, public employees specially bound to watch over them till they learn the customs of the country. The wages during the harvest, which lasts four months, are from thirty to forty-five hard dollars (£ 6 to £ 8) per month, with board and lodging (the hard dollar is worth five francs in French money). No country in the world offers greater advantages to the farmer and stock-breeder. The climate is temperate and healthy; land is cheap and fertile, and can be worked all the year round, as snow is unknown. There are immense tracts of pasture land and boundless forests; every kind of stock can be had at lower prices than in any other country; there are numerous trunk railway lines, deep rivers, almost daily communication with Europe, institutions similar to those of the United States, and even more liberal for foreigners, who can acquire land in fee without sacrificing their nationality. There is no difficulty or delay in obtaining land at 2s. 6d. per acre, payable in ten years, without interest, and each family may purchase from sixty-five to 1,000 acres. The first hundred families in each settlement will receive 250 acres gratis."

FINANCIAL LAW.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

STOCKHOLDERS.—In *Oerther vs. First National Bank*, the Court of Common Pleas, of Schuylkill County, Penn., has recently decided that stock in a bank or other corporation standing in the name of a defendant in an execution, is not liable to be sold as his, if it actually belong to another, although the rules of the corporation required transfers of stock to be made in the presence of one of its officers, and that a clause in an act of incorporation, providing that its stock shall only be transferred in the books of the company, is for the security of the corporation, and does not prevent the title from passing as between vendor and vendee. The better opinion now seems to be that provisions in charters or acts of incorporation to the effect that stock shall only be transferred on the books of the company are for the security of the corporation only, and do not prevent the title from passing as between the assignor and assignee. *Field on Corp.* 145; *Duke vs. Cahawba Nav. Co.* 10 Ala. 82; *Stone vs. Hackett*, 12 Gray, 227; *Chambersburg Ins. Co. vs. Smith*, 11 Penn. St. 120. In *United States vs. Vaughn*, 3 Binn. 394, it was decided that stock of the bank which had been sold *bona fide*, and the certificate delivered to the purchaser, with a power of attorney to transfer it at the bank, was not liable to an attachment as the property of the vendor, although, at the time of the attachment, it remained in the name of the vendor on the books of the bank. To the same effect is *Com. vs. Watnough*, 6 Wh. 117, where it was held that stock in a bank, or other corporation, standing in the name of a defendant in an execution, is not liable to be sold as his, if it actually be the property of another, although the rules of the bank required transfers of stock to be made in the presence of an officer of the bank. The rules and by-laws of a corporation which prohibit any transfer, except upon the books of the company, and upon notice, have reference, either to the right of voting, or to the security of the company by way of lien on the stock for any indebtedness of the stockholder. They do not incapacitate a stockholder from selling his stock, the purchaser only acquires the right of property, which the seller had; so that if the stock is under incumbrance it remains so. *Bank of Utica vs. Smally*, 2 Cow. 770; *Gilbert vs. Manf. Co.*, 11 Wend 627. See, generally, *Angell & Ames on Corp.*, §§ 113, 565, 567, 575, and cases there referred to. Transfers of stock in a corporation, which have not been entered on the books of the company, are nevertheless valid as against all the world except subsequent purchasers in good faith without notice. *McNiel vs. National Bank*, 46 N. Y. 325; *Leitch vs. Wells*, 48 Id. 585.

CONSIDERATION—ILLEGAL, WHEN NOT AFFECTING NOTE IN HANDS OF INNOCENT HOLDER.—In an action by a *bona fide* holder for value without notice of a promissory note, given to procure the discontinuance of a prosecution for felony, held, that the illegality of the consideration was no defense. Under the general rule that when a negotiable instrument has passed in the ordinary course of business into the hands of a *bona fide* holder for a valuable consideration without notice, the defendant cannot avail himself of a defense founded on the illegality of the note or bill in its inception. While the fact of illegality in the consideration would present a complete defense to the note in the hands of the payee, it constitutes no defense against the note in the hands of a *bona fide* holder, who has received it for value before maturity, in the due course of business, and without notice of such illegality. The Court remarks that the Supreme Court of North Carolina states the rule correctly in the following words: "If a statute declares a security void, it is void in whosoever hands it may come. If, however, a negotiable security be founded on an illegal consideration (and it is immaterial whether it be illegal at common law or by statute), and no statute says it shall be void, the security is good in the

hands of an innocent holder, or one claiming under such holder." *Glenn vs. Farmers' Bank*, 70 N. C. 191. The rule is stated the same in substance in New York (*Vallett vs. Parker*, 6 Wend. 615), and in Virginia in the well-reasoned case of *Taylor vs. Beck*, 3 Rand, 316 *Kittle vs. De Lamater*, 3 Neb. 325, so far as its conflicts with this case, disapproved. Nebraska Sup. Ct., 1879. *Smith vs. Columbus State Bank*. Opinion by COBB, J.

INDORSEMENT—WHEN JOINT AND WHEN SEVERAL—WAIVER OF PROTEST.—Indorsements by two or more persons may be joint, as where partnership or otherwise joint payees are the indorsers; and perhaps two or more persons not joint payees might qualify their indorsement so as to make their liability joint; but in other cases, where there are two indorsements in succession, they are several, and the rights and liabilities of the two indorsers are as defined in *Linn vs. Horton*, 17 Wis. 152. Where a note, on or a short time before the day of its maturity, is presented to an indorser, and the latter then promises that if the note is suffered to run he will pay it whenever payment is called for, an omission of protest and notice caused by such promise will not discharge the indorser. Wisconsin Sup. Ct., April 22, 1879. *Hale vs. Danforth*. Opinion by Orton, J.

NATIONAL BANK—NOT LIABLE FOR ACTS DONE BY PRESIDENT IN ITS NAME AS A BROKER.—Plaintiff below, Hoch, paid to the President of a National bank \$1,000, taking this receipt from him: "Received of Mr. William Hoch, one thousand dollars, to be invested in bonds of the city of Allentown, bearing seven per cent. interest. Interest on the said deposit to be allowed from this date, and to be accounted for on demand. W. H. Blumer, Pres't 1st Nat. Bank." Failing to obtain all the bonds or the money, Hoch brought suit for the balance against the bank, the Supreme Court held that the bank was not liable, saying: "It is well-recognized law that a National bank is not, by its charter, authorized to act as a broker or agent in the purchase of bonds and stocks. Neither its specified powers given by statute, nor its incidental powers necessary to carry on the business of banking, extend to the transaction of such business. *First National Bank of Charlotte vs. Exchange Bank*, 2 Otto, 122; *Fowler vs. Scully*, 22 P. F. Smith, 462. When the paper on its face shows the transaction not to be within the usual course of business of the bank, it is not binding on the bank, although signed by the President thereof as such officer. He is the executive agent of the board of directors, within the ordinary business of the bank, but cannot bind it by contract outside thereof without special authority." Pennsylvania Sup. Ct., May 9, 1879. *First Nat. Bank, Allentown vs. Hoch*. Opinion per *Curiam* (W. Not. Cas.).

USURY—DEFENSE OF, PERSONAL TO DEBTOR.—The defense of usury is personal to the debtor, his privies in blood or estate, or privies to the contract (*Bensley vs. Homier*, 42 Wis. 631); and it cannot be set up by a second mortgagee, to an action to foreclose a prior mortgage. So held where the alleged usurious contract was made under chapter 160 of 1859. Wisconsin Sup. Ct., May 22, 1879. *Ready vs. Kobke*. Opinion by RYAN, J.

USURY—TAKEN BY AGENT FOR HIMSELF DOES NOT AFFECT PRINCIPAL.—The law is well settled, that where an agent for loaning money takes a bonus or commission to himself beyond the legal rate of interest without the knowledge, authority, or consent of his principal, it does not affect with usury the loan of the principal. *Gikey vs. Knapp*, 44 Iowa, 32; *Wyllis vs. Ault*, 46 *id.* 46; *Story on Agency*, § 170; *Tyler on Usury*, 156; *Condit vs. Baldwin*, 21 N. Y. 219; *Rogers vs. Buckingham*, 33 Conn. 81. Here the principal was the wife of the agent taking the usury, and the evidence showed that the husband managed the principal's business and collected the lawful as well as the usurious interest, and applied the same in payment, in part at least, of the wife's support. Held, that this did render the wife, presumptively liable for his acts. Iowa Sup. Ct., June 12, 1879. *Bingham vs. Myers*. Opinion by ROTHROCK, J.

DOES NOT AFFECT NOTES GIVEN BY NEW PARTIES FOR NOTES TAINTED WITH.—Notes were drawn by one Grim and discounted between 1870 and 1872, on which one Hottenstein was indorser. In 1875, after several

renewals in consequence of negotiations, the banks which had discounted the notes discounted a new note on which Hottenstein was maker, and one Brobst indorser, and gave up to Hottenstein therefor the notes indorsed by him. On all the notes usurious interest was charged and taken. *Held*, that the usury taken on the former notes could not be set up by Hottenstein in an action on the note made by him. The Court say; If the question had been submitted to the jury, they could scarcely have failed to find that the evidence made out a case of novation—the substitution of a new debt for an old one. The bank's claim against Grim was extinguished when his notes were surrendered to Hottenstein. The new note could not have been received as a collateral security, for there was no surviving debt to secure. The question of merger could not arise, for that takes place only where the debt is one, and the parties to the securities are identical. *Jones vs. Johnson*, 3 W. & S. 276. Throughout the opinion in *Campbell vs. Sloan*, 12 P. F. S. 481, care was taken to confine the rule that the vicious element in a usurious contract survives in all its transmigrations to cases in which the obligor or promisor remains the same. The cases of *Bly vs. Second Nat. Bank of Titusville*, 29 P. F. Smith 453, and *Miller vs. Irwin*, 4 Norris 376, are cited as sustaining the same views. Pennsylvania Sup. Ct., May 5, 1879. *Macungie Savings Bank vs. Hottenstein*. Opinion *per Curiam*.

NEW YORK COURT OF APPEALS.

MISTAKE OF FACT—NEGOTIABLE PAPER—CHARGING NOTE TO MAKER'S ACCOUNT—EVIDENCE.—The defendant, holding for collection a note belonging to the plaintiff, and payable at defendant's bank, charged it to the maker's account at that bank, and remitted a draft for the proceeds to plaintiffs. Subsequently alleging that such action was a mistake, the maker's account being insufficient, it claimed and received back the amount from the plaintiff. *Held*, that no demand of payment was necessary to charge the indorser, but timely notice of non-payment would have sufficed. *Farmers' Bank of Bridgeport vs. Vail*, 21 N. Y. 485; *Howard vs. Ives*, 1 Hill 263; *Burkhalter vs. Second Nat. Bank of Erie*, 42 N. Y. 538. If a mistake of fact had really been made by the bank it had a right to correct it in the way it attempted. *Troy City Bank vs. Grant, Hill & Denio*, 119. The only evidence to sustain the defendant's allegation of mistake was a telegram from the Assistant Cashier to plaintiff stating that the bank had remitted by mistake, and requesting a return of the draft, and a letter to the same effect, inclosing the note, and stating that the book-keeper had, by mistake, put the note among those to be paid, when the maker's account was insufficient, and that it had been protested for non-payment. The book-keeper was not called. *Held*, that a non-suit on this evidence was error. The evidence of mistake was not conclusive, and if the payment was voluntary, with knowledge of the state of the maker's account, it concluded the bank. The plaintiff offered proof that after the remittance by defendant the Assistant Cashier went to the maker's store on the 6th of July and stated that he had paid the note on the 3d, and had learned on the 6th that the maker's account was not good, and asked a check for the balance, and was then informed that the maker had failed, and then said he would protest the note. This was excluded. The plaintiff also proved by the Assistant Cashier, who was the notary of the bank, that he noted the note for protest on the 6th, but dated it back to the 3d, and that notices were mailed on the 6th dated the 3d. He was then asked whether he did not learn the failure of the maker before he protested the note. This was excluded. *Held*, error, in both instances. There is no legal presumption of mistake even when the maker's account was not good. The mistake must be made out by proof, and the question is for the jury. The action need not be for the proceeds of the note. The complaint stating all the facts, if they disclose a cause of action there may be a recovery, notwithstanding the assignment of an insufficient ground. *Wright vs. Hooker*, 10 N. Y. 51. An action for money had and received would not be appropriate. An intentional honoring of the note on the credit of the maker with knowledge of the state of his account discharged the indorser, and the effect of the action of the bank would have been to discharge the indorser and leave the note unpaid. It thus made the note its own, and is liable therefor to the plaintiff unless it substantiated its allegation that its



payment was made under a mistake of fact. Judgment reversed and new trial. *Whiting vs. City Bank of Rochester*. Opinion by RAPALLO, J.
[Decided May 20, 1879.]

MASSACHUSETTS SUPREME JUDICIAL COURT ABSTRACT.

NEGOTIABLE INSTRUMENT—PARTNERSHIP NOTE—NEGOTIATION OF NOTE BY ONE FIRM IN FRAUD OF ANOTHER HAVING A COMMON MEMBER—NOTICE.—L was a member of the firm of P & Co. and also of the firm of S & Sons. He made his own promissory note to the order of P & Co. He also indorsed it in the name of S & Sons. D, a member of the firm of P & Co., and known to plaintiff to be such, procured from plaintiff the discount of the note, indorsing it in the name of P & Co. The negotiation of the note and the indorsement was in fraud of S & Sons, who had no benefit from the proceeds. The firm of S & Sons never made or indorsed for discount any negotiable paper, and plaintiff had never discounted any of their paper. L had been deprived by that firm of the right to sign checks on the bank where they kept their funds, and the bank had been notified of that fact, but plaintiff had no notice of that fact and had no knowledge, ground, or suspicion, that the note was not discounted for the benefit of S & Sons, except such as might be inferred from the note itself, or from the facts above stated as in its knowledge. *Held*, that by the fact that L was a member of each firm, he was not deprived of authority to sign a note in the name of both, and the firms were not by such fact prevented from dealing with each other, nor did the fact that the note was discounted for a member of the firm of P & Co. require S & Sons to be treated as accommodation indorsers. Plaintiff was entitled to the presumptions in favor of innocent purchasers. *Freeman's Nat. Bank vs. Savery*. Opinion by Colt, J.

PENNSYLVANIA SUPREME COURT ABSTRACT.

BILL OF LADING—TRANSFER OF TRANSFEROR'S RIGHT OF POSSESSION OF GOODS COVERED BY.—Bills of lading, properly indorsed, are symbols of the property covered by them, serving all the purposes of actual possession, and so remain until there is a valid and complete delivery of the property to some person entitled to the possession under the bill of lading. In this case cotton was shipped from Galveston for Philadelphia, *via* New York, and the bills of lading therefor in the name of A, properly indorsed, forwarded together with drafts on the purchaser for the price of the cotton, to a bank in Philadelphia for collection, with directions to hold the bills of lading until payment of the drafts (this being in accordance with the terms of the sale). The cotton was re-shipped from New York, new bills of lading being issued in a new name, and was delivered at Philadelphia by the carrier (the original bills of lading remaining in possession of the bank) to the purchaser in this city, who obtained from B an advance of \$10,000 thereon. In replevin by the bank against B, *held* that the delivery was unauthorized, and the bank was entitled to recover. The Court say: "Numerous authorities might be cited in support of these views, among which are the following: *Dows vs. Nat. Exch. Bank of Milwaukee*, 1 Otto, 618, in which a very able and exhaustive opinion was delivered by Mr. Justice Strong; *Stollenwerck vs. Thatcher*, 115 Mass. 224; *Alderman vs. Eastern Railroad*, *id.* 233; *Meyerstein vs. Barber*, 2 Law Rep. C. P. 38, 661; *Turner vs. The Trustees, etc.*, 6 Exch. Rep. 543; *Jenkyns vs. Brown*, 14 Q. B. 496; *Henry vs. Warehouse Co.*, 31 P. F. S. 76; *Benj. on Sales*, §§ 381, 382, and note. *Meyerstein vs. Barber*, *supra*, was a case in which advances had been made on cotton shipped from Madras to London, and bills of lading delivered to secure the lender. It is there said by Chief Justice Erle, "If it were established that a bill of lading, one of the most frequent securities for advances amongst mercantile men, becomes exhausted and ceases to be a security when the ship has reached her destination, and the goods which it represents have been landed and warehoused, what a wide door would be opened for fraud! It is scarcely possible to exaggerate the evil consequences which would be likely to flow from such a doctrine. There is no authority for it. In a concurring opinion it is said, "That there can be no complete delivery of the goods under a bill of lading until they come into the hands of some person who has a right to the possession under it." *Heiskell vs. Farmers and Mechanics' Bank*. May 5, 1879. Opinion *per Curiam*.

THE COMMERCE OF THE UNITED STATES.

Comparative statement of the imports and exports of the United States for the month ended July 31, 1879, and for the seven and twelve months ended the same, compared with like data for the corresponding periods of the year immediately preceding. Corrected to August 28, 1879. Prepared by the Bureau of Statistics:

MERCHANDISE.			
	<i>For month of July.</i>	<i>For seven months ended July 31.</i>	<i>For twelve months ended July 31.</i>
1879—Exports—Domestic.....	\$ 49,085,469	\$ 386,712,493	\$ 701,697,391
Foreign	869,995	6,327,850	11,673,334
Totals.....	\$ 50,855,464	\$ 393,040,343	\$ 713,370,725
Imports.....	41,282,290	268,430,558	449,998,636
Excess of exports over imports....	\$ 9,573,174	\$ 124,609,785	\$ 263,372,089
1878—Exports—Domestic.....	\$ 46,428,868	\$ 408,101,923	\$ 689,538,127
Foreign.....	1,295,312	8,459,768	41,561,413
Totals.....	\$ 47,724,180	\$ 416,561,691	\$ 731,100,540
Imports.....	37,061,429	250,244,405	433,206,485
Excess of exports over imports....	\$ 10,662,751	\$ 166,317,286	\$ 297,894,055
GOLD AND SILVER—(COIN AND BULLION.)			
1879—Exports—Domestic.....	\$ 839,101	\$ 13,354,273	\$ 17,849,254
Foreign.....	384,076	4,617,599	7,053,953
Total	\$ 1,223,177	\$ 17,971,872	\$ 24,903,207
Imports.....	1,283,101	10,388,191	19,623,124
Excess of exports over imports....	—	\$ 7,583,681	\$ 5,280,083
Excess of imports over exports....	59,924	—	—
1878—Exports—Domestic.....	\$ 544,882	\$ 15,066,409	\$ 23,408,844
Foreign.....	772,529	4,867,456	7,165,128
Totals.....	\$ 1,317,411	\$ 19,933,865	\$ 30,573,972
Imports.....	1,955,977	19,632,810	30,769,476
Excess of exports over imports....	—	\$ 301,055	—
Excess of imports over exports....	\$ 638,566	—	\$ 195,544
TOTAL MERCHANDISE AND SPECIE.			
1879—Exports—Domestic.....	\$ 50,824,570	\$ 400,066,766	\$ 719,746,645
Foreign.....	1,254,071	10,945,449	18,727,287
Totals.....	\$ 52,078,641	\$ 411,012,215	\$ 738,473,932
Imports.....	42,565,391	278,818,749	469,621,760
Excess of exports over imports....	\$ 9,513,250	\$ 132,193,466	\$ 268,852,172
1878—Exports—Domestic.....	46,973,750	\$ 423,168,332	\$ 712,046,971
Foreign.....	2,067,841	13,327,224	21,726,541
Total	\$ 49,041,591	\$ 436,495,556	\$ 733,773,512
Imports.....	39,017,406	269,877,215	463,975,961
Excess of exports over imports....	\$ 10,024,185	\$ 166,618,341	\$ 270,697,551

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. RIGHT OF NEGLIGENT CHECK-HOLDER TO DIVIDEND IN BANKRUPTCY.

In 1877 A kept an account with the Central National Bank of Chicago, and some three months before it failed sold B a draft on said bank for \$500.00. B kept the draft in his pocket for over two months, and it reached Chicago after the Central closed and it was protested. A filed his claim for an amount which included the draft sold B.

Now B admits that his neglect to use the draft releases A, but claims that A should pay him the dividends received on \$500.00. B did not file any claim against the Central Bank. Will you kindly give your opinion whether A is legally bound to pay B the dividends?

REPLY.—We have seen no legal decision of the point raised by this inquiry, but we think that B's claim is founded in justice and can be maintained. A's only defence to an action on the draft by B is founded upon equitable considerations, viz.: that by reason of B's negligence, that part of A's deposit represented by the draft has come to be at the risk of B, because the draft would have been paid if properly presented. But we think it would be carrying an equitable defense too far to allow A, after he has sold his draft for value, to receive dividends in bankruptcy upon the very sum drawn against, to his own use, free from the claims of the holder of the draft. The justice of the case plainly requires that B should recover from A the dividends received by A upon the amount of the draft proved by him against the bank.

II. DOES WAIVER BY DRAWER OF INDORSED DRAFT JUSTIFY OMISSION OF PROTEST.

A of H draws on B of C at sight, and over A's signature the words "*no protest*" are printed. A throws the draft into the bank for collection. After passing through two banks it is forwarded to a third bank for collection, without instructions as to protesting. The draft being unpaid was duly protested. The bank from which it was received by the collecting bank declined to credit the expense of protest, because "*protest waived*" was expressed upon the face of the draft over the drawer's signature. Please state who is in the right.

REPLY.—The question raised by this inquiry differs from that presented in the inquiry on page 233 of our September number. Here the words "*no protest*" being on the face of the draft and over the signature of the drawer must be taken to be a part of the contract expressed in it. Such a waiver of protest is now held to bind both the drawer and all indorsers of the draft. [*Daniel on Neg. Insts.*, 2 Ed., § 1092]: Whereas a waiver of protest by any one indorser being a special, personal waiver of his own, and not affecting in any way the contract contained in the draft, or the contract of any other indorser, cannot deprive any other indorser of his right to protest and due notice. Protest in this case was, therefore, unnecessary under any circumstances, and the expense of making it cannot be recovered.

III. DUTY OF PROTESTING INDORSED COLLATERALS.

A borrows money of this bank upon his own note, leaving as collateral the note of B. The latter is a time note, has indorsers, and falls due *before* the maturity of the principal note signed by A. Is it our duty to see that B's note is presented at maturity and protested if not paid? Of course we should do this for our own protection, but in case it is not done, through oversight, and the indorsers are released, has A any claim against the bank for damages on account of our neglect of duty to *him*?

A gave no directions and made no remarks about the matter when he left the notes, nor subsequently.

REPLY.—The law requires a pledgee of promissory notes to use due diligence in collecting them as they fall due during the continuance of the pledge, and this is a duty which arises out of the contract of pledge without any express agreement between the parties. Nothing can be clearer than that due diligence in collecting notes includes a proper demand upon the makers, and due notice to the indorsers thereof. And the pledgee will be liable to the pledgor for any loss which he suffers by reason of the neglect of the pledgee in this respect.

IV. THE MAILING OF NOTICES OF PROTEST.

Can a notice of protest on a note which falls due on a Saturday be held over until the following Monday, at the usual hour, or must it be mailed on the same day—Saturday? Does the Sabbath day interfere with the holding over of a notice of protest, or can it be treated as if there was no such a day as Sunday?

REPLY.—A notary is allowed until the next *business* day after protest to mail his notices thereof. When Sunday or a public holiday follows the day on which the protest is made, such Sunday or holiday is not counted, but is treated as a *dies non*.

V. TAXATION OF LEGAL-TENDER NOTES.

Please state in your next number whether greenbacks are taxable or not, and give a decision or two made by Courts upon the question?

REPLY.—Sec. 3,701, Revised Statutes of the United States, is as follows: "All stocks, bonds, Treasury notes, and other obligations of the United States, shall be exempt from taxation by or under State or municipal or local authority." Among the cases decided upon this question are *Bank vs. Supervisors*, 7 Wallace 26; *Ruffin vs. Commrs.*, 69 N. C. 498; *Newark vs. Assessors*, 1 Vroom 63.

THE PAYMENT OF PENSIONS.—A statement from Washington shows that on September 21, there remained only \$8,000,000 to be paid out on account of arrearages of pensions. When this is done New York will have received \$3,150,000, the largest amount that has been paid in any one State. Following next in order are—Pennsylvania, \$3,050,000; Ohio, \$2,400,000; Illinois, \$2,150,000; and Indiana, \$1,750,000—making a total for these five States of \$12,500,000, or one-half of the whole amount appropriated by Congress at the last session.

GREAT BRITAIN.—The total value of exports from Great Britain and Ireland to all countries during eight months ended August 31, 1878, was £128,364,795, and for the same period in 1879 they were £122,762,423. The total value of imports into Great Britain from all countries for the same periods were in 1878, £255,386,491; in 1879, £231,622,804.

BANKING AND FINANCIAL ITEMS.

PAYING OUT GOLD BY SUB-TREASURERS.—On account of a large accumulation of gold coin in the Treasury, arrangements were about to be made whereby gold and silver coin might be exchanged for United States notes at several Sub-Treasuries. It was, however, discovered that the existing law prohibits an exchange of coin for legal-tender notes at any Sub-Treasury other than at New York. The order, therefore, prepared so as to conform with the provisions contained in the Resumption Act, is as follows :

TREASURY DEPARTMENT, }
WASHINGTON, September 19, 1879. }

Gold coin beyond the needs of the Government having accumulated in the Treasury of the United States by the deposit in the several public Assay offices of fine bars and foreign coin, for which the depositors have been paid, at their option, in United States notes, the Treasurer of the United States, and the several Assistant Treasurers at Boston, New York, Philadelphia, Baltimore, Cincinnati, Chicago, St. Louis, New Orleans and San Francisco are hereby authorized to pay out gold coin as well as silver coin and notes upon the current obligations of the Government, and upon advances to disbursing officers, as may be convenient and practicable. Transfers of coin for this purpose will be made to any Assistant Treasurer, when necessary, by the Treasurer of the United States, upon application to him. The Treasurer of the United States in this city, upon the receipt by him of a certificate of deposit issued by the United States Assistant Treasurer at New York, stating that there has been deposited with him legal-tender notes in the sum of \$100 or multiples thereof, will also cause to be shipped from the Mint to the depositor, at his risk and expense, a like amount of gold coin. Standard silver dollars may also be obtained as heretofore.

The exchange of gold coin for United States notes at the several Sub-Treasury offices, except at New York, appears to be prohibited by section 3,651 of the Revised Statutes of the United States, but it is believed that payments of coin as above authorized will enable persons to secure all that may be desired.

JOHN SHERMAN, *Secretary.*

OUTSTANDING CALLED BONDS.—The balance in money and called bonds remaining to be paid in the United States for four-per-cent. bonds was stated on September 20th to be \$3,150,731. The balance already paid or to be paid to the Government agent in London, either in called bonds or coupons, was \$6,950,850. These payments being made the Government will cease to draw from the market into the Treasury any money except for current taxes. The following statement of the outstanding called bonds, amounting to \$30,806,450, the last of which matured and ceased to bear interest on July 17th last, has been prepared from the books of the Loan Division :

<i>Loan.</i>	<i>Amount.</i>
Five-twenties of 1862, act February 25th, 1862.....	\$ 400,300
Five-twenties of 1864, act June 30th, 1864.....	70,450
Five-twenties of 1865, M and N, act March 31st, 1865.....	125,500
Consols, 1865, act March 31st, 1865.....	981,850
Consols, 1867, act March 31st, 1865.....	8,179,000
Consols, 1868, act March 31st, 1865.....	2,860,750
Ten-forties, March 3d, 1864.....	18,188,600
Total outstanding.....	\$30,806,450

THE REFUNDING CERTIFICATES.—The Treasury Department states that of the ten-dollar refunding certificates, there were sold by the Treasury Department \$40,012,750. For the purpose of making the sale, 799 Government officers, mostly post-masters, were designated by the Secretary of the Treasury as depositors; only 509 of that number, however, qualified by filing a bond, through whom sales were made to the amount of \$28,569,200. One hundred and eighty-four National banks were designated for the purpose, and seventy-six of that number qualified, selling \$1,197,670. The remainder, \$10,245,870, were sold by the United States Treasurer and Assistant Treasurers. The accounts of all the depositories have been closed, and the entire proceeds of the certificates sold by them have been deposited in the Treasury without the loss of a single cent; \$35,860,750 in refunding certificates had been presented for conversion into four-per-cent. bonds up to September 7th.

GOLD AND SILVER IN U. S. TREASURY.—According to the latest returns received at the Treasury Department to September 2d, the precious metals in hand and belonging to the Government, but not including gold and silver which are the property of others and for which certificates are outstanding, were as follows, compared with the similar statement August 1:

	<i>September 2.</i>		<i>August 1.</i>
Gold coin and bullion	\$ 126,437,690	..	\$ 120,320,583
Standard silver dollars	29,373,574	..	28,380,631
Fractional silver coin	15,230,724	..	12,731,765
Silver bullion	4,904,611	..	5,112,223
	<hr/> \$ 175,952,599		<hr/> \$ 166,545,202

The fractional silver coin is reaching a large figure. July 1, it was \$8,903,401. For several months before the passage of the law requiring its redemption, the average amount on hand was about six millions. The Treasury is the best place for any excess above what is needed for circulation. It is stated, from Washington, that all the silver bullion in the Treasury is either in the mints or at the Assay Office in New York.

SILVER DOLLARS.—During the early part of September, statements were made from Washington to the effect that the policy of paying ten per cent. of the checks on the Treasury in silver dollars, was preventing any accumulation of those coins. We observe, by the way, that in respect to that large mass of checks on the Treasury, passing through the New York Clearing House, they are paid wholly in gold, or greenbacks, under the agreements entered into last fall between the Secretary of the Treasury and the New York banks.

It is now reported from Washington that the silver dollars flow back into the Treasury nearly as fast as they are paid out, and that the amount retained in circulation is far short of the monthly coinage, which must be about two and one-fourth million dollars. A dispatch from Washington, dated September 21, says: "Between September 1st and 18th 1,354,890 standard silver dollars were paid out by the Treasurers of the United States. During this time 979,829 silver dollars were returned to the Treasurers, leaving a balance of \$377,066 put in circulation."

SUBSIDIARY SILVER.—The law providing for the redemption of subsidiary silver was approved June 9, 1879. The redemption by months has been as follows:

June	\$ 2,395,957
July	3,414,224
August	2,602,318
	<hr/> \$ 8,412,499

The redemption at various cities has been as follows:

Washington	\$ 163,037	..	Chicago	\$ 343,000
New York	2,677,441	..	St. Louis	270,000
Boston	343,850	..	New Orleans	164,650
Philadelphia	1,669,780	..	San Francisco	1,905,000
Baltimore	606,790	..		
Cincinnati	268,921	..		<hr/> \$ 8,412,499

NEW YORK.—The directors of the National Park Bank, on September 12th, elected Mr. George H. Potts as president, to fill the vacancy caused by the death of Mr. James L. Worth.

Mr. Potts resided for many years at Pottsville, Pennsylvania, and was one of the largest miners of anthracite coal in that State. He removed to New York in 1853, and became the head of the firm of Lewis Audenreid & Co., a prominent house in the coal and iron trade. At the end of 1873 he retired from business with an ample fortune. Mr. Potts is one of the heaviest stockholders of the bank, and has been one of its directors ever since its organization. His experience and ability cause his election to be received with much satisfaction by the stockholders and customers of the bank.

MR. JAMES M. MORRISON, President of the Manhattan Company Bank, resigned his position on September 13th in consequence of ill-health, and the resulting need of entire rest. The Board of Directors have accepted the resignation, to take effect when a successor shall be chosen. Mr. Morrison will continue to be a director of the institution, with which he has been connected for forty years. In 1840, after several years experience in the Merchants' and United States Banks, he entered the Manhattan Company as First Teller, and two years later was promoted to the Cashiership. This position he held until 1860, when he was elected President of the bank. His career has been one of credit to himself and satisfaction to the bank whose affairs he has so successfully managed.

CALIFORNIA.—At a meeting on September 1, of the stockholders of the National Gold Bank and Trust Company, San Francisco, it was decided to go into liquidation. The report of the committee appointed to examine affairs showed that the capital had become impaired by the loose manner of doing business, for which the officers were censured. It was also shown that the bank had never fully recovered from the disaster of 1875.

THE CHINESE.—At the recent election in California, the vote in San Francisco, on the question of Chinese immigration, was 229 in its favor, and 40,717 against it. In the whole State, out of a total of 160,000, it is said that only 1,000 favor Chinese immigration.

LEADVILLE.—The Denver & South Park Railroad, which is built through the Big Platte Canon, is now within thirty miles of Leadville. It is said that within a year Leadville will be reached by the above road and by two others, viz., a branch through the Arkansas Canon of the Denver & Rio Grande, and by the Georgetown High Line. A letter from Leadville, written early in September, stated that the daily cost of hauling ores and goods to and from the then nearest railroad station was \$11,000. The daily outturn of the precious metals from the Leadville mines is estimated at \$50,000.

ILLINOIS.—The banking firm of Rogers, Richardson & Co., at Warren, has been dissolved by the withdrawal of Mr. Manley Rogers, its business being continued by the remaining partners, Messrs. N. B. Richardson, and S. A. Clark, under the style of Clark & Richardson. Mr. Rogers, who now retires, was one of the founders of the banking business in Warren, in 1864, a part of the time as President of the Farmers' National Bank, which his banking firm preceded and succeeded.

KENTUCKY.—On September 9th the Directors of the Kentucky National Bank elected Mr. Logan C. Murray President of the bank, to succeed the late Judge Ballard. Mr. Murray has been from the beginning one of the chief promoters of the fortunes of the Kentucky National, and has always been its principal executive. The *Courier-Journal* remarks that "no bank officer of his age in Louisville, that we can recall, has ever been so much honored—the importance of the office being illustrated by the fact that the clearings of the bank last year amounted to \$23,000,000."

Mr. Jas. M. Fetter, Teller, was elected Cashier to succeed Mr. Murray.

SILVER FOR ASIA.—The Peninsular and Oriental steamer, which left Southampton (Eng.) September 4, took of silver £79,200 for Bombay, £500 for Manila, £71,680 for Penang, and £2,830 for Shanghai. Total £154,210.

NORTHERN PACIFIC RAILROAD.—The report of the President, submitted at the annual meeting of the stockholders, contains the following: The conversion of the bonds on September 17th amounted in all to \$30,207,100, and there are outstanding to-day of those bonds only \$529,400. The report further states that the business of the road in both local and through traffic is steadily increasing. The acreage of wheat along the line this year is estimated to be double that of last year, and the new breaking up of land indicates that next year it will be double that of the present. The earnings for the ten months ending June 30, 1879, do not show the full extent of the increase of the business of the road, as the movement of the wheat crop does not begin until September.

The gross earnings for these ten months are \$1,167,261. The gross earnings for the same months last year were \$947,248, showing an increase of \$215,013. The operating expenses were \$711,463, leaving net, over operating expenses, \$455,798. Deducting all expenses, taxes, insurance, etc., there is left net over all for ten months, \$348,305.

HEAVY DEFALCATION.—In examining the affairs of the North-Western National Bank, at Minneapolis, the Bank Examiner discovered, on September 12, a large deficit. He promptly called to it the attention of the Assistant Cashier, W. W. Keene, who at once confessed that he was a defaulter to the extent of \$135,000, which he had lost in speculations. He delivered himself up for arrest, and surrendered about \$8,000, the unexpended margins on his operations. Mr. Keene has been regarded as a young man of irreproachable character, and was much respected. The bank had a paid-up capital of \$500,000, with a surplus of \$40,000, and is abundantly strong. An assessment upon the stockholders, who are wealthy men, will make good at once the deficiency. Mr. S. E. Neiler, Cashier of the bank, is absent in Europe.

ELZABETH CITY, N. J.—A meeting of citizens, September 6, accepted the report of a committee, that resistance be made in the courts to the \$6,000,000 debt of the city, upon the three following grounds:

First.—That the city was not authorized to incur debts exceeding \$700,000 in the aggregate.

Second.—That the Consolidated Improvement Act, under which \$2,000,000 of the debt was incurred, is unconstitutional.

Third.—That, in respect to the money borrowed of the Singer Sewing Machine Company, the city officials had no right to make such a loan.

The merits of these several defences are matters for the judicial tribunals to decide. Magazines and newspapers are not courts constituted to settle private controversies.

A CASHIER VINDICATED.—The First National Bank of Ashland, Penn., failed in 1877, with liabilities amounting to over \$100,000. It was alleged at the time that William Torrey, the Cashier, had appropriated the money of the bank and applied it in outside business. A criminal prosecution was brought by one of the stockholders, and is now being tried. But, in the meantime, the Bank Examiner, James Ryon, has paid off all the depositors; and, on September 17th, at a meeting of the stockholders, Mr. Torrey was elected agent of the bank. He declined, however, to act, expressing his thanks for the mark of confidence shown him.

FINANCE IN POLITICS.—The Republican State Convention, held at Worcester, September 16, adopted the following among its resolutions: "We are opposed to repudiation in all its forms, either by a scaling of debts, or a debasement of the legal-tender circulation. We insist that the paper and the coin circulation shall at all times be maintained at par with the gold standard of the commercial world."

A conference of the Young Republicans of Massachusetts, held at Worcester on the preceding day, adopted the following as a part of their declaration of principles: "The presentation of the National faith and of the National honor demand that all 'coin' debts of the United States shall be paid in gold, and that all schemes of issuing as money, coin or currency of less or varying value, be strenuously opposed."

SHRINKAGE OF ASSETS—The receiver of the Merchants & Mechanics' Bank of Troy, N. Y., reports that the assets, other than real estate, to the nominal amount of \$753,413, realized \$67,226.

OHIO.—An interesting question, and one involving large sums of money, has been developed by suits instituted by the Connecticut Mutual Life Insurance Company against various borrowers. A special from Toledo, September 19, to the *Cincinnati Commercial*, states that in the case of this company vs. *Stebbins*, to recover \$15,000 loaned on mortgages, the attorneys for the defense set up a plea that the loan was made in violation of the amendatory statute passed February 20, 1874, and the mortgage is therefore invalid. The statute in question provides that no company or corporation, organized under the laws of any other State, or of the United States, or of any foreign Government, doing banking or other kind of business in connection with insurance, shall do business in Ohio. A number of suits are involved, and it is understood that in all the same defense will be set up. No attention has ever been paid to this law, and the Connecticut Mutual alone has loaned over a million dollars in Lucas County, saying nothing of amounts loaned by other companies of the same nature. Proceedings in foreclosure have been begun in the United States District Court, and the greatest interest is felt in the result, both among borrowers and lenders.

SOUTH CAROLINA.—Some heavy failures have occurred at Charleston during September. James Adger & Co., bankers, suspended on September 19th. It is reported that their liabilities will amount to nearly \$2,000,000. On the 20th, the People's Bank, which is one of the losers, made an assignment, and will wind up its affairs. This is a State bank, distinct from the People's National Bank, which is not affected by the failure.

REFUNDING THE VIRGINIA DEBT.—General Asa Rogers, second auditor of Virginia, has addressed a letter, under date of September 16, to the editor of the *Richmond Dispatch*, in which he says: "In reply to your question as to the progress we have made in funding the public debt, I have to say that the whole amount of the bonds actually issued to this time is: In coupon bonds, \$5,819,100; in registered bonds, \$289,700; in sterling bonds equal to, \$383,000. Total, \$6,491,800. And there is in the Treasurer's office ready to fund, when the engravers send the bonds from New York, \$724,484; making in all, \$7,216,284. The stock funded is: From class No. 1, \$5,265,710; from class No. 2, \$1,950,574. Total, \$7,216,284, which is an excess of No. 1 over No. 2 of \$3,315,137.

The *Dispatch* says: "We have reason to know that the amount funded by the 1st of October, will exceed in new bonds \$8,000,000."

CANADA.—It was announced, on September 23d, that Mr. Charles F. Smithers, of the New York agency, has been appointed to, and has accepted, the position of General Manager of the Bank of Montreal, in place of Mr. R. B. Angus, whose resignation was mentioned in our last number.

Montreal.—A creditor of the Mechanics' Bank, has entered personal action against the directors and manager Menzies, to recover the amount due him for bills of the bank which he holds. At a meeting of the general creditors of the bank, September 17th, it was decided to take the management of the bank out of the directors' hands and place it in insolvency.

MR. HENRY H. GIBBS, ex-Governor of the Bank of England, has published a pamphlet in favor of bi-metallic money. From reviews of it in the London financial journals, we see that he proposes that England, Germany, the United States, and India, should join the Latin Union in coining the metals at the ratio of 15½ to 1.

PERU.—Advices from Panama, dated September 6, state that the *South Pacific Times* reports much excitement over the over-issue of notes of the National Bank of Peru, and the suspension of payments by that institution. A committee appointed by the government to examine the books has submitted a report, in which it says: The original invoices showed that the notes ordered and received when the bank was founded, amounted to 12,940,000 sole

[about \$12,500,000]. Upon comparing this sum with the entries in the books presented for the purpose, the committee discovered a large difference, showing the bank to have received a larger amount in fifty sole notes than that set down in the invoices under inspection. The committee not receiving a satisfactory explanation, resolved to suspend further examination and to proceed immediately to burn all the new notes not issued and remaining in the bank and those which had been called in. This was done.

A further examination was then had, and the discovery made that since November 6, 1875, that is to say, two months after the restriction of the issue had been fixed by the government, the bank began to make a new issue over and above that already authorized. The new issue, according to the special book kept by the manager, amounted to 2,265,000 soles, as proved by special records drawn up by the managers and various directors. After this discovery had been made and proved, fresh papers were shown to the committee proving that on different dates, commencing after November, 1875, there had been received from the United States 2,320,000 soles, which, added to the 12,940,000 previously received and sums received from other branches, make a total issue of 15,860,000 soles received in bank notes.

The records show that this sum had been disposed of as follows: Destroyed, 9,114,926; in circulation, 4,679,074; stated to have been burned, but without sufficient proof of destruction, 706,000; circulation over and above the restricted issue, 1,360,000; total, 15,860,000. In view of this circumstance, the nature of which the committee refrains from qualifying, the committee required the Commissioners of the Directors to give guarantees not only for the 1,360 soles increased issue, but also for the 706,000 soles stated to have been burnt. Up to the present time the committee has not succeeded in obtaining said guarantees.

The director and manager of the bank are both in custody pending investigations into the matter of the fraudulent issue. The Chamber of Deputies authorized the government to issue the necessary orders for the closing and liquidation of the National Bank of Peru and to proceed civilly and criminally against the guilty parties. The Minister of Finance is also accused of being an accomplice in the bank fraud, he having entered into a contract with the bank for a government loan, but the bank having suspended payment the contract was declared annulled.

OBITUARY.

JAMES LAWRENCE WORTH, president of the National Park Bank of New York, died on August 29th, at his summer residence at Islip, L. I., after a very brief illness.

Mr. Worth was born in Hudson, N. Y., in 1813. He had always enjoyed excellent health and was in the full vigor of usefulness. His first experience in the banking business was as a clerk in the City Bank, of which his father, the late Gorham A. Worth was president. When the Park Bank was organized, in 1856, Mr. Worth became its paying teller. In 1861 he succeeded Mr. Charles A. Macy, as its cashier, and in September, 1876, upon the death of Wm. K. Kitchen, was elected president. Mr. Worth was a man of sterling uprightness of character, a gentleman of courteous manners, and of varied attainments. He was a skillful and accomplished banker, whose opinions and advice were often sought upon questions connected with financial affairs.

SAMUEL YORKS, of Danville, Pa., died at Washington City on August 27th, aged sixty-two years. He had been in ill health for several months, and much of the time entirely unable to attend to business. A week before his death he had started for Hot Springs, Virginia, but was obliged to stop at Washington.

Mr. Yorks was president of the First National Bank of Danville, towards the organization of which he had largely contributed, from its establishment in 1864 until the day of his death. He had been one of the first board of county commissioners of Montour county, and during his life filled many other positions or trust and responsibility, always in a satisfactory manner. His record is that of a pure and upright man, of genial and dignified manners, winning the respect and esteem of all who knew him.

B. B. WOODWARD, for many years Cashier and afterwards President of the Davenport National Bank, died at his home in Davenport, Iowa, on August 19th. Mr. Woodward was born in Wayne county, New York, in 1817. He became a merchant in Davenport in 1849, but in 1856 entered into the banking business as teller for a private firm. In 1858 he was elected cashier of the Merchants' branch of the State Bank of Iowa, which in 1863 became the Merchants' National Bank. Mr. Woodward continued to be its cashier until May, 1875, when he was elected president. His sickness and death are attributed to too close application to business. In addition to the duties as a bank officer he carried on an insurance business, and was trustee and executor of numerous estates.

In the death of Mr. Woodward Davenport loses one of its best and most honored citizens. He was an upright and conscientious man, exact in his dealings, prompt, energetic, quiet, patient, and an excellent counsellor. If he had any fault as a business man it was in placing too much confidence in humanity. His own nature was so honest that he was unsuspecting of others. He was a man of great benevolence of character, and a liberal donor to religious and other objects.

EXPENDITURES OF SAVINGS BANKS.

The following form of inquiry has been sent to every Savings bank in New York by Acting Superintendent Lamb of the Banking Department :

STATE OF NEW YORK, BANK DEPARTMENT, }
ALBANY, September 10, 1879. }

SIR:—The opinion of the Attorney-General given to the Superintendent, July 16, 1879, a copy of which was transmitted to you, declares that neither the deposits in Savings institutions nor their income can be expended for certain purposes therein named. In that opinion it is also stated that "it is undoubtedly the duty of the Superintendent of the Bank Department to require the restitution of the fund misappropriated or unlawfully diverted by the trustees of a Savings bank, and in case of failure to make restitution, to report the facts to the Attorney-General that proceedings may be instituted for their recovery according to law. In compliance with the rule of official duty, thus imposed on me, I desire specific information from your institution upon these points :

Has money been paid out of the funds of the Savings bank for any of the following purposes at any time, and if so, what sum or sums have been paid on each or any of the objects below named :

1. To trustees for compensation for services upon committees.
2. To chairmen of standing committees for services as chairmen of such committees.
3. For entertainments or suppers for the Board of Trustees.
4. To pay for gifts or testimonials to officers or past officers, or to other persons outside of the bank.
5. To make contributions for benevolent or charitable or sanitary objects.
6. To pay gratuities to the widows of deceased officers.
7. To pay donations or gratuities to officers or employees for past services, who had been paid regular salaries for their services.
8. For Christmas or wedding gifts to employees of the bank.
9. To pay costs and expenses to get bills through the Legislature to pay claims for interest on illegal loans, or to pay other claims.
10. To pay for the alleged services of agents or lobby-men to procure legislation for Savings banks.
11. To pay for portraits or busts of past or present officers of the Savings banks.

I beg leave to request that replies shall be specific to each inquiry, giving the amount and the exact date of each such payment, if any has been made, at any time since the bank opened for business. Respectfully yours,

HENRY L. LAMB, *Acting Superintendent.*

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from September No., page 243.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2432	Scotland Co. National Bank.. Memphis, MO.	Jas. W. Harris... John W. Barnes.	\$ 50,000	\$ 50,000
2433	City National Bank..... Springfield, MASS.	Jas. D. Safford..... Henry H. Bowman.	250,000	150,000
2434	First National Bank..... Bismarck, DAKOTA.	Walter Mann..... G. H. Fairchild.	50,000	30,000
2435	Chapin National Bank..... Springfield, MASS.	Jas. A. Rumrill..... W. F. Callender.	500,000	500,000
2436	First National Bank..... Las Vegas, NEW MEXICO.	Jefferson Reynolds..... George J. Dinkel.	50,000	50,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from September No., page 243.)

	Bank and Place.	Elected.	In place of
N. Y. CITY.	National Park Bank.....	George H. Potts, <i>Pr.</i>	J. L. Worth.*
"	" " Tradesmen's Nat'l Bank...	Oliver F. Berry, <i>Cas.</i>	A. Halsey.*
CAL....	Stockton Sav. & Loan Society.	Aug. Minter, <i>Cas.</i>	J. Littlehale.
CONN...	Charter Oak Nat'l Bank, Hartford }	Jonathan F. Morris, <i>Pr.</i> ... J. P. Taylor, <i>Cas.</i>	C. T. Hillyer. J. F. Morris.
DAKOTA	First Nat'l Bank, Deadwood....	M. C. Thum, <i>Cas.</i>	S. N. Wood.
D. C....	Citizens' Nat'l B'k, Washington.	Thomas C. Pearsall, <i>Cas.</i> ...	W. N. Roach.
ILL....	Washington County Bank, Nashville }	John Huegely, <i>Pr.</i> James A. Watts, <i>V. P.</i> ...	P. E. Hosmer. J. Huegely.
IND....	Citizens' Bank, Hagerstown....	John Brooks, <i>Pr.</i>	D. Fowler.
IOWA...	Citizens' Nat'l B'k, Des Moines	W. G. Nixon, <i>A. C.</i>.....	.....
KANSAS.	Farmers & Merchants' Bank, Wichita }	A. A. Hyde, <i>Cas.</i> George C. Strong, <i>A. C.</i> ...	G. C. Strong.
KY....	Kentucky Nat'l B'k, Louisville }	Logan C. Murray, <i>Pr.</i> James M. Fetter, <i>Cas.</i>	B. Ballard.* L. C. Murray.
MAINE..	Veazie Nat'l Bank, Bangor.....	Charles V. Lord, <i>Pr.</i>	A. Veazie.
MASS. .	Chapin Banking & Trust Co., Springfield }	James A. Rumrill, <i>Pr.</i> W. F. Callender, <i>Cas.</i>	J. M. Thompson. J. D. Safford.
MICH...	First Nat'l Bank, Marquette....	C. H. Call, <i>Pr.</i>	P. White.
. J....	First Nat'l Bank, Jersey City. }	Edward F. C. Young, <i>Pr.</i> ... George W. Conklin, <i>Cas.</i> ... John W. Omberson, <i>A. C.</i> ...	A. H. Wallis.* E. F. C. Young. G. W. Conklin.
"	First Nat'l Bank, Washington..	James A. Swayze, <i>Pr.</i>	J. H. Goff.*
N. Y. .	Second National Bank, Elmira.	C. R. Pratt, <i>Cas.</i>	W. F. Corey.
"	Saratoga County Bank, Waterford }	Perry Emigh, <i>Cas.</i> , D.M. Van Hovenbergh.	
OHIO...	First National Bank, Delphos..	Theodore Wrocklage, <i>Pr.</i>	R. Reul.
PENN..	First National Bank, Danville..	Christian Laubach, <i>Pr.</i> ...	S. Yorks.*
TENN. .	Cleveland Nat'l B'k, Cleveland.	J. H. Craigmiles, <i>Pr.</i>	J. E. Raht.
PR. QUE	Bank of Montreal, Montreal....	C. F. Smithers, <i>Gen. Mgr.</i>	R. B. Angus.

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from September No., page 242.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
ARK...	Fayetteville....	Reed & Ferguson.....	Boatmen's Sav. Bank, St. Louis.
"	.. Hope.....	Hope Exch. Bank (Young, Gaines & Co.)	
DAKOTA	Bismarck.....	First National Bank.....	Amer. Exch. Nat. Bank.
"	.. Lead City.....	\$ 30,000 Walter Mann, <i>Pr.</i> G. H. Fairchild, <i>Cas.</i>	
"	.. Lead City.....	Thum, Lake & Co.....	Kountze Brothers.
KANSAS.	Salina.....	John Sherrin.....	Kountze Brothers.
MASS...	Springfield.....	Chapin National Bank....	Fourth National Bank.
"	.. Springfield.....	\$ 500,000 James A. Rumrill, <i>Pr.</i> W. F. Callender, <i>Cas.</i>	
"	.. Springfield.....	\$ 150,000 City National Bank.....	
"	.. Springfield.....	James D. Safford, <i>Pr.</i> Henry H. Bowman, <i>Cas.</i>	
MO.....	Canton.....	Aldrich & Lockwood.....	Kountze Brothers.
"	.. Memphis.....	Scotland Co. Nat'l Bank...	Metropolitan National Bank.
"	.. Memphis.....	\$ 50,000 James W. Harris, <i>Pr.</i> John W. Barnes, <i>Cas.</i>	
N. MEX.	Las Vegas.....	First National Bank.....	Kountze Brothers.
"	.. Las Vegas.....	\$ 50,000 Jefferson Reynolds, <i>Pr.</i> Geo. J. Dinkel, <i>Cas.</i>	
OHIO...	Hicksville.....	Hicksville B'k (E. D. Otis, <i>Cas.</i>)	Irving National Bank.
WIS....	New Lisbon....	Farmers & Merch. B'k (A. B. Briggs, <i>Cas.</i>)	Can. B'k of Com.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from September No., page 243.)

CAL...	San Francisco..	National Gold Bank & Trust Co.; in liquidation.
"	.. Fresno.....	Bank of Fresno; closed. No successor.
DAKOTA	Deadwood.....	Brown & Thum; consolidated with First National Bank.
GA.....	Covington.....	B. W. Robson (Exchange Bank); failed.
KANSAS.	Salina.....	John Geis & Co.; closed. Expected to pay in full.
MINN...	Grand Meadow.	Lovell & Easton; sold out.
OHIO...	Cincinnati....	German-American Bank (Hakman, Hengehold & Co.); dissolved.
S. C....	Charleston....	People's Bank of South Carolina; assigned and winding up.
"	.. ..	James Adger & Co.; suspended.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from September No., page 243.)

ARK....	Hot Springs....	Bank of Hot Springs; consol. with Arkansas State Bank.
COL....	Fairplay.....	C. G. Hathaway; now Hathaway's Bank.
DAKOTA	Bismarck.....	Merchant's Bank; now First National Bank. Same officers.
GA.....	Augusta.....	Branch, Sons & Co.; now Branch's Sons & Co.
ILL....	Warren.....	Rogers, Richardson & Co.; now Clark & Richardson.
KANSAS.	Dodge City....	York, Hadder & Draper; now York & Draper.
MASS...	Springfield.....	Chapin Banking & Trust Co.; now Chapin National Bank.
MINN...	Duluth.....	Duluth Savings Bank; reorganized as a State Bank, under title of American Exchange Bank. Same officers.
MO. ...	Memphis.....	Scotland County Bank; now Scotland County Nat'l Bank. Same officers and capital.
NEB....	Fremont.....	A. P. Hopkins; now Hopkins and Millard.
N. M. ...	Las Vegas....	Raynolds Brothers; now First National Bank.
N. Y....	Hammondsport	Bank of Hammondsport; Ainsworth & Co.; now B. F. Drew & Co.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

INTEREST BEARING DEBT.

	Aug. 1, 1879.	Sept. 1, 1879-
Bonds at six per cent.....	\$ 283,681,350 ..	\$ 283,681,350
Bonds at five per cent.....	508,440,350 ..	508,440,350
Bonds at four-and-a-half per cent.....	250,000,000 ..	250,000,000
Bonds at four per cent.....	734,732,750 ..	736,398,800
Refunding certificates.....	6,058,350 ..	4,396,500
Navy pension fund.....	14,000,000 ..	14,000,000
Total principal.....	\$ 1,796,912,800	\$ 1,796,917,000
" interest.....	16,954,817 ..	17,469,972
DEBT ON WHICH INTEREST HAS CEASED.....	78,737,550 ..	41,140,910
Interest.....	2,671,234 ..	1,836,567

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes.....	\$ 346,742,481 ..	\$ 346,742,441
Certificates of deposit.....	40,330,000 ..	35,175,000
Fractional currency.....	15,814,823 ..	15,762,064
Gold and silver certificates.....	18,026,550 ..	18,410,550
Total principal.....	\$ 420,913,854	\$ 416,090,055
Unclaimed Pacific Railroad interest.....	8,617 ..	7,927
Total debt.....	\$ 2,296,564,204	\$ 2,254,147,966
Interest.....	19,634,669 ..	19,314,466
TOTAL DEBT, principal and interest.....	\$ 2,316,198,873	\$ 2,273,462,432
Total Cash in the Treasury.....	282,905,273 ..	243,696,228
Debt, less Cash in the Treasury at date.....	\$ 2,033,293,600	\$ 2,029,766,204
Decrease of debt during the month.....	— ..	3,527,395
Increase of debt since June 30, 1879.....	— ..	2,558,948

CURRENT LIABILITIES.

Interest due and unpaid.....	\$ 4,801,602 ..	\$ 4,693,522
Debt on which interest has ceased.....	78,737,550 ..	41,140,910
Interest thereon.....	2,671,234 ..	1,836,567
Gold and silver certificates.....	18,026,550 ..	18,410,550
U. S. notes held to redeem certificates of deposit..	40,330,000 ..	35,175,000
Cash balance available at date.....	138,338,335 ..	142,439,678
Total.....	\$ 282,905,273	\$ 243,696,228

AVAILABLE ASSETS.

Cash in the Treasury.....	\$ 430,591,297 ..	\$ 353,152,577
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BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES.

Principal outstanding.....	\$ 64,623,512 ..	\$ 64,623,512
Interest accrued and not yet paid.....	323,117 ..	646,235
Interest paid by the United States.....	43,712,450 ..	43,712,450
Interest repaid by transportation of mails, etc.....	12,596,053 ..	12,710,188
Balance of interest paid by the United States....	31,116,397 ..	31,002,261

NOTES ON THE MONEY MARKET.

NEW YORK, SEPTEMBER 24, 1879.

Exchange on London at sixty days' sight, 4.8: a 4.8½ in gold.

The tranquility of the financial situation continues. In almost every aspect the movements of the money market confirm the views which we have repeatedly offered as to the stability of resumption and the encouraging prospects of business. Time loans are making at five to six per cent., and commercial paper passes freely at five to seven per cent. Call loans are six to seven per cent., and the market is active. The European demand for our breadstuffs continues to attract attention here and abroad. Our total imports of gold since the beginning of August have been \$29,500,000, and since the resumption of specie payment, \$33,688,000. To this influx of gold must be added the large aggregate products of our own mines which amount to thirty-five millions at least, since the beginning of the year. In view of these and other facts much less is now said about the dangers which threaten us in the early future, to shake the stability of our finances or endanger the permanence of resumption. Some of the banks are agitating the project of holding in their own vaults the gold required for their lawful reserves instead of intrusting it to the keeping of the Treasury. At present, however, this project is not commanding much attention, though it might become prominent should any unforeseen perturbation arise in the loan market in the early future. Of such a contingency, however, there is no apparent indication, and the general aspect of tranquility leads our banks and capitalists to prefer time loans to loans on demand, although the latter command just now the higher rates. The bank reserves are increasing, as will be seen from the subjoined averages of the New York Clearing House :

1879.	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.	Excess of Reserve.
Aug. 30.....	\$258,160,300	\$19,684,700	\$41,279,300	\$20,942,500	\$228,817,400	\$3,759,650
Sept. 6.....	257,386,800	19,753,800	40,088,900	21,372,300	226,635,600	3,183,800
" 13.....	256,960,400	19,876,900	39,481,100	21,603,500	225,572,900	2,964,775
" 20.....	259,391,000	19,942,000	42,029,400	21,384,900	228,271,000	4,903,650

The Boston bank statement for the same period is as follows :

1879.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Sept. 1.....	\$129,447,200	\$3,531,200	\$4,375,200	\$42,945,600	\$26,981,400
" 8.....	127,747,900	3,304,200	4,182,000	43,340,700	27,117,800
" 15.....	127,793,200	3,347,600	4,180,900	43,853,300	27,197,500
" 22.....	126,748,000	3,267,100	4,034,000	43,664,300	27,376,900

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

1879.	Loans.	Reserve.	Deposits.	Circulation.
Sept. 1.....	\$62,784,728	\$16,539,218	\$51,565,795	\$11,445,171
" 8.....	62,880,264	16,569,557	51,580,453	11,500,647
" 15.....	62,749,828	16,614,554	52,154,961	11,516,320
" 22.....	62,550,008	17,377,438	52,817,043	11,568,656

At this season it is usual to expect an active movement of currency and deposits to the interior to move the crops and prepare for the fall trade. We are often reminded that formerly these currents produced considerable disturbance at certain critical periods, and of late some persons have anticipated that a similar trouble might arise this year. Such predictions however have not as yet been verified; and, unless in a few exceptional cases of brief duration, the tranquility of the monetary situation has scarcely been at all disturbed since the resumption of specie payments. Under these circumstances, the recuperation of business is proceeding in a gratifying degree and the improvement may be fairly expected to go on. Whether the rates of interest will keep up is a question on which much diversity of opinion prevails. If the credit of this country in Europe were less firm, part of the aggregate of foreign capital which is now seeking employment in our money market, might perhaps be suddenly withdrawn. In that case the conditions would be more favorable to a rise in the rates for loans. But so far as can be seen at present, the indications are that there will be an abundant supply in the money market, and that the tendency of foreign capitalists to invest in this country will augment, and that the supply of capital available for our productive enterprises from home and foreign sources will be ample for the growth and progress of our agricultural, mining, and commercial industry. Perhaps one of the new outlets for capital, which is most promising and may prove specially attractive to foreigners is offered by the Southern States which need capital on the mortgage of real estate. Efforts are making in various efficient ways to meet this new demand. A bill was introduced into Congress last session to allow the National banks to make loans upon real estate. A better plan than this will perhaps be adopted, and will be set in operation as soon as private and public credit in the South revive. From Washington we learn that one of the gratifying indications of business improvement is afforded by the issue of new currency to the National banks, which has been to a greater aggregate during the past month than in any similar period for many years.

The stock market is active. Governments are in demand for investment and the foreign markets are strong. We give below the range of quotations and the amount of each class of bonds reported outstanding in the Treasury statement of 1st September.

	—Range since Jan. 1, 1879.—				—Amount Sept. 1, 1879.—	
	Lowest.	Highest.			Registered.	Coupon.
6s, 1880-1.....coup.	103¼ Aug. 29	107¾ June 23	..	..	\$ 205,075,300	.. \$ 77,661,050
5s, 1881.....coup.	101¾ Aug. 27	107½ Jan. 15	..	..	273,482,800	.. 234,957,550
4¼s, 1891.....coup.	104 Mar. 21	108 May 21	..	..	166,108,950	.. 83,891,050
4s, 1907.....coup.	99 Apr. 1	103½ May 21	..	..	466,386,300	.. 270,012,500
6s, currency.....reg.	119½ Jan. 4	128 May 31	..	..	64,623,512	..

In London, during the month, the prices of our Government bonds have gradually advanced, as will be seen from the following table :

London.	Quotations in Sept.					—Range since Jan. 1, 1879.—	
	5.	12.	19.	23.	24.	Lowest.	Highest.
U. S. 5s of 1881..	105½	105¾	105½	105½	106¼	105	109¼ Jan. 4
U. S. 4¼s of 1891.	108	108½	108¾	108¾	108¾	106½	110 Mar. 24 .. 110 May 2
U. S. 4s of 1907...	105	104½	104½	104¾	104¾	101	105½ Mar. 26 .. 105½ May 22

In State securities there are few transactions of importance, except in Louisiana consols, which have risen to 40½, and attract the most attention. The following are the quotations :

States.	Sept.	Sept.	Sept.	—Range since Jan. 1, 1879.—	
	12.	19.	24.	Lowest.	Highest.
Louisiana consols.....	*37½	.. 38½	.. 40½	.. 36 July 24	.. 69 Jan. 6
Missouri 6s, '89 or '90	*104¼	.. —	.. 106	.. 103½ Mar. 5	.. 107¼ June 10
North Carolina 6s, old.....	*22	.. *22½	.. 23	.. 18 Feb. 8	.. 25½ June 14
Tennessee 6s, old.....	*30¼	.. *30¾	.. 27	.. 30 Aug. 20	.. 42 Feb. 13
Virginia 6s, consol.....	*80½	.. *81	.. 82	.. 73¾ June 20	.. 73¾ June 20
do. do. ad series.....	—	.. —	.. —	.. 40 Sept. 18	.. 44 Mar. 28
District of Columbia, 3-6s.....	—	.. *84	.. 84½	.. 79½ Jan. 3	.. 88½ May 23

*This is the price bid; no sale was made at the Board.

Railroad bonds are less active. The demand for investment has fallen off in consequence of the rise in prices and from other causes. Railroad shares are active and coal stocks are improving. Subjoined are our usual quotations:

QUOTATIONS:	Aug. 26.	Sept. 2.	Sept. 9.	Sept. 16.	Sept. 23.
U. S. 5-20s, 1867 Coup.	102¼	.. 102¼	.. 102¼	.. 102¼	.. 102¼
U. S. 10-40s Coup.....	101¼	.. 101¼	.. 101¼	.. 101¼	.. 101¼
West. Union Tel. Co. .	92¼	.. 93¼	.. 94¼	.. 93½	.. 92
N. Y. C. & Hudson R.	118½	.. 119	.. 118½	.. 118¾	.. 118¾
Lake Shore.....	87¼	.. 87½	.. 87¾	.. 91½	.. 93½
Chicago & Rock Island	138¾	.. 138¾	.. 138¾	.. 139¼	.. 141½
New Jersey Central...	50¾	.. 52	.. 52½	.. 51½	.. 55½
Del. Lack. & West ...	56¼	.. 58¼	.. 60¼	.. 59½	.. 63¾
Delaware & Hudson..	46¾	.. 47¾	.. 49	.. 47¾	.. 52¼
North Western.....	74¼	.. 75½	.. 80¾	.. 81½	.. 81¾
Pacific Mail.....	16¾	.. 18	.. 20¾	.. 21¾	.. 25¼
Erie.....	24¼	.. 24¾	.. 26½	.. 26¾	.. 28¼
Call Loans.....	6 @ 7	.. 4 @ 5	.. 5 @ 6	.. 6 @ 7	.. 6 @ 7
Discounts	6 @ 7	.. 6 @ 7	.. 5 @ 7	.. 5 @ 7	.. 5 @ 7
Bills on London.....	4.80¼-4.82¼	.. 4.80¼-4.82¼	.. 4.80¼-4.82¼	.. 4.82¼-4.84¼	.. 4.81-4.83
Treasury balances, cur.	\$ 44,876,330	.. \$ 42,365,634	.. \$ 39,936,308	.. \$ 30,799,866	.. \$ 26,746,542
Do. do. gold.	\$ 132,404,132	.. \$ 135,698,206	.. \$ 138,539,843	.. \$ 141,173,324	.. \$ 141,263,879

A city paper, the *Journal of Commerce*, publishes detailed lists showing the increase of prices from September, 1878, to September, 1879, of the railroad bonds and of the shares in companies of various kinds, dealt in on the New York Exchange. The aggregate is very large:

Increase in prices of shares.....	\$217,306,505
“ “ “ “ railroad bonds.....	227,775,900
	<hr/>
	\$445,082,405

During the month of August, Great Britain imported £663,141 of silver, and exported £716,261. The exports were principally to India and to Austria via Germany, being £398,600 to India and £152,300 to Austria.

The aggregate silver coinage at the Austrian and Hungarian mints from January 1, 1878, to September 30, 1878, was 9,726,080 florins. From October 1, 1878, to July 31, 1879, it was 23,075,473 florins. The Government issue of one-florin notes has been reduced from eighty-six million florins to sixty million florins, and the declared intention is to withdraw them entirely.

The statement that the Bank of France charges a premium of one mill for paying out gold, turns out not to be true. That premium is only charged when brand new twenty-franc pieces are called for, and these are really worth a premium of two mills, in consequence of their greater weight of metal. All other descriptions of gold coins are paid out by the bank without any premium. The above explanation is made in a card of Ottomar Haupt, of Paris, published in the London journals.

It is reported from Washington, that at the close of business on the 16th of September, the aggregate of called bonds outstanding was \$32,510,650, and that at the same date the proceeds of the sales of bonds remaining on deposit in National banks was \$16,208,948. On these amounts the Treasury then held in its vaults \$16,301,702 derived from the sale of the four per cents. The relief to be expected from the Treasury in connection with the bond operations, is the paying out of this sum of \$16,301,702, as the called bonds are successively presented for redemption. During the first half of September, the presentation of such bonds seems to have amounted to about \$10,000,000. Of the \$16,208,948 due as above from National banks, the statement from Washington is that about \$7,000,000 is covered by called bonds and coupons in the hands of the Treasury agent in London. We suppose that nobody ever seriously doubted that during the whole of these transactions the Treasury has been perfectly secured against the possibility of loss by any of the National bank depositories.

The *British Mercantile Gazette*, of August 29, doubtless gave expression to the popular ideas in England and France, as to the medium in which Europe is paying for American wheat, in saying: "The great volume of payments hitherto has rolled off from France in a stock of American eagles long laid by. But the greater amount of payments, say ninety per cent., have been made thus far in bonds of the United States and railway securities of a first-class order. How long our stock of these securities will hold out it is impossible to guess, but rumor is rife that they are beginning to run short."

At the date when this was written, about \$15,000,000 in gold had been shipped, or purchased for shipment, from Europe to this country for wheat. If that was only ten per cent. of the payments for wheat, the payments in bonds must have been \$135,000,000. As we know very well on this side, no such quantity of bonds, or any approximation to it, has been received here.

DEATHS.

At LOUISVILLE, KENTUCKY, on Tuesday, July 29th, aged sixty years, Judge BLAND BALLARD, President of the Kentucky National Bank.

At BALTIMORE, MD., on Thursday, September 11th, aged seventy-one years, WILLIAM MCKIM, formerly of the firm of McKim & Co., Bankers.

At JERSEY CITY, N. J., on Monday, July 21st, aged sixty years, ALEXANDER H. WALLIS, President of the First National Bank of Jersey City.

At YONKERS, N. Y., on Monday, September 8, aged fifty-nine years, ANTHONY HALSEY, Cashier of the Tradesmen's National Bank of New York City.

At DAVENPORT, IOWA, on Tuesday, August 19th, aged sixty-two years, BENJAMIN B. WOODWARD, late President of the Davenport National Bank.

At ISLIP, LONG ISLAND, on Friday, August 29th, aged sixty-six years, JAMES L. WORTH, President of the National Park Bank, of New York City.

At WASHINGTON CITY, on Wednesday, August 27th, aged sixty-two years, SAMUEL YORKS, President of the First National Bank of Danville, Pa.

THE
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NOVEMBER, 1879.

No. 5.

**THE PROBABLE RETURN OF AMERICAN SECURITIES
FROM EUROPE.**

The influx of gold still continues. The net import, which was \$33,000,000 for the months of August and September, has probably amounted, in round numbers, during the month of October, to \$20,000,000. The entire favorable balance of our foreign trade for the three months has thus been received in gold. There is no flow of American securities from Europe hitherward. If securities of some kind are sent this way, an equal amount of securities of other kinds must be exported, as the gold importation is equal to the merchandise balance in our favor. Of course, this importation of gold cannot be continued indefinitely, as that would be to drain Europe of all its cash, which is an impossibility, but it will continue until it is arrested in one of the two following ways:

1. The bringing about, by additions to our money and subtraction from the money of the rest of the world, and especially of Europe, of such a change in the relative prices of commodities here and abroad, as will extinguish the present balance of merchandise trade in our favor, or even convert it into a balance against us.

2. The bringing upon European money markets of such a degree of pressure, as will so reduce the prices of our securities now held in them, as to cause them to be sent back to the United States for sale.

Neither of these things has been brought about yet, but that either one or both of them will be, is absolutely clear.

The glut of money in the markets of Europe, from the extreme prostration of business in that quarter, was so great, that their loss of cash has, as yet, not been much felt, but it surely will be, when the loss has reached a certain point. There are unmistakable symptoms that the loss is already beginning to be felt.

Of the two things, the one which is most likely to happen first, is not a change in the balance of our foreign trade, but the sending home of our securities. A general rise of prices would increase that balance instead of diminishing it, inasmuch as our exports exceed our imports, and the addition of a similar percentage to the money valuations of both would only make the absolute excess of our exports so much the larger. The balance must be changed, if it can be changed at all, by a greater rise in the prices of our imports than in the prices of our exports, or by a rise in the prices of imports simultaneously with a fall in the prices of our exports. Nothing of that kind has happened, or seems likely to happen at present. Our exports consist largely of articles of food, and the failure of crops abroad has been so general, that those articles have risen largely and will probably remain high for a year to come. Of the things which we import from Europe more or less, iron is the most conspicuous one in which an increase of price has occurred, and our tariff on it is so high, that Europe cannot find a market here for any great quantity. Textile fabrics have risen very little.

There is nothing in the condition of this country which favors general extravagance and a very large consumption of foreign goods. There has been a marked improvement in business, but it is more correctly described as a lifting of the country out of the slough of despond, than as having placed it in a condition of exceptional prosperity. There is more employment for labor, but wages are still low. In most lines of business profits are small. There are losses everywhere to be repaired. Upon the great mass of our people, the closest attention to personal economy is still enforced as a duty, and what is more, as a necessity. Later on, as the improvement in affairs makes progress, extravagance, which is always present in individual instances, may become general, but the appearances are that it will come slowly.

As we have already said, we believe that the import of gold will receive its check, not from the extinguishment of our balance of trade, but by the sending home of our securities in lieu of gold, as the result of an increased dearthness of money in the European markets. Our own markets for stocks and securities are in a most favorable condition to attract them from Europe, and nothing has so far prevented the stock dealers in London and Paris from realizing the tempting prices of the New York market, except the fact that they could not use money at home with any profit.

In respect to the condition of things in the London market in September, the *Times* said on the 12th of that month: "There has been an enormous and unprecedented plethora of money."

The London *Economist* of September 20, reviewing the money market for the preceding week, said: "It has been one of the slackest of slack-discount weeks, and bankers and discounters have still further weakened in the terms upon which they are willing to take in bills, and rates may be quoted $\frac{1}{8}$ to $\frac{1}{4}$ lower than on Friday last. Money is still obtainable in abundance [on call] at one-half per cent. per annum; and, with the turn of the quarter now so near at hand, the situation appears a most extraordinary one. An extreme depression has been cast over the entire community by one of the most unfruitful summers on record. Hay, wheat, potatoes, hops, fruit, crops of all kinds are deficient and ill-conditioned, sometimes lost altogether. Almost throughout Europe the record is the same, and the disappointment and losses of the most numerous class of the population have affected all the other classes sympathetically. Advices from nearly all our centers of trade are gloomy, and point to an exceptionally small absorption of money this autumn."

The British *Mercantile Gazette* of September 20, said: "Prostrate and inactive are the words which best define the state of the money market. The demand for accommodation receives no appreciable impulse from mercantile sources, and short-dated bank paper can be negotiated without difficulty at seven-eighths to one per cent. Concurrently with unvarying dullness in this department, no profitable outlets for money are yet perceptible, and day-to-day loans were offered at one-half per cent., comparatively few borrowers being induced to accept even these terms."

In Paris the interest of money was equally low in September, and the resulting inflation of stocks was even greater. A striking illustration of that is the high premium (eighteen and a-half per cent. on the 18th of September, and nearly twenty later in the month) to which the five-per-cent. rentes have been forced. This premium rests entirely upon the continued ability of the holders to influence the government to abstain from the exercise of its admitted right to pay off the five per cent. at par at any time, and upon their continued ability to borrow money on call at rates below the income received on the market price of those securities. A letter from Paris, written in September, said, that the safes of the bankers of Brussels, Amsterdam and London were filled with French rentes, put up by French speculators as security for loans on call at nominal rates, but that "any alarm would be followed by a rush to get out."

There are symptoms that this "alarm" is approaching,

and we may be sure that in "the rush to get out" American securities will be the first thing to be sold, unless the market for them breaks down here. The "alarm" is well founded on the hardening of the rates for money of Europe, and on the universal knowledge which prevails there that the rates will become stringent, unless the outflow of gold to America can be stopped in some other way.

The Paris correspondent of the London *Economist* wrote, September 25, that "Discount has suddenly hardened this week, and is now difficult at one and three-quarters."

The London *Economist* of September 27, said: "With all the slackness in the market, and all the momentary superabundance of money, it cannot be stated certainly that the amount really available would prove extraordinarily large, if any genuine demand arose. Nor are there wanting signs that the value of money may rise over the continent of Europe generally."

The Paris correspondent of the London *Economist* wrote, October 2, "Discount is almost impossible below the bank rate, which is two per cent. The settlement of some of the new companies' shares has been difficult, enormous rates, over fifty per cent per annum, having been paid for carrying over some shares. To carry over the European Bank shares for the fortnight, there was paid twenty francs on a value of seven hundred francs, or seventy-five per cent.; on the Banque Hypothecaire twelve francs was paid on a value of four hundred and twenty-five francs. Even for well-classed securities, like Credit Foncier shares, the rate was as high as twelve per cent. per annum."

An increase of the rate of discount manifested itself later in London, than it did in Paris. The London *Economist*, of October 11, nine days after no discounts could be obtained in the latter city below the Bank of France rate of two per cent., said, in respect to the London market: "The value of money remains much on the level of last week. Money [on call] from day to day has fluctuated more widely. We have heard of $\frac{1}{2}$, $\frac{3}{4}$, and one per cent. in different quarters. Things are thus much as they were in the money market.

"It is difficult to believe that the balance of accounts between Europe and America can be adjusted without a further considerable sum of gold being sent. The fact, however, remains, that a sum of considerably over £10,000,000 sterling has been sent from Europe without any appreciable tightening of the money market on this side, though it is difficult to imagine that any considerable quantity more could go without some distinct influence being produced."

On the 18th of October, a week later, the *Economist* stated that, "The rate of discount for bank bills, sixty days to three months, is one and one-eighth to one-quarter per cent., and for trade bills, three months, one and one-half to two per cent."

During the week ending October 22, the Bank of England lost £1,173,000 in gold, and on the 23d of October, the further sum of £145,000.

On October 23, the Bank of France raised its rate of discount from two to three per cent. During the week it had lost coin to the amount of 12,500,000 francs, having already lost coin for several weeks continuously. A rise in its discount rate had been foreshadowed for several days. Dispatches from London of October 23 say it was thought there that this movement of the Bank of France would not produce any appreciable effect upon the English money market, but we think that will prove to be a mistaken opinion.

It is certain, at any rate, that Europe cannot bear much longer such a drain of gold to the United States as it has been subjected to during the last three months, without such a rise in its rates of discounts as will depress American securities sufficiently to start a flow of them this way, as a substitute for gold.

THE AMERICAN RESUMPTION.

In an article on the "*Revival of Trade in America*," the London *Economist* of October 4, says: "The return to specie payments was practically a modified, though disguised, inflation, inasmuch as the paper currency was not replaced by metallic money. No destruction of paper took place, and very little was exchanged for gold, and such little was still accepted as legal tender by the Treasury, and was used as such. However this may be, the people of the United States are agreed among themselves that they are now on a specie basis, and as such, we in Europe must accept them, though, perhaps, in some minds, with a little reservation."

We are unable to perceive wherein the American resumption of January, 1879, differs from the French resumption of January, 1878, where there was no more destruction or withdrawal of paper than has occurred here. In both cases, and in all similar cases in Europe, what has been brought about is the equalization of the value of paper with that of coin; by the convertibility of paper, at the will of the holder, into coin.

It is true that the American treasury note remains a legal tender, but that is equally true of those European countries, embracing a large part of them, in which government notes are issued. In such of them as are on a specie basis, these government notes are put on a par with specie, and are interchangeable with it, and that is true of the U. S. treasury notes. It might, or might not be, good policy to withdraw

that particular description of paper from our circulation, but the retention of it in use is in harmony with the precedents set in Europe.

We are equally unable to perceive that our present system differs in substance from the British system. Under the law of 1833, passed under the reform administration of Lord Grey, Bank of England notes are a legal tender, and such notes, or credits of the Bank of England which will command them, constitute the basis of all the joint-stock and private banking in the United Kingdom.

Everything financial revolves around and depends upon the credit of the great institution which they style, by way of eminence, "*the bank*," as the concentrated expression of the opulence and financial power of the Empire. It is true that under our laws United States treasury notes would still remain a legal tender, if their redemption in coin should cease, whereas, by the terms of the British Act of 1833, Bank of England notes are a legal tender only so long as they are redeemed in gold. But that is really a distinction without a difference. Everybody knows that if the Bank of England was forced to suspend gold payments, by a stress of financial and political circumstances, that part of the law of 1833 would be instantly changed to meet the emergency, or that, at the very least, England would go back to the legislation which long preceded Lord Grey's Act and substantially took away the remedies for the collection of debts by creditors who refused to receive Bank of England notes.

It is idle to suppose that the banks and bankers of London, who keep the bulk of what they call their cash in the shape of credits at the Bank of England, either doubt, or have any reason to doubt, that such credits will pay their own debts, in all contingencies, and whether the Bank of England continues payments in gold, or suspends them. Sir Robert Peel said that the pound sterling is a specified weight of gold. It is no such thing. It is a Bank of England note, whether redeemable or irredeemable. It has been proved to be so in times past, and will be found to be so hereafter.

On the whole, we are not able to perceive any reason for "accepting with a little reservation," the fact that the United States is on a specie basis, which does not apply, with at least equal force, to all other commercial countries in which paper constitutes a part of the actual monetary circulation. Nor are we able to see any reason for apprehending that the United States will not remain permanently hereafter on a specie basis, which does not equally apply to other countries. No man is wise enough to forecast all that the future may bring forth. Contingencies have happened and they may happen again in this and all countries, when a suspension of payments will be not only unavoidable, but will be really the best choice of evils, if choice was left

free. But during the ninety years of the existence of the United States, under the present constitution, coin payments have been maintained during as large a proportion of the time as in any country of Europe, and during a larger proportion of the time than in most of the European countries. These ninety years have included the period of the infant feebleness of the country, and the later period of a sectional struggle, culminating in the most gigantic and memorable war of modern times, and now settled forever by the extirpation of its cause. For the ninety years now before us, there are no omens of evil. If the United States, with a stable government, abounding wealth, and mountains of gold and silver, cannot maintain specie payments, where is the country which can hope to do so?

A SUCCESSFUL FUNDING OPERATION.

The Philadelphia Councils having decided to fund the floating debt of the city, amounting to \$10,000,000, finally fixed the terms of the loan to be offered to the public as follows: "The interest is four per cent. per annum, to be paid half-yearly, on the first days of January and July, at the office of the Fiscal Agent in Philadelphia. The loan is divided into twenty-five series of \$400,000 each, alphabetically arranged, and one series is to be retired yearly on each thirty-first day of December. Series A will be paid on the thirty-first day of December, 1880. The usual form of city certificates are to be issued in amounts to suit the lenders, in sums of \$25 and its multiple. Each certificate is to certify that the principal and interest are payable in lawful money of the United States, and free from all taxes."

Not less than par was to be accepted for the loan.

Proposals were invited by advertisement, and the bids, which were opened October 20, were found to amount to \$2,196,500 at premiums varying from $\frac{1}{16}$ to $\frac{3}{4}$ of one per cent. The bids accepted amounted to \$2,079,200, and the Mayor was authorized to negotiate the remainder.

This is a more favorable loan than the one closed out by the United States Government last summer. Philadelphia pays no commissions, issues a loan earlier redeemable, and instead of promising coin, promises only lawful money. This last is a wise feature, and may be a very valuable one. The English Government never promises anything but pounds sterling, and means by that Bank of England notes, whether the bank is in a state of suspension or not. The French Government promises francs, and pays Bank of

France notes, whether the bank does or does not pay specie. A decisive objection to a coin promise is, that in the event of a suspension of specie payments, the purchases of coin wherewith to perform the promise, necessarily increase the premium on coin and aggravate all the difficulties of the situation. That was the mistake made during the Civil War, of promising coin interest on the National bonds issued. To be sure, the Government did not buy coin itself wherewith to pay the promised interest, but in order to obtain the required coin, it made customs duties payable in coin, and that compelled the merchants to buy it. But for that mistake, the premium on coin in this country would never have approximated the high figure which it actually attained.

In making the bonds, recently issued, payable, principal and interest, only in lawful money, Philadelphia has followed the wise example set by Boston in a sewerage loan made last winter. One good effect will be that these bonds will be less likely to pass into the hands of foreigners.

It has been objected to the recent Philadelphia loan, that it was made payable in instalments, instead of being made on a single fixed term and with a sinking fund. Of course, investors would have preferred, and possibly might have paid a higher premium for a loan irredeemable for twenty-five years, but it is doubtful if such increased premium would have been equal to the advantages which the city obtains by the method actually adopted. It has now to run no risks as to the safety, or productiveness of a sinking fund, but can pay off one-twenty-fifth part of the debt every year. It is true that this plan throws the heaviest part of the burden of the debt upon the first part of the twenty-five years, but that is precisely as it ought to be. The present inhabitants of Philadelphia, who have indulged themselves in the luxury of a floating debt, ought to pay a greater part of it than the persons who will constitute its inhabitants ten, fifteen and twenty years hence. It is just that the burden should be a constantly diminishing one, and the payment of a part of the principal every year will make it so.

The bidders for the Philadelphia loan specified the particular instalments for which they bid. The instalments for 1880, 1881, 1890 and 1903 were all taken, and portions of the other instalments. The fact that the aggregate of the bids accepted, is less than the aggregate of bids made, must have arisen from an excess of bids for particular instalments beyond the amount of such instalments to be disposed of.

It is not understood that any doubt as to the negotiation of the entire loan has been caused by the failure to receive, so far, bids for less than one-fourth of it. This failure is

ascribed to some mistakes in the manner in which the bids were asked for. No security for them in the shape of a deposit, or otherwise, was required, and bankers would not engage, at all, in what might be a competition against merely straw bids.

SUBSIDIARY SILVER.

The law for the redemption of subsidiary silver coin was approved June 9, 1879. During June, July, and August, the redemptions amounted to \$8,412,499, and seem to have been still large in September. The amount of those coins in the United States Treasury, September 2, was \$15,236,724, but had increased, October 1, to \$16,814,308. It is not probable that a much higher figure than that will be reached.

The large accumulation of subsidiary silver coin in the Treasury has led to a demand by some of the newspaper editors that it should be melted down and sold as bullion, or coined into standard silver dollars. But we doubt if anything better can be done than to let it alone. The cost of coining it in its present shape is one and one-half per cent. of its value, and if the present temporary surplus is sent to the melting pot, the mint before long will be obliged to coin the same amount over again. Experience has shown that the channels of small change money absorb an amount equal, on the average of various periods, to about one dollar *per capita* of the population. When money is abundant among the masses of the people, the amount carried in their pockets is greater than in what are called dull and hard times. The mere increase of population will call every year for at least a million more of subsidiary silver. In addition to that, as the improvement now manifestly going on in business reaches the laboring classes more and more, in the form of higher wages and more abundant employment, there will be a greater circulation *per capita* of subsidiary silver.

In all practical points of view, the subsidiary silver, to the extent that it has so far accumulated in the Treasury, answers well enough as a part of the reserves kept there. Although not a tender for more than \$10, it is still money in very many important respects. If it is allowable to suppose, what there is no reasonable ground for anticipating, that all these reserves except the subsidiary silver were drawn out, we may be very sure that the public creditors would take the subsidiary silver and be overjoyed to get it.

There are practical and political difficulties quite insuperable, in any other method of dealing with the subsidiary silver, than that of letting it alone.

To melt it down and sell it as bullion, involves a loss, in

the present state of the markets, of one-fifth of the face value of the coin. It is not certain that the larger part of this loss would be recouped, when the future demand shall require a recoinage of the same amount. There will be, hereafter, that part of the profit of minting subsidiary silver coin, which arises from the fact that it contains less metal proportionally than the standard dollar. But the profit from the depreciation of silver relatively to gold, may diminish, or disappear altogether. It is furthermore an objectionable time for the Government to enter the market as a seller of silver bullion. The Eastern demand is light, and the market is sensitive and might decline under any new and extraordinary load thrown upon it.

If the subsidiary silver, instead of being melted and sold as bullion, is recoinage into standard dollars, and if such recoinage is reckoned as a part of the two million silver dollars coined per month, that being the minimum fixed by law, there would be the loss of the profit which the Government now realizes from purchasing bullion for that purpose. The effect on the silver market is also the same, whether the Government sells a given number of millions of silver bullion, or diminishes its present purchases by the same number of millions. And furthermore, this plan involves the destruction of one form of metallic money, without any corresponding increase of it in any other form, and would be resisted on that account by that large body of members of Congress who are sensitively hostile to any scheme which involves a diminution of the volume of the circulating medium.

If, on the other hand, it should be proposed that the standard dollars to be coined out of the subsidiary silver should be in addition to the two millions now coined monthly, it would be offensive to a large body of members of Congress, and to the President and Secretary of the Treasury, who do not look with favor upon the coinage of silver dollars, and who are determined to prevent, if they can, any increase of the coinage beyond the present monthly minimum. Against a resistance from quarters so powerful, it looks very improbable that a proposition of this kind could be successful. There is thus nothing to be done but to wait and let the surplus of subsidiary coin in the Treasury disappear with time, as population increases and business improves.

There is the further possibility that some portion of this surplus may be taken off by exportation to the West India Islands, Central America, and South America. Under ordinary conditions, there has always been a considerable circulation of small United States silver coins in those regions. In fact, the re-importation of such coins, heretofore floating in those countries, is a principal cause of the glut of them now existing here. The present circumstances are peculiar. The

relative market bullion value of gold and silver differs about thirteen per cent. from their relative value in our coinage, and at the same time the value of our silver coins is kept equal to that of our gold coins, by the limitation of the quantity of our silver coinage. This gives to our silver coins abroad an artificial value as a means of remittance to this country, and has caused a great amount of them to be sent here. The circumstances may change. The divergence in this country between the market and mint relative values of gold and silver may disappear, or the value of our silver coins, as the silver coinage makes further progress, may finally coincide with the value of the bullion which they contain. In either contingency, our small silver coins instead of flowing into the country, as they have done during the past year, would flow out more or less, as they did previously.

INTEREST ON DEPOSITS.

The London *Economist* of August 30, says: "We referred, a short time since, to the fact that the Bank of Germany had discontinued allowing interest on deposits, and we imagined at the time that this had been the last instance of a bank, regulated by the State, carrying on business in such a manner. It appears, however, that the practice still survives in the case of the Bank of Sweden, which possesses privileges, not only as the banker of the State, but also as being allowed to issue bank notes which are legal tender. This privilege is a natural one for a State bank, but the Bank of Sweden goes further than this. Undertaking the business of a regular trading bank, it allows interest at three per cent. on deposit accounts when the amount does not exceed about £1,400. According to every theory it is a mistake for a bank possessing the privilege of issuing bank notes, which circulate as legal tender, to allow interest on deposit accounts."

The objection to the allowance of interest on deposits by banks which issue circulating notes, does not seem to us to be at all affected by the question whether such notes are a legal tender or not. If such notes do actually circulate as money, and are universally accepted as money, it becomes of primary importance that their instant convertibility into coin should be secured against all contingencies, so far as it is possible to do this. Those who object to the allowance of interest on deposits by banks exercising the function of issuing notes, say that such banks should not incur debts to depositors beyond the amount which would be deposited without interest. If this is a sound view, it is none the less sound when their notes are not a legal tender, because

it cannot, on that account, be any the less important that their constant convertibility should be secured by every available safeguard.

In the United States the practice of paying interest on deposits is not common among the National banks. In the seaboard States, the practice is principally confined to the "redemption cities," and to the deposits made by country banks. The practice is not a growing one, nor has it any where reached considerable proportions. There are certain conveniences and advantages in it, and bankers differ in opinion as to whether it would be wise to prohibit the practice altogether, by an amendment of the National banking law. To do so, would add another to the discriminations which now exist in favor of the State banks and of private bankers, and might divert some deposits to places where they would be less secure than they are now. On the other hand, the general credit of National banks, if it was known that they were prohibited from attracting deposits by the offer of interest, might be more highly esteemed, and their line of deposits without interest might in that way be enlarged.

The distinction which the *Economist* makes between "regular trading banks," and those banks which possess the delicate function of issuing circulating notes, is well founded. What is required in respect to the last class of banks, is not merely ultimate solvency, but a constant present ability to redeem their notes, and in their case, the multiplication of other liabilities, and especially of other demand liabilities, is not to be favored. If "regular trading banks," which phraseology may be construed to include trust companies, attract by the offer of interest more deposits than they can repay at the moment, the mischief reaches individuals, and possibly a wide circle of individuals, but it does not reach the whole community, as does the discredit of the currency which results from its becoming inconvertible into coin.

In its issue of September 27, the *Economist* remarks as follows :

We are now again experiencing one of the most extraordinary anomalies of the English market, an occurrence so strange that if it took place in any other country we should express at once, and loudly, our opinion how badly business was managed there. The banks—we can only speak of the Joint-Stock banks with certainty in the matter, as they alone publish their rates—are allowing more interest on deposits than they can obtain by discounting first-class bills. It is true that the rate of allowance is only one per cent.; but with money at call at only one-half, and first-class short paper at three-quarters, and even below it is clear that one per cent. even is too much to allow. To take money at demand, or on short notice, and to lend it out for a long term must always be accompanied by some risk; but there cannot be two opinions as to the unsoundness of a practice which causes banks to pay more for the use of an article than they can gain by the employment of it.

THE CASE OF SIR FRANCIS HINCKS.

The trial and conviction at Montreal of Sir Francis Hincks, on the charge of signing false returns to the Government, as President of the Consolidated Bank, have excited a profound interest in Canada, and naturally attract a good deal of attention in this country. Sir Francis Hincks is seventy-three years old. He was a leading promoter of the Grand Trunk Railway and actively concerned in the negotiation of the Reciprocity Treaty of 1854 with this country. He was Governor of Barbadoes and of British Guiana from 1855 to 1869, when he became the Canadian Minister of Finance. He retained that office until 1873 when he retired to private life. A Montreal paper says: "The trial of Sir Francis Hincks is one of the greatest commercial trials ever held in this country. He was arraigned for having, as president of the bank, signed false returns to the Government, more particularly in the manner in which he entered in such returns the amount of money loaned from other banks. His bank entered such amounts as 'deposits,' which the prosecution argued were thus placed in order to deceive the public. All the leading bankers in the city were examined, their evidence going to exonerate Sir Francis, and to show that his signing the returns was more or less a matter of form, as he was entirely dependent upon his cashier and other subordinates for the correctness of the same. The law provides imprisonment in the penitentiary for a term not exceeding seven years and not less than two years."

Among other things untrue, in the returns signed by him, was including among the loans and discounts of the bank, notes which had in fact been transferred to other banks.

It is stated to have been the general expectation at Montreal, that the jury would either acquit him or disagree, but it would seem that such an expectation must have been based, not upon the evidence in the case, but upon the supposed compassion of the jurors for the aged and unfortunate defendant.

It is stated that under the Canadian law, the offence of which he has been convicted is only a *misdemeanor*. But it is of little consequence to him what name is given to it, if the punishment is as severe as confinement in a penitentiary for a term of not less than two years, and possibly extending to seven years at the discretion of a judge.

The sympathy which induced the leading bankers of Montreal to testify, that the signing of returns by the president of a bank is "more or less a matter of form," and that in

this case Sir Francis Hincks was "entirely" dependent upon subordinates for the accuracy of what he signed, was natural enough; but it is very clear that a bank president cannot be so completely at the mercy of others as such testimony would make him out to be. He may be deceived as to certain particulars by the false representations of cashiers, clerks and book-keepers, but if he pays any attention at all to his own duties, he must be informed as to the general condition of the institution under his charge.

It is for the Canadian authorities to decide what degree of executive clemency is called for by the circumstances of the defendant, and especially by his advanced age.

The trial of the Directors of the Consolidated Bank, who were indicted at the same time with Sir Francis Hincks, has been postponed to the next term of the Court. The precise charges against them are not stated in any accounts which we have seen, but it is not probable that they were concerned in the making of false returns of which Sir Francis Hincks has been convicted. Those prosecutions of the President and Directors of the Consolidated Bank were called for by a resolution adopted some time since at a meeting of the shareholders.

MERCANTILE FAILURES.

The Mercantile Agency of Messrs Dun, Barlow & Co., publish the following table, comparing the failures in the United States and Canada, for the third quarter, and also for the first nine months of 1879, with the corresponding periods in 1878:

STATES AND TERRITORIES.	Third Quarter.	Third Quarter.	Nine Months.	Nine Months.
	1879.	1878.	1879.	1878.
	Amount.	Amount.	Amount.	Amount.
Eastern States	\$ 2,625,925	\$ 9,777,016	\$ 14,319,605	\$ 30,033,135
Middle States	5,195,446	27,732,811	28,853,339	79,375,469
Southern States	2,736,341	4,310,783	13,416,516	21,359,104
Western States	3,265,852	18,479,783	16,113,349	56,555,846
Pacific States & Ter....	1,451,986	6,077,970	8,352,129	9,887,575
Total	\$ 15,275,550	\$ 66,378,363	\$ 81,054,940	\$ 197,211,129
Dominion of Canada...	\$ 6,998,617	\$ 4,629,592	\$ 24,424,570	\$ 18,138,321

The number of failures during the third quarter of this year was 1,262, as compared with 2,853 during the third quarter of last year. The number during the first nine months of this year was 5,320, as compared with 8,678 during the same months of last year.

The great improvement in this country, which is shown by the above table, requires very few comments. The bankruptcies which were made public in 1878, were swollen to an extraordinary figure by the repeal of the United States bank-

rupt law, and by the general knowledge which existed for some time before its actual repeal, that such an event was impending. This accounts, in part, for the great difference shown between the aggregates of insolvencies in 1878 and 1879. But it does not account for the whole of it. We are now, and have been for some months, in the midst of a substantial improvement in business. Instead of an universal shrinkage in the prices of commodities in the hands of holders, the prices of many articles are rising, and the rise in some articles is very considerable. Manufacturers and merchants are now making money instead of losing it.

In the comparison of results in Canada in the years 1878 and 1879, there was, during the first year, no swelling of the number of bankruptcies by a threatened, or actual repeal, of the Canadian bankrupt law, nor has there been, until within a few weeks, any improvement in business in the second year. In fact the recent commercial depression seems to have culminated in Canada about a year later than it did in this country. But from all accounts, things are now on the mending hand among our northern neighbors. They share with us in the benefits of the rise in the prices of agricultural exports to Europe; their pine lumber finds better markets; and they are very hopeful, and with good reason, of a great development of their north-western territories, with all the resulting advantages to their railroads, artificial waterways and seaports. Their manufacturing interests are also enlarging in many lines, and their future prospects are in all directions bright and cheerful. They ascribe the recent extreme prevalence among them of mercantile bankruptcies to vicious systems of credit, given in the first place by British merchants, and which Canadian merchants have in their turn been obliged to extend to their own customers. They are making earnest efforts for a reform in both respects.

FRENCH JUDICIAL DECISIONS.

The Paris Civil Tribunal has recently given a decision, as to the rights of the purchasers of French securities, which have been lost or stolen. Under a French law passed in 1872 in respect to such cases, the original owner may give notice to the companies issuing the securities, forbidding a registration of their transfer, or the payment of dividends on them to anybody but himself. It is also made the duty of the Syndicate of Agents de Change at Paris to publish a daily bulletin, in which the owner may publish a copy of such notices, with such description of the securities as to their numbers, &c., as will identify them. After such publication, no person can acquire by purchase any valid title to

them. The recently-decided case turned upon the question, whether foreigners are affected in the purchase of French securities by these laws. The facts were that various bonds of French railways were stolen from the house of M. Parvilliers at Nogent, near Paris. M. Parvilliers gave the notices to the companies as required, and also caused copies of these notices to be published in the bulletin of the Agents de Change. Subsequently, Messrs. Cohen & Sons, of London, purchased some of the securities in good faith, not having received any actual notice of the theft, and they claimed that the French law of legal and constructive notice could not operate outside of French territory and upon foreigners. But the Paris Civil Tribunal held otherwise, and decided that they had acquired no title to the securities which they could enforce in France.

A recent decision of the Paris Tribunal of Commerce, involves a construction of French law relating to checks upon banks and bankers. In this country a check of that kind does not operate as an assignment to the drawee of the funds drawn upon, and therefore does not give him a right of action against the bank or banker. If the check is not paid, he must seek his redress against the drawer. But in France, since the passage of the law of 1874, a check is an assignment of any funds of the drawer, not exceeding the amount of the check, which were in the hands of the bank or banker at the date of the check, and is enforceable against the bank or banker, provided it is presented before such funds are paid out upon other orders of the drawer. In the case recently decided, one Jacobson, of Hamburg, gave his check for 10,500 francs, dated January 17, 1879, in favor of M. Berger, of Vienna, on the Paris Société Générale. At that date, Jacobson had no cash to his credit in the bank drawn upon, but the bank held certain bills of exchange for 21,297 francs belonging to him, not then matured, but which matured and were paid before the 25th of January. The check was presented on the 25th of January, but the bank declined to pay, as it held no cash on the 17th of January, the date of the check, of which it could be an assignment. On the 15th of January, two days before the date of the check, Jacobson had drawn bills on the Société Générale for 30,000 francs, payable January 31, in favor of the Anglo-Deutsch Bank. Jacobson's account, as made up at the end of January, showed a credit in his favor of 21,297 francs, and in the meantime he had become insolvent and had absconded. The Paris Tribunal of Commerce, in addition to deciding that the check had no lien upon that balance, decided also that it must all be applied to the bills drawn in favor of the Anglo-Deutsch Bank, and for the reason, apparently, that their date was prior to that of the check.

GOVERNMENT LOANS FOR LOCAL WORKS.

During the last session of the British Parliament, a Public-Works Loans Act was passed. In the course of the discussion upon it, the Chancellor of the Exchequer stated, that the first loan from the National Treasury, in aid of public works undertaken by local authorities, was made in 1792, but that the practice was not much resorted to until recent years. The loans of that kind in 1869 were £ 800,000, but in 1878 they exceeded £ 4,000,000. The Act just passed, prescribes that not more than £ 100,000 shall be advanced in any one year, to any single body of local authorities. This Act, we notice, puts the trustees of the Peabody London Building Fund on the same footing as the authorities of parishes, cities, etc.

It is stated that the scale of interest upon such loans in future, adopted by the executive administration under this Act, is as follows:

Loans for less than 20 years.....	3½ per cent.
" from 20 to 30 "	3¾ " "
" from 30 to 40 "	4 " "

This is reversing the rule which governs the rate of interest on loans made for the sake of profit. Instead of a lower rate for a longer time, the British Government seems to be governed by the idea of stimulating local authorities to make the speediest repayments.

The theory of this British practice of government loans to local authorities engaged in public works, is, that the National credit will command money more cheaply than local credit. This is undoubtedly true, when more money is required to be borrowed within a given time for a local purpose, than is within the lending capacity of those who are thoroughly conversant with the strength of the local credit. But if kept within certain limits, local credit, such as that of cities and towns in the United States, will command money at least as cheaply as that of the States acting in their separate capacity, or as that of the United States. The first of these limits is, that the borrowing shall not exceed the clear ability of cities and towns to pay them off. But there is still another requisite limit, which is, that the loans shall be within the easy lending capacity of the residents, or near neighbors, of the borrowing town or city. The number is considerable of persons who feel safest in making loans to the towns or cities in which they live. They best understand the basis of such securities and feel most competent to judge of their legal validity and genuineness. They know very well

that they are not so readily salable as the bonds of the Government of the United States, but to many persons that feature of the case is of the slightest possible consequences because they take securities, not to sell again, or to hypothecate for loans, but to keep and receive the interest on them.

The difficulty with municipal credit in this country is, that it has often passed both the limits to which we have referred, so that the advantage of borrowing cheaply has been thrown away.

If the debt of the City of New York was reduced to \$50,000,000, and if the bonds representing it were non-taxable, they could easily be floated at three per cent. If the reduction was down to \$25,000,000, the rates of interest need not exceed two per cent., with a non-taxable bond. In the case of a Boston city loan negotiated last winter, although it did not include the feature of non-taxability, the terms were considerably less favorable to investors, than they were making at the same time with the United States. Instead of thirty-year bonds, Boston was selling only twenty-year bonds, and although the interest which Boston promised was nominally the same, it was payable (and the principal as well) not in coin but in lawful money.

It is a mistake to suppose that the comparative rates of interest at which money can be borrowed upon different securities, are always determined by the opinion of a majority, or even of a large majority of those who loan money. When Boston was selling last winter four-per-cent. twenty-year bonds, payable interest and principal in lawful money at the same price at which the United States Government was selling four-per-cent. thirty-year bonds, payable interest and principal in coin, and with a special provision against a reduction in the weight of the coin, it was the opinion of probably forty-nine out of fifty investors in Boston and its vicinity, that the Government bond was the preferable one of the two. That is shown by the proportions in which the two classes of bonds were purchased by those investors. Nevertheless, the Boston bond, preferred by only one-fiftieth part of the investors, sold as well as the Government bond, and the plain reason for that was, that the amount of the Boston bonds offered was kept within the limits of the demand of the very small minority of the investors who happened to prefer it.

According to the theories and ideas which prevail among the British people, where the funding system has long existed, nothing seems more desirable than the execution of local public works by means of loans, and without provision for their really being paid off at any time. Thus the London *Economist* of August 23, in the course of comments upon the new Public-Works Loans Act, says: "To employ local accumulations in local improvements is a wise policy. The tempt-

ation to extravagance in outlay, which is always to be dreaded when any public work has to be carried out, will be restrained by the fact that the lender will know the exact purpose to which the advance is to be applied."

The only real check to extravagance is found in compelling those who vote appropriations to impose at the same time taxes to meet them; or if money is borrowed, to impose, simultaneously with the borrowing, an amount of taxes sufficient to sink the debt within a short period. That is the rule under the law of Massachusetts, passed four or five years ago, to regulate the use of municipal credit, and which is a model of wise legislation. The protection which the *Economist* fancies it sees in the vigilance of lenders is quite illusory. A lender cares nothing about the purpose to which money is applied, except so far as it affects the safety of his loan, which it sometimes does and sometimes does not. It may happen that lenders will rejoice, rather than mourn, over the extravagance of a borrowing city, because they know that the more extravagance there is, the greater number of loans and the more advantageous loans they can make. This will certainly be the case, until they think the extravagance is being pushed to a degree jeopardizing their own safety. Nobody knew better than the men who have been taking almost untold millions of the bonds of the City of New York within the past few years, that a large share of the proceeds was being either wasted or stolen. Their knowledge on that point did not dissuade them, however, from eagerly taking all the bonds they could get, at the rate of interest they bear; nor has it been understood that opposition to even a further increase of the debt of the City of New York was ever manifested in that quarter. The opposition came from a quite different quarter, the owners of the property upon which liabilities were being accumulated.

THE BAROMETER OF NATIONAL PROSPERITY.—The depression in the marriage-rate, that unerring test of the material condition and prospects of the people, was still more strongly marked during the first quarter of this year than it had been in any of the four quarters of 1878. The annual marriage-rate in the three months ending March last did not exceed 11.6 per 1,000, and was 2.1 below the average rate in the corresponding period of the forty years, 1838-77. So low a marriage-rate has not prevailed in the first quarter of any year since 1831, when the Act for civil registration of marriages, births, and deaths first rendered these statistics possible. The nearest approach to so low a marriage-rate in the first quarter of the year was 12.5 in the first three months of 1841. As a natural result the birth-rate in England and Wales has fallen below the average. In the three months ending June last the annual rate was equal to only 35.2 against 37.4, 36.5, and 36.9 in the corresponding periods of 1876, 1877, 1878; it was lower than in any June quarter since 1869, and 1.0 below the average rate in the second quarter of the ten years 1869-78. —*The British Sanitary Record.*

GREAT BRITAIN AND ITS COLONIES.

Lord Bateman has given notice that on the re-assembling of the British Parliament he will move a resolution, of which the following is the concluding and material portion: "The time has now arrived for a revision of our present fiscal policy in regard to our customs regulations, and our treaties of commerce with foreign countries, and for an alteration in our mutual commercial and imperial relations with our own colonies and dependencies."

The repeal of the corn laws, the first and great step taken thirty-five years ago by Great Britain in the direction of free trade, was followed within a few years by the application of the same policy to the entire commercial intercourse between Great Britain and its colonies and dependencies. The differential duties in favor of colonial sugar, timber, and other products were all abrogated. The colonies have since been treated at the British custom houses just the same as foreign nations have been treated, no better and no worse. They have derived no special commercial advantages from their British connection. In turn, they have not been required or expected to give, nor have they in fact given, any preference in the way of reduced duties to imports from Great Britain, over imports from other quarters.

This complete reversal of the old British method of treating its dependencies seemed to be working well for a time. England, from its great superiority in manufactures and in mines of iron and coal, was able to substantially monopolize the markets of its colonies, while they could find nowhere a more ample outlet for their raw products than in rich and densely populated Great Britain. The first twenty-five years of free trade were years of prosperity for both the mother country and its dependencies, and nothing is more natural than to assume, that two things which happen simultaneously are connected with each other in the relation of cause and effect. The vast majority of Englishmen believe devoutly, that British development since 1850 is the result, mainly, of free trade, and it is the most common expression of their favorite writers, that the wisdom of free trade has been vindicated by the prosperity which has attended it. They entirely fail to see, what is well understood by everybody else, that the main cause of the wonderful development of commerce after 1850, not only in Great Britain and its colonies, but all over the world, and which has been quite as great in other commercial countries as in England, was the sudden and vast accession to the mass of metallic money from the gold discoveries in California and Australia.

Within a few years, things have been in a different phase. The new gold discoveries having spent their force, and prices having begun to fall, the colonies suffer acutely from the competition of rivals, when they sell their raw products in English markets. Notably Canada, whose chief export is timber, finds itself distressed by the lower prices of the timber from the Baltic, which has always the advantage of a shorter distance and lower freights to English ports. When what had always been the main business of that colony became in this way unprofitable, Canadians could no longer see the advantages they once saw in relying upon Great Britain wholly for their manufactures. They came to the conclusion, by no means an unnatural one under the circumstances, that their only road to prosperity was to become a manufacturing people themselves. They could produce timber, but they could be undersold in Europe by the Norwegians, Swedes, and Russians. They could produce wheat and cattle, but so could their immediate neighbors of the United States, whom they were obliged to meet on equal terms, so far as duties are concerned, in the English markets. If England frames its fiscal system, with exclusive reference to its own interests, and with no reference to the interests of its colonies, what was there, or is there, to dissuade Canada from making its tariffs to suit itself? Short of absolutely giving a bounty upon the importation of timber from the Baltic and upon the importation of wheat and cattle from the United States, it is impossible for England to do anything by way of commercial reprisal, let Canada do what it will. The position of Canadian products in British markets can not be made any worse than it is.

The system which Sir Robert Peel overthrew was a system of equivalents, as between England and its colonies, and it is by no means certain that it will not be revived. On one point the English admit that they have been egregiously disappointed in the free trade policy. They believed that the whole world would forthwith adopt it, after they had adopted it. Mr. Cobden only spoke the general British belief, when he declared immediately after the repeal of the corn laws: "We have a principle established now which is eternal in its truth and universal in its application. It must be applied in all nations and throughout all time. If we are not mistaken in thinking that our free-trade principles are true, it can be assumed that these results will follow *and at no very distant time.*"

Mr. Cobden and his associates believed that the offer of open markets in England for the raw products of all nations, would reconcile the world to England's being the manufacturer, shop-keeper and banker for mankind. In that belief, Mr. Cobden and his associates refused to mar the symmetry of their new system by having any differential duty in favor

of the colonies. Without doubt this sacrifice of the colonies would have been justified by the event, if mankind could have viewed with the anticipated complacency the position which Mr. Cobden and his associates assigned to them. It has not turned out so. Whether wisely, or unwisely, many other nations have insisted upon becoming or remaining manufacturers, and to that end have maintained and even increased protective tariffs. For ten years past, it is only from increased exports to colonies and dependencies that the British manufacturing interest has sustained itself at all. Instead of being unimportant, these colonies and dependencies have become all-important, and now at last some of them, Canada and one or more of the Australian colonies, are setting up protective barriers against the introduction of British goods.

When Lord Bateman moves the resolution of which he has given notice, and speaks upon it, we shall know whether he proposes to restore the old system of equivalents in the commercial relations between England and its colonies. Any other change than that seems hardly possible. In dealing with a powerful country like Canada, England cannot expect to compel a free introduction of goods into it. British statesmen are too wise to tread upon such dangerous ground as that. If they want the Canadian markets they will, to express the thing without circumlocution, purchase and pay for them with something which the Canadians want, and that can be nothing else than the collection of differential duties on timber, wheat, or cattle imported from all places outside of the colonies. Without doubt, that would not only cause the Canadian ports to be opened wide to British importation, but it would fill Canada up rapidly with people, and very greatly expand its power to consume and pay for British goods. Very possibly, Canada might be propitiated by differential duties on foreign timber only, and to such duties there would be much less repugnance among the British people, than to duties upon food, unless they can be persuaded to believe with Lord Beaconsfield that Manitoba can produce wheat even more cheaply than the United States.

CANADIAN CATTLE AND SHEEP.—From evidence taken by a select committee of the Dominion Parliament, it appears that during 1878, there were shipped to Great Britain from Canada, 18,665 cattle, and 41,750 sheep; 9,000 of the cattle and 1,000 of the sheep came from the United States. The committee say further: "The provinces of Nova Scotia and Prince Edward Island afford good pasturage, and from the testimony of some witnesses from those parts of the Dominion, it would appear that the success of the export cattle trade is there causing attention to be directed to stock raising."

VALUE AND COST OF PRODUCTION OF THE PRECIOUS METALS.

The *Dry Goods Reporter* of this city makes a strong presentation of the fact that the production of the precious metals has been in all times past dependent upon the chances of mining discovery, or upon fortuitous political circumstances, and that they have escaped the laws which connect the value of nearly all articles with the cost of producing them. There is, of course, no direct connection between the market price of anything, and the cost of producing it. The market price of everything is controlled exclusively by the proportion between the demand and supply. But the cost of production, while not directly affecting the market price, does, in most cases, efficiently, although indirectly, affect it by affecting supply. Nothing can sell for a long time much above the cost of producing it, or much below it, because the profit of high prices will increase supplies, while the loss resulting from low prices will diminish production. But this is only true of such articles as wheat, which can be produced at will in almost every part of the world. It is not true of gold and silver which can be mined only in the few places where they can be found, and it has often happened that the ingress of capital and labor into such places for the purposes of mining has been rendered impossible, or very difficult, from the repelling circumstances of remoteness, deadly climates, savage occupation, or the insecurity of life and property from the weakness of political institutions in the regions possessing mines.

The *Dry Goods Reporter* says :

The acquisition of gold and silver cannot be accelerated when they are scarce and dear, nor retarded when they are plentiful and cheap. The discovery of a rich placer, or a new mine, may take place when gold and silver are already plentiful. On the other hand, though these metals be ever so scarce and dear, and the incentive to new production be ever so great, it may not be possible to produce any more of them; and a dearth may continue for centuries.

From the moment when the Romans reached the limits of their mechanical resources in the silver mines of Spain, about the beginning of our era, until the silver mines of Potosi were opened in 1545, the entire supplies of either or both of the precious metals were insufficient to make good the current impairment of the world's stock from wear, tear, and loss; and the stock continually diminished.

From the conquest of America, 1492-1533, until the discovery of the placers of Brazil, 1670, the Western world's annual product of gold did not in any decade exceed three million dollars a year; from 1691 to 1720 it rose to an average of about ten millions a year; from 1720 to 1750 to about twenty millions a year; after which it

fell to ten millions a year and continued to remain at this rate until the Russian and Siberian placers were fully opened (about 1840) when it rose to over twenty millions a year. Within a score of years from this time both the Californian and Australian placers were discovered, and in the the year 1852, the world's annual product of gold rose to nearly two hundred millions; and during the whole period, 1848 to 1873, it averaged over a hundred millions. Will any reasonable person maintain that this long dearth of the metals followed by such fitful and extraordinary accessions of plenty were the results of human design?

When any other commodity becomes unusually scarce or plentiful, when its price rises above or falls below the normal or customary level, diminished or increased production, which can be regulated at the pleasure of man, soon restores the old price to its former level or confirms the superior equity of the new one. In these cases the cost of production determines the price.

The report (1877) of the United States Monetary Commission summarizes the arguments of both the opponents and the supporters of the system of metallic money. Some of the views of its opponents, resembling those quoted above from the *Dry Goods Reporter*, are thus given :

The opponents of the metallic system maintain that by reason of the great variations in the supply of the precious metals, and the purely accidental relation which that relation has borne to the world's demand for money, the movement of the human race in wealth and civilization has been fitful and spasmodic, and not always progressive; that the business of the world in all times past has been, through fluctuations in the supply of money, now stimulated by fever, and now prostrated by collapse; that industry and commerce have been alternately borne high on the flood-tide of metallic production from newly-discovered mining fields, and stranded on the shoals of bankruptcy by the reflux ebb; that, unfortunately the ebbs and flows of these tides are of unequal duration; that the flux of prosperity has usually lasted but a brief period, while the reflux of adversity, with its attendant circumstances of falling prices, industrial paralysis, and destitute populations, has been painfully prolonged; that the tide of metallic production, which commenced its flood in 1847, turned in 1865 to an ebb that still continues and threatens to pauperize populations and bankrupt nations; that the world is no longer new; that the search for the precious metals has been pushed to every part of the earth, with indifferent success, by skillful explorers fresh from the fields of California and Australia; and hence, that the chances of discovering new and great mining fields, and more especially gold fields, are less hopeful than at any former period.

Some of the replies of the supporters of the metallic system, to these objections, are thus given in the report of the United States Monetary Commission :

They admit the unsteadiness in the value, and consequently the imperfections, of metallic money caused by variations in the consumption, yield, and cost of producing the metals, and by many other unavoidable circumstances and conditions. But they claim that the use of metallic money is spread over so vast an area that changes in the current metallic supply would be slow in making themselves felt, and that the elastic qualities of credit expedients would prevent tem-

porary changes from being felt at all. They admit that there is no remedy for the perturbations in the value of metallic money arising from fluctuations in the supply of the metals. But they claim that experience demonstrates that there is a limit to the accidents and freaks of production, and none to the folly and designs of legislation; and, consequently, that the perturbation in the value of paper money would be greater and equally without remedy.

In giving their own opinions, as to the production of the metals, the United States Monetary Commission emphasize the distinction between gold and silver, in the following language:

Silver cannot be obtained without an outlay of capital and labor, but on this continent, like the fruits of agriculture, it can always be had when capital and labor are applied to its production. That is not true of gold, either on this continent, or elsewhere.

The conditions of the production of silver have somewhat changed from what they have been in nearly all times past, and this change has extended, although in a much less and indeed very slight degree, to the production of gold. The mines of both exist more than ever before in regions occupied by civilized races and under stable governments, and are more than ever before under the same economic laws which direct capital and labor to the production of whatever is high and rising in the market, and divert them from the production of whatever is low and falling in the market. The great bulk of new gold is obtained, as heretofore, from placer washings, the discovery of which is a matter of chance, but the fraction produced by what may be called regular mining, from ledges and by hydraulic operations, although small, is an increasing fraction. The territorial area of silver mining is being very rapidly expanded, and especially within the United States, where the application of the means of working them will be sure to correspond with a good degree of promptness to the inducements to working them, which depend, of course, upon the value of silver. It is not possible to conceive that money, if silver continues to retain the monetary function, can rise, until some period indefinitely remote, to the extremely high value, or purchasing power, which it possessed in Europe before the discovery of America. The localities for silver mining are too extensive and too accessible to permit of such a calamity as the appreciation of money to that degree, or any approximation to it.

On the other hand, there is nothing in the existing facts or probabilities, in respect to mining, to suggest the idea of any such depreciation of the value of metallic money as was witnessed temporarily after the opening of the California and Australian gold mines. Their maximum production in 1856, was about \$200,000,000, and it would require a very much greater production of the precious metals to produce the same effect on the aggregate stock, as the present stock

exceeds what it was then. The actual present production of both the metals is less than \$200,000,000. It must be at least \$400,000,000, to add as large a percentage to the present stock as was added to the stock of 1856 by the production of that year. When the mines of America first began, in 1545, to yield considerably, the European stock of gold and silver was so small, that the effect was much greater, but even in that case it was not marked until after the lapse of a quarter of a century. And to these considerations must be added the further one, that there has been since 1856, an enormous increase of the commerce, exchanges, and wealth of the world, and of the population of those portions of it over which civilization, as that term is understood in Europe and America, has extended itself.

NOTES UPON THE SILVER QUESTION.

In a speech delivered at Cincinnati, August 20, 1879, the Secretary of the Interior, Mr. Schurz, quoted, indorsed, and adopted as his own, the following opinion of a late Secretary of the Treasury, Mr. McCulloch, expressed a few weeks previously in an address at Harvard University: "The nation that practically maintains the superior standard will have a decided advantage in commercial intercourse over those nations that adhere to the inferior one; a nation that is compelled to pay the balances against it in a currency superior in value to its own, cannot fail to be the loser."

This view of Messrs McCulloch and Schurz is given with special reference to the facts, which are admitted on all hands, that the unlimited coinage of the silver dollar will reduce its market value below that of the gold dollar, if silver bullion shall continue to be less valuable, relatively to gold bullion, than the mint ratio of 1 to 15.98, and that the same thing will certainly and finally, although precisely when cannot be foreseen, result from the continual coinage of the silver dollar at the rate of two millions monthly, on the same supposition of the continued depreciation of silver bullion relatively to gold bullion below the mint ratio.

In comparing the standards of the two kinds of metallic dollars, on the hypothesis that their market value shall diverge in either of the ways mentioned, Messrs Schurz and McCulloch both describe the standard of the most valuable dollar as the "superior" one, and the standard of the cheaper dollar as the "inferior" one. The particular sense in which words are used is not a matter of the first importance, provided we know in what sense the speakers and writers, with whom we are dealing, do actually use them. But in the discussion of matters of abstract science, it is best to avoid words, which, in some of their popular significations, involve a begging of the very question which is under debate. Colonel Benton once complained of a bill pending in Congress, that it contained "a stump speech in the belly of it." Sometimes, a mere epithet may contain a "stump speech." If it shall happen from the condition of the bullion market, that a gold dollar will command

a premium as compared with the silver dollar, the gold dollar will be the dearer and most valuable of the two, and the silver dollar the cheaper and less valuable of the two, but it by no means follows that the gold dollar will constitute a "superior standard," in the ordinary sense of being a better and preferable standard. Taking illustrations from measures of length and weight, nobody would think of saying that a Norwegian mile is a "superior standard" in measuring a line on the surface of the earth, and a better and preferable mile, because it is longer than an English mile. Nor would any one think of saying that a pound avoirdupois is a "superior standard," in determining weights, to a pound troy, merely because it is the heavier. All we require in a measure of either length, or weight, is that it should be definite and fixed.

So far as money is a standard or measure of values, it is desirable not only that it should be definite and fixed in the current transactions of the present time, but that its value of to-day should be the same as its value of five, ten, and more years back, so that those who are now under prior contracts to pay it, may not be compelled to pay more, or permitted to pay less, than the equity of such contracts requires. These desirable qualities have never yet been perfectly possessed by any species of money, and it is not probable that they ever will be. But they are recognized by mankind as the ideal of the perfection of money. Legislators who are honest will never cease to strive to reach it.

It being thus universally acknowledged to be a most essential characteristic of a sound and honest money, that its value at the present time should conform as nearly as possible to its value during the anterior times, when still subsisting public and private contracts to pay it were entered into, it is quite clear that Messrs Schurz and McCulloch have no basis of sound reason in assuming that of two metallic dollars, the commercial value of which may diverge, the dearer must necessarily be the better and preferable dollar and constitute a "superior standard," as compared with the other. That will depend upon the circumstances of the case. If both dollars shall have appreciated in real value, or purchasing power, the one which has appreciated the least, and which is therefore the cheaper, as compared with the other, will be the better and preferable dollar, and constitute a sounder and "superior" standard in respect to the performance of the mass of existing contracts to pay dollars. If both have depreciated in real value, or purchasing power, the one which has depreciated the least and is therefore the dearer, as compared with the other, will be the best dollar and the "superior standard." If anybody can persuade himself, from a comparison of market reports from this and other countries, that both gold and silver prices have risen, or in other words, that both gold and silver have lost value relatively to all other things, within the last half dozen years, as compared with the preceding ten, or twenty years, he will agree with Messrs Schurz and McCulloch, that if the gold dollar shall attain a higher commercial value than the silver dollar, by reason of the free coinage of the latter, or by reason of its indefinitely continued coinage at the rate of two millions per month, the gold coin will be the best to use as a dollar, and constitute the preferable and "superior standard." In no other way than by such a conclusion as to the market prices of commodities, land, and labor, comparing the present with preceding times, is it possible to agree with Messrs Schurz and McCulloch, nor can anybody come to such a conclusion without finding himself at variance with all recognized statistical

authorities on the subject of prices, and with the common knowledge and judgment of mankind.

In saying as he did at Harvard University, that "a nation that is compelled to pay the balances against it in a currency superior to its own, cannot fail to be the loser," Mr. McCulloch gives no explanation of the cause, or manner, of the supposed loss. He spoke oracularly, and there is no impropriety in that method, in instructions given to youth at educational institutions by professors and lecturers. But when a formulated dogma of that kind is imported into the political arena, as it was by Mr. Schurz at Cincinnati on the 20th of August, there would have been a propriety in accompanying it with some elucidation, if any is possible to be given, which would make it clear to the comprehension of mankind.

A Frenchman who owes a balance payable in England, and in sterling money, is obliged to pay it in a currency each of whose units is worth, speaking roundly, twenty-five times as much as the unit of his own. In the same circumstances, a German is obliged to pay in a currency worth twenty times as much as his own. The Frenchman deals and keeps his accounts at home, in francs. The German deals and keeps his accounts at home, in marks. Each of them would be "the loser," if compelled to pay debts in pounds sterling, when they had promised to pay only the same number of francs, or marks. Men who contract to pay pounds sterling, must be presumed to do so with their eyes open. But whether they act advisedly or unadvisedly in entering into such contracts, they will find, after such contracts are actually entered into, that the only thing important to them is the value of the pound sterling. What the value of the money of their own countries may be, is of no consequence to them. What they have contracted to deliver is a given number of pounds sterling, and the real cost of such a delivery is determined by the prices in pounds sterling of movable commodities, and of the classes of negotiable stocks and securities which can be transferred from one national market to another.

If the standard unit of money in actual use in the United States is to be the gold dollar, the greenback dollar being kept equal to it by convertibility into it, and the silver dollar being kept equal to it by increased weight, or by limitations of the number coined, the par of exchange between the dollar and the pound sterling, based upon the relative weights of fine gold in the gold dollar and in the British sovereign, will be 4.8665 dollars for one sovereign. If the standard unit of money in actual use in the United States is to be the silver dollar of the present weight, and of the commercial value of the bullion in it, plus the cost of coinage, which must be the ultimate measure of its value even under the present law of February 28, 1878, and if the present market relation of gold and silver bullion shall continue with substantial permanence, the par of exchange will be about five and one-half dollars for one sovereign, or pound sterling. But of what imaginable consequence is the value of the dollar to a man who has contracted to deliver pounds sterling, which is a totally different thing? If instead of its requiring at the par of exchange five and one-half dollars to purchase a pound, it required twenty, wherein would an American be "the loser" any more than a German is now "the loser," because he cannot purchase a pound with less than twenty of his units of money?

Without doubt, a person in the possession and ownership of American dollars, exchangeable in the market for pounds sterling, at 4.8665 for 1, would find himself greatly benefited in paying a debt

due in pounds sterling, if he could exchange a single dollar for a pound. A Frenchman owing money in London, would also be greatly benefited, if the value of his francs could be advanced by some sudden stroke of magic to the value of sovereigns. So too, a party owning wheat purchased by the bushel, and under contract to deliver in Liverpool a given number of centals of wheat, would be greatly benefited if his bushel of wheat instead of weighing sixty pounds, should in some mysterious way acquire the weight of one hundred pounds. But in neither of these cases does any loss arise from the facts that the actual relation of value is maintained between dollars and francs on one side and pounds sterling on the other, and that the actual relation of weight is maintained between bushels and centals of wheat.

The value of the dollar is of vital moment to a man who has promised to deliver dollars, but that it is of any consequence to a man who has promised to deliver pounds sterling, or that the relation between the dollar and the pound can in any way affect trade between this country and England, or the payment of debts to England, is not only an absurdity on the face of it, but is contradicted by our own recent experience under the greenback *regime*, when the price of the pound sterling ranged for several years from eight to twelve dollars. Debts to England are paid, not in dollars, but in cotton, wheat, tobacco, petroleum, etc., or in gold, or silver bullion, sent thither and sold, not for dollar prices, but for pound sterling prices. During the greenback era, trade and the payment of debts between this country and England went on without loss, or obstruction, so far as the difference in the value of the pound and dollar was concerned. So also they went on without obstruction, or loss, between the Atlantic and Pacific coasts of the United States, the value of the unit of the current money of which was materially different, although the name was the same, the Pacific coast dollar being worth from one and a half to two and a half times as much as the Atlantic coast dollar.

This whole question, whether a nation owing debts payable in a foreign money, is affected unfavorably by a depreciation of its own money relatively to such foreign money, has been recently decided very largely in England in respect to India, and has been settled in the negative by the concurring judgment of all disinterested British authorities. The case was in brief, that by an oscillation in the relative value of gold and silver, about twelve rupees were required to purchase a sovereign, instead of only ten rupees as formerly. India, having many sovereigns to pay in London every year, was therefore obliged to pay one-fifth more rupees more for them than before the change. Thereupon, certain ingenious persons who held securities payable in rupees, or received pensions and salaries payable in rupees, and were therefore naturally anxious to raise the value of rupees, set themselves to work to persuade the people of India that they were suffering, not from a rise in the value of gold and the necessarily concurrent fall in the gold prices of Indian produce sold in London, but from the fact that the rupee had not risen simultaneously and equally with the sovereign. The remedy which they proposed was, that the coinage of the rupee should be wholly suspended, or restricted, until its present value should be so increased that ten rupees would again buy one sovereign. But it was too plain that the ten rupees, appreciated as proposed, would cost as much to procure as twelve do now; that the real misfortune to India was the recent rise in the intrinsic value, or purchasing

power, of gold, whereby it took more Indian staples to procure the same number of sovereigns; and that a "loss by exchange" is an altogether imaginary and impossible thing, as exchange is nothing more than giving for one kind of money its equivalent in another. The British judgment upon the whole matter was summed up in December last, in the following words in the *London Times*: "The loss by exchange to the Indian community as a whole, *except in so far as gold may be appreciated*, is plainly only one of account. The tribute they pay to England is really paid in tea, cotton, and other goods, the value of which is determined by the gold price they realize in the markets to which they are exported. *Whether Indian money is silver or gold is of no consequence*. If the Indian Government loses on the face of its accounts, because it receives its revenue in silver, the way to rectify the balance is to increase the nominal taxation, which may as well be done directly as by the suggested appreciation of the rupee, which would come to the same thing."

A nation, having a silver or paper currency, and finding that the gold money in which it owes and must pay foreign debts has become more valuable, and can only be obtained at greater sacrifices, cannot reach the difficulty at all, by further limiting the quantity, and thereby appreciating the value of its own money. It may, however, make the difficulty worse, by deciding to use gold as its own money, and thereby making a new demand for it and adding to its value. Or, if it is already using gold as its money, or as part of its money, it may diminish the difficulty by giving up such use of gold so as to surrender what it possesses of that metal to other markets and thereby reduce its value.

In his address at Harvard University, Mr. McCulloch pointed out with great vigor and eloquence the ruin certain to result to indebted individuals and nations from the scheme of gold mono-metallism. He said: "As the world is covered all over with debts, so great an appreciation in the value of gold as that which would result from the general disuse of silver, would be overwhelmingly disastrous."

But, in the opinion of Mr. McCulloch, there is one disaster still more "overwhelming," and that is, to have our currency in actual use on a silver standard, which shall not be kept up to the gold standard, either by a limitation of the silver coinage, or by a success in the doubtful enterprise of persuading all commercial nations, and especially both Great Britain and Germany, to adopt the double standard on a mint ratio of the metals to which our own should correspond. The present par of exchange between an American dollar and a British sovereign being 4.8665 for 1, he is persuaded that an alteration in this exchange to 5.50 for 1, is a greater misfortune than it would be to have the twenty thousand millions of dollars of public and private debts in this country doubled in their real significance and pressure.

It is the idea of Messrs McCulloch and Schurz, expressed in various forms of language, that if other commercial nations employ a currency of gold, our currency can be kept "on a par" with theirs, by being made of the same material and in no other way. But if by "par" is intended a condition of equality, under which things are numerically interchangeable, it is plain that there can be no "par" in that sense between our currency and that of the currencies of either Great Britain, France, or Germany. Our unit of value is rather more than one-fifth as great as that of Great Britain, which is the pound sterling; more than five-times as great as that of France, which is the

franc; and four times as great as that of Germany, which is the mark. Nor is there any other conceivable sense in which a dollar, by reason of its being manufactured of gold, can be properly said to be on a "par" with a gold sovereign or a French Napoleon.

If our money is made of either gold or silver, it is accepted when we send it to foreign countries, not according to any denomination we may please to give to it in our laws and transactions at home, but by weight and according to the market value of the bullion which it contains, and without any addition for the expense which may have been incurred in coining it. Or, as Mr. John Sherman expressed it in his letter of September 17, 1879, to R. C. Stone: "The weight and fineness of coin alone measure its value in international commerce. The stamp of a government cannot increase or diminish it."

The effect of coining sovereigns and dollars from the same material is not to make them equal, or "on a par" with each other, but it is to establish a ratio for the exchange of the one for the other, from which there cannot be any variation, exceeding the costs of all kinds of moving gold from New York to Liverpool, or from Liverpool to New York. According to the present coinage laws of Great Britain and the United States, the fine gold in 4.8665 dollars is equal in weight to the fine gold in one sovereign. And inasmuch as the gold dollar is the standard unit of money in this country, by reason of the close limitations on the silver coinage, which as yet keeps the value of the silver dollar up to that of the gold dollar, the "par of exchange" between the United States and Great Britain is 4.8665 dollars for one pound sterling. This does not put dollars and pounds "on a par," but it establishes "a par of exchange" between them, and the fluctuations in the actual course of exchange cannot exceed the costs of moving gold between Liverpool and New York. It is true, however, that a "par of exchange" would equally exist, if our standard unit of value in actual use was the silver dollar. In that case the "par of exchange," at the present relative market value of equal weights of fine gold and fine silver, would be about 5.50 dollars for one pound, and would be determined by the gold price of the bullion in a silver dollar, instead of by the gold price of the bullion in a gold dollar. Neither 4.8665 for 1, nor 5.50 for 1, is "par," and there is no intrinsic or necessary reason for preferring as a "par of exchange," the one set of figures to the other. Which is the better, at any given time, will depend upon the particular facts existing at such time. If the pound sterling has greatly depreciated in value and purchasing power, so that the prices of commodities in British markets have greatly risen in British markets, it would be desirable, as a means of preserving the steadiness of prices in our own markets which are measured in dollars, that the "par of exchange" should be a diminished number of dollars for a pound. But if, as is the actual and acknowledged fact at the present time, the pound sterling has greatly appreciated in value and purchasing power, so that the prices of commodities have greatly depreciated in British markets; it is desirable as a means of preserving the dollar prices at home of such of our commodities as find their market in Great Britain, that the "par of exchange" should be an increased number of dollars for a pound. Or, in other words, the present condition of things is such, that the dollar prices of everything we send to England would come nearer to the scale of prices, when the mass of existing debts in this country were incurred, if the "par of exchange" between the dollar and pound were 5.50 for 1, than at

its present rate of 4.8665 for 1. If the present relative market valuation of silver and gold bullion remains as it is to-day, a "par of exchange" of 5.50 to 1 will be reached at once, with the free coinage of silver, and will be reached ultimately at a continued coinage of \$2,000,000 per month, and the sooner it is reached the better for the country.

In respect to the opinion of Mr. McCulloch that a "par of exchange" between the dollar and the pound of 5.50 for 1 would be more "overwhelmingly disastrous" than a duplication of the pressure of all the debts of the world, his right to maintain any views, however extraordinary, must be admitted, but I protest against the assertion made at Cincinnati on the 20th of August, by Mr. Schurz, that Mr. McCulloch is accepted as a "valuable authority" by the supporters of the double standard in this country. I think I know the opinions of the men who passed the silver law of February 28, 1878, quite as well as Mr. Schurz does. I certainly have had better opportunities to know them. They do not accept Mr. McCulloch as an authority, and there is scarcely an opinion in his Harvard lecture on the subject of metallic money, which they have not already repudiated in the most authentic and unmistakable manner. Not only did they pass the silver law of February 28, 1878, which he denounced at Harvard University as a "grand mistake," but they did also, while it was pending in Congress, decisively negative the proposition which constitutes the stress of his whole Harvard University lecture, viz.: that the coinage of silver is to be abandoned, if its market relation to gold shall prove to be finally and permanently below the mint ratio of the two metals as now established by law.

In the Senate of the United States, February 17, 1878, the pending bill being the bill directing the coinage of silver dollars, a vote was taken, after debate, on a proposition to strike out the clause authorizing the indefinitely continued and unlimited coinage of silver at the rate of from \$2,000,000 to \$4,000,000 per month, and to insert the following: "One hundred millions of such dollars shall be coined during three years from this date, and if the average monthly gold price of such silver bullion during the last twelve months thereof shall be less than ninety-seven one-hundredths of a gold dollar, the Secretary of the Treasury may suspend such coinage until further action by Congress."

On this amendment there were twenty-five yeas, forty nays, eleven absentees, and there were two Senators paired, Mr. Edmunds and Mr. Ingalls.

Of the twenty-one Senators present, who were friends of a single gold standard, and who finally voted against the whole bill, every one voted in favor of the amendment.

Of the forty-four Senators present, who favored the remonetization of silver, and who finally voted for the whole bill, all voted against the amendment except four, viz.: Messrs. Cameron and Wallace of Pennsylvania, Mr. Cameron of Wisconsin, and Mr. Windom of Minnesota.

It had been admitted on all sides in the general discussion upon the bill, that the tendency of coining silver in this country would be to diminish the divergence between the two precious metals, and on the side of the supporters of the bill hopes were expressed that the free coinage of silver would put an end altogether to this divergence. But as it might still continue, notwithstanding the resumption of silver coinage at the United States mints, the amendment voted

upon on the 17th of February was intended to present, and did distinctly present, the question whether the coinage of silver should be given up if, after a trial of it to the extent of \$100,000,000, it was found that the ratio of silver to gold in market value, was below the ratio adopted at the mint, by as much as three per cent. Forty out of forty-four, or substantially the entire body of the supporters of a double standard, voted in the negative, and the debate upon the amendment developed their opinion to be, that no degree of divergence in the market values of the two metals would furnish a sound reason for discontinuing the silver coinage. That their opinion on that point is still decisively the same way, is shown by the recent passage in the House of Representatives of a bill directing the unlimited coinage of silver, when the divergence between the two metals instead of being three per cent., was five times three per cent. If it is possible for a party to manifest their opinions by their votes, and to show what authorities they rely upon and what authorities they repudiate, the supporters of a double standard in this country have proved that they do not believe that a continued or even-increasing divergence in the value of the metals is any reason for abandoning it. It is, in fact, entirely well known that they believe, on the contrary, that the scarcer and more costly gold may become, the more urgent will be the necessity of coining the other metal.

The debate on the amendment, voted upon February 17, developed their opinion to be, that a divergence in the value of the metals, long enough continued to have the appearance of being probably permanent, would present a case, not for arresting the coinage of silver, but for considering the propriety of equalizing the value of gold and silver by a new adjustment of their weights. But in respect to such a future adjustment, they repudiated the idea that gold had any dignity or superiority as a standard, over silver, or that there was any *a priori* reason for equalizing values by adding weight to the silver dollar, rather than by deducting weight from the gold dollar. They left that to be determined by the equities surrounding the case when it occurs, if it ever shall occur, and would not permit it to be pre-determined by the false assumption that gold ever had been, or would ever be permitted to be, the standard in this country any more than silver.

The principle which ought to govern the rectification of a divergence between the two standards, is too plain to admit of any fair dispute. Steadiness in the value of money is the universally acknowledged desideratum. If both the metals have appreciated in intrinsic value, or purchasing power, which is the actual case with which we have now to deal, the equalization should be downward to the dollar which is the least dear. That is not complete justice, but it involves less injustice than an equalization upwards to the standard which is the most dear. No other equalization will be made, unless it is assumed that a majority of mankind can be persuaded to override all sound moral and political principles for the sake of increasing their own burdens. GEO. M. WESTON.

A COPPER BONANZA.—The Calumet and Hecla Copper Mining Company, Lake Superior, on a paid-up capital of \$80,000, has paid \$13,000,000 in dividends since 1867, and is now paying \$400,000 every three months. No end to its productiveness is visible.

FINANCIAL MACHINERY IN FRANCE.

The French Post-Office has recently adopted a system, long practiced in Germany, of collecting bills of exchange and notes, for small amounts, which are payable outside of Paris. No sum greater than 500 francs is collected in this way. The charges made for this service are one-fourth of a franc for the envelope and postage in transmitting the bill, or note, and a percentage on the amount collected. This percentage charge ranges from one-tenth to one-half of a franc. For the return of the money the cost of a money order is added. The French have had the system in operation since the 15th of June, and accounts are given of its operation for two and one-half months to the end of August. In all, 132,000 bills of exchange and notes for an aggregate sum of 2,800,000 francs have been received, of which 2,050,000 francs were paid, and 750,000 francs were unpaid. The number of bills and notes received, increased from 16,000 in the first fortnight to 31,000 in the last fortnight reported. As will be seen, the bills and notes are for very small sums, showing an average of about twenty-one francs each.

The money order system, as it exists in Great Britain and this country, affords facilities for the payment of small sums at distant points, and it is probable that the charges now made for that service here could be still further reduced. But it is very doubtful if the German and French plan of sending notes through the post-office for collection could be successfully adopted in the United States. The subordinate officials in Germany and France work for comparatively very little pay. Their tenure of office is substantially permanent, unless they commit some breach of trust, and they find in this security of position a partial offset to the meagreness of their salaries. In addition, the wages for similar work performed for individuals in those countries, are very low compared with what they are in the United States. It therefore becomes possible for the governments of Germany and France to carry on operations which would break down utterly here. Bismarck is proposing to run all the railroads as a branch of the public service, and has persuaded himself that it may be done with economy and profit. He may be right about that, under the circumstances which exist in Germany, but there cannot be two opinions about the impossibility of making such a scheme successful here. And circumstances must change greatly, before our post-office can collect bills of exchange and notes, as safely and cheaply, as it is now done through the agency of banks and express companies.

That the French make comparatively little use of bank checks and clearing houses is well known, but the following extract from the Paris correspondence of the London *Economist* will give some exact figures on the subject :

At the present moment the Paris Clearing House, called the *Chambre de Compensation des Banquiers de Paris*, comprises the following fifteen houses : The Bank of France, *Comptoir d'Escompte*, *Crédit Foncier*, *Crédit Industriel et Commercial*, *Société de Dépôts et Comptes Courants*, *Crédit Lyonnais*, *Société Générale*, *Banque de Paris et des Pays-Bas*, *Caisse Commerciale de Paris*, *Claude Lafontaine*, *H. Prevost, Martinez et Cie.*, *Lehideux et Cie.*, *De Baeque et Beau*, *Thelier-Henrotte*, and the *Union Générale*. The clearings by this establishment of course appear insignificant by the side of the immense sums that pass through the London Clearing House, but the business is steadily increasing, and will continue to increase as the custom of keeping banking accounts and paying with cheques becomes vulgarised. The clearings comprise bills of exchange and all other paper ; if confined to cheques, the aggregate amount would be much smaller than it is. The Clearing House was only established in 1872 ; it commenced with seventeen members, but the number subsequently fell to nine only by the withdrawal of houses whose business was of little importance. There have been, however, since some adhesions, which have raised the number to fifteen. The total amount of clearings in 1873, and subsequently, was as follows :

	<i>Francs.</i>		<i>Francs.</i>
1873.....	2,142,000,000	..	1876..... 2,598,000,000
1874.....	2,009,000,000	..	1878..... 2,628,000,000

The returns for the first nine months of 1879 show an increase of clearings as compared with 1878, from 1,785,000,000 francs to 2,130,000,000 francs. There is thus some progress in the use of checks and clearing houses, but it is slow, and it will be a very long time at any rate, before Paris is on an equality in that respect with London, or even with New York, where the clearings for the past year amounted to \$26,578,881,753.

The great use of actual money in France is believed to give more steadiness to their commercial and financial affairs, and it is therefore doubted by many persons whether the French will really improve their own condition, by a more extensive resort to the various expedients by which the use of money is economized. However that question may be decided as an abstract one, it is not doubtful that the motives of individual interest which prompt the adoption of such expedients, will finally prevail, more or less, in influencing the practice of French finance, and that, as a consequence, the tendency in France will constantly be to use less of the precious metals as money. If the French employed as little in proportion to their business as their neighbors on the other side of the British Channel, or as is employed in this country, they would give up for the use of other nations more gold and silver than has been down to this time extracted from the Comstock Lode.

BANK OFFICERS—THEIR POSITION AND PROSPECTS.

[FROM THE SCOTTISH BANKING AND INSURANCE MAGAZINE.]*

In its business aspects, banking in Scotland has been brought to a point of perfection which has called forth the commendation of economists in all nations. But it is to be feared that the energies of Scottish bankers have been so exclusively devoted to the work in hand as to leave very little leisure for theoretic study, and almost entirely to divert attention from the question of the well-being of the *personnel* of the profession. So stagnant has been the condition of Scottish bank clerks, that in Scotland banking is popularly regarded as the most dismal and hopeless of respectable professions. A Scottish bank clerk vegetates—there is life in him, possibilities, latent faculties, but the almost invariable practice is to leave these dormant as long as possible. Training, in the sense of gradually educating the embryo banker, for business responsibilities, is virtually non-existent in bank offices. Valuable work in this direction is now being carried on by the Institute of Bankers, but it is essential that, in addition to general and theoretic knowledge, experience should be acquired in practice. But in the majority of Scottish banks the young men are not only left to pick up their knowledge as they best may, but every generous impulse, laudable ambition, or inducement to activity and interest are chilled, if not annihilated, by the comparative inattention to which their special interests are subjected.

That this matter has, in one shape or another, repeatedly been considered by directors and managers is unquestionable. What we object to is, that no permanent solution of the question has been seriously sought for. Whenever it comes up it is settled by some temporary measure. An all-round bonus, a general increase of salaries, or a few special promotions, are the expedients with which murmurs are suppressed for the time being. Many will say, and actually do say, "What more can be done? Banking at best is but a slow and monotonous business in which prizes are few and difficult of attainment. Besides, most of the work is of such a nature that it does not merit great remuneration." This is the position usually taken up by *laissez faire* bank philosophers, and they think that nothing further can be said on the subject. For our part, we agree with their premises, but we demur to their deductions. We believe that banking is a monotonous and slow business, without many inducements to energy or opportunities for ability, seeing it has been systematically made so; and we do not doubt that, for the most part, clerks' salaries are in accordance with the nature of their employment.

The root of all the nerveless languor, hopeless discontent, and spasmodic dissatisfaction so often displayed by bank clerks is to be found in the absence of promotion. The Psalmist's words, that "promotion cometh neither from the east, nor from the west, nor

* While much that is here said is applicable to banking in Scotland only, there are truths stated which should be remembered by bank officers everywhere. The prevailing fault among bank clerks and cashiers is the want of ambition to attain a thorough knowledge of the principles which underlie their business. The reading and thinking men ought not to be so few in a vocation which demands keen intelligence and which furnishes scope for the highest ability.
—ED. B. M.

from the south," are literally exemplified in the case of Scottish bank clerks, although, doubtless, they were not designed for such an application. The majority of good appointments in banking establishments in Scotland (in England and Ireland the conditions are reversed) are conferred on outsiders. This has been brought about innocently enough by the manner in which the banking system was developed. When branches are being struck out, exterior influence is generally necessary to the formation of a business connection. But it by no means follows that, where that end has been attained, a continuance of the system is advisable. Indeed, it is demonstrable that, by the perpetuation of the practice, the banks are themselves losers. While they are supporting a large array of country lawyers and tradesmen for the sake of their "countenance" (the work being done by bred bankers in a subordinate capacity), they are yearly accumulating in their service at slowly increasing salaries, large bodies of men who, qualified by years of service, would gladly undertake both the responsibilities and the duties for the same remuneration as is paid to the agents, and leave their clerical duties to be performed by younger men at smaller salaries. This would result in a sensible reduction in salary expenditure at the larger offices. But not only so. Branch work would be cheaper and better done, as, with professional agents, extra assistance might to some extent be dispensed with.

Some agents may feel aggrieved by these remarks, but we would submit the following considerations to their unbiased judgment. Natural shrewdness and business-like qualities, combined with prolonged banking experience, doubtless enable most of them to fulfill their duties in a satisfactory manner; but what were their initial experiences? For it is in regard to new appointments only that we are referring. Did they not feel very much out of their element in taking charge of an entirely new kind of business? Moreover, would they consider it a safe or judicious proceeding to entrust their respective businesses (in which, presumably, they served long and laborous apprenticeship) to the direction of men bred to other trades? Without doubt, they would condemn such an action as unwise, and, if done to their prejudice, as unjust. The point of view of the old unpromoted bank officer is analogous.

It is not specially, however, in regard to agencies that our remarks apply, but to the system, or rather want of system, which prevails in connection with the advancement of young bankers. From the time of their entrance into the service they should have reason to feel that they are in a current of promotion, from the benefits of which only their own incompetency can exclude them. A heartfelt *esprit de corps* should be carefully encouraged in each establishment. This, however, can only be accomplished by making the staff happy in their present circumstances and hopeful of their future prospects. It is but poor service whose spirit is found only in pay. If higher and more generous feelings are not brought actively into play, there must be some radical defect either in the men themselves, or in the arrangements to which they are subjected. And this brings us to another point. We have hitherto spoken mostly on behalf of the junior officers, but we do not desire to delude them into the belief that they are ill-used. We believe that more beneficial arrangements might be made for their advancement, but, on the other hand, it cannot be doubted they have much to be thankful for. A bank clerk's circumstances will contrast very favorably with those of any other description of

clerk with perhaps the exception of the government service. The one point in which he is unfavorably placed is the difficulty he experiences in rising to a higher position. Lawyers' and merchants' clerks, while not as a rule in as easy circumstances, have much wider possibilities open to them. It is this that has induced us to bring forward their claims of the present time, and to seek to preserve to them, if not a practical monopoly, yet a large share of the opportunities which legitimately offer in their own profession. Let them not forget, however, that much lies in their own power towards the attainment of this end, in earnestly striving to qualify themselves for official responsibilities, by diligent study of all matters connected with the history, theory, and practice of banking. In this they will as truly be fulfilling their duty to themselves as to their employers.

THE BANKERS' ASSOCIATION OF INDIANA.

This Association held its first meeting in Indianapolis, on October 1st. The convention was called to order by F. A. W. Davis, Vice-President, for Indiana, of the American Bankers' Association, who stated the object of the meeting as follows:

Gentlemen: You have been invited to meet and organize a State Bankers' Association, and to take steps looking to the welfare of the banking interests of the State. You are also invited to give earnest attention to the government tax upon deposits, and the two-cent stamp upon checks, to the end that some wise measures may be adopted to give relief. It is my firm belief that when the people of our State understand fully this question of taxation, they will promptly instruct their representatives in Congress to vote to repeal the taxes. Their sense of justice is so strong that they have but to know the right to do it. Gentlemen, it should be your pleasure, as well your duty, to enlighten the people upon this important matter, and to show them that their interests are ours and our interests theirs, and that whatever is a burden upon a branch of business so closely connected with all branches is a burden upon the whole.

On motion of Mr. Davis, J. B. Howe, of Lima, was made temporary chairman, and Walter Vail, of Michigan City, secretary.

Judge Howe, the chairman, earnestly advocated the organization and urged its great importance. A committee on Constitution and By-Laws was then appointed and reported, through its chairman, a Constitution and By-Laws:

The Constitution begins with the following declaration:

In order to promote the general welfare and usefulness of banks and banking institutions, and to secure uniformity of action, together with the practical benefits to be derived from personal acquaintance and from the discussion of subjects of importance to the banking and commercial interests of the country, and especially in order to secure the proper consideration of questions regarding the financial and commercial usages, customs, and laws which affect the banking interests of the entire country, we have to submit the following Constitution and By-Laws for "The Bankers' Association of the State of Indiana:—"

Among the articles are the following:

Any National or State Bank, Trust Company, Savings Bank, Banking Firm, or Banker may become a member of this Association

upon the payment of such annual dues as shall be provided by the By-Laws, and may send one delegate to the annual meetings of the Association; and any member may be expelled from the Association upon a vote of two-thirds of those present at any regular meeting.

Each delegate shall be an officer, or director, or trustee of the institutions he represents, or a member of a banking firm, or an individual doing business as a banker.

The administration of the affairs of this Association, shall be vested in the President of this Association and one Vice-President, and in an Executive Council, composed of five members of this Association to be elected at the annual meetings.

Annual meetings of the Association shall be held at such times and places as may be determined by the Executive Council. Special meetings may be called by the Council, if, in their opinion, circumstances require them, giving ten days notice of the time and place of meeting, together with the subject matter of business to come before such special meeting.

The expenses of the Executive Council of the Association, in carrying out the business to be done by them, shall be provided for by the annual dues of the members of the Association; provided, however, that the annual dues shall not exceed ten dollars in any current year upon each member of the Association; and the Executive Council shall have no authority to incur or contract, on behalf of this Association, any liability whatever beyond the annual dues hereby authorized, and only that for the purposes hereby designated.

A by-law fixes the annual dues of all banks and trust companies, and of all private bankers, regardless of the amount of capital, at ten dollars,—five dollars payable on admission to membership, and the balance subject to call of the Executive Council.

The committee nominated to report permanent officers for the Association reported: For Executive Committee, F. M. Churchman, W. W. Woollen, A. D. Lynch, of Indianapolis; Jesse J. Brown, New Albany, and Hugh Daugherty, Bluffton.

Judge J. B. Howe was elected President for the ensuing year, and M. L. Pierce of Lafayette was elected Vice-President.

The Executive Committee reported the name of F. A. W. Davis for Secretary, and T. B. Haughey for Treasurer, and the nominations were confirmed.

SILVER FOR CHINA.—During September, the silver shipments from San Francisco to China (including Hong Kong) were as follows:

Bars.....	\$453,000
Mexican dollars.....	114,677
Trade dollars.....	14,323

Total..... \$582,000

During the first nine months of this and the two preceding years, they were as follows:

	1877.		1878.		1879.
Bars.....	\$5,416,850	..	\$6,145,137	..	\$4,355,914
Mexican dollars.	2,029,635	..	1,917,151	..	1,626,530
Trade dollars...	6,554,909	..	1,172,290	..	532,697
Totals.....	\$14,001,394	..	\$9,334,578	..	\$6,515,141

THE CANADIAN PACIFIC RAILWAY.

The Canadians are now hoping and many of them expecting, that, at the next session of the British Parliament, the Imperial guarantee will be given to a colonial loan of \$ 100,000,000 to build the Canadian Pacific Railroad. It is not impossible that something of that kind may be done. Under the first irritation caused by the recent protective policy of Canada, Englishmen were inclined to say that they would do nothing more for that colony. Mr. Bright gave energetic expression to feelings of that kind. But they now see that with the Pacific Railroad built, Canada may furnish them all the wheat they want, and make them independent of supplies from the United States. Furthermore, Canada may be persuaded by British liberality, in the way of the desired guarantee, to relax its tariff, or, at any rate, not to make it any higher. The fund-dealing interest of London may always be relied upon to support any project to create well-guaranteed stocks to trade in and receive dividends on.

The road is to run north-west from Montreal, skirting the north shore of Lake Superior, which it touches at Fort William, which is to be the summer port for the western regions farther on. The country is poor until Fort William is reached, but is very fertile beyond for an immense distance, to the Western termination of the valleys of the Assiniboine and Saskatchewan.

A Canadian paper makes the following statement about this great enterprise: "Already work is either finished or progressing rapidly on 416 miles of railway between the head of Lake Superior and Winnipeg; an additional 100-mile contract, from Winnipeg west, has just been awarded; and the government is in funds to construct another 200 miles, commencing at the terminus of the 100-mile contract. Sixty-five thousand tons of steel rails have just been purchased in England, sufficient for all of the 700 miles referred to which will require rails, and leaving 11,000 or 12,000 tons for the recent purchase from the Grand Trunk.

"It is the government's intention to spend five millions of dollars a year on the Pacific railway, this expenditure to be met by the issue of Pacific railway bonds, secured, first, on the ordinary revenue of the country; second, the 200,000,000 acres of land along the railway. These bonds will be accepted by the government in payment for land.

"Mr. Sanford Fleming estimates that the railway from Winnipeg west to the Rocky mountains can be built for \$ 10,000 per mile, and the entire distance, including the difficult portions north of Lake Superior, and through and beyond the Rocky mountains for \$ 15,000 a mile. It is estimated that an expenditure of five millions a year for twelve years will build and equip the whole of the road remaining to be constructed.

"The intention, after the present year, to keep the railway built fifty miles ahead of settlement, is still further proof of the intention of the Dominion government to prosecute the work vigorously."

CURRENT EVENTS AND COMMENTS.

GREENBACKS IN THE TREASURY.

The amount of greenbacks held by the United States Treasury, not including those deposited by banks and for which certificates are outstanding, was :

September 1.....	\$ 36,382,606
October 1.....	18,933,254

The law of May, 1878, on the only construction of it which seems allowable, requires the Secretary of the Treasury, when he is making a payment, which can be lawfully made in greenbacks, to pay out that species of money, if he has any of it, in preference to any other. He is expressly commanded, in respect to any greenbacks coming into the Treasury in whatever manner, to "reissue them, pay them out and keep them in circulation." There is no law which commands him to keep either gold or silver in circulation. Of course, he must pay them out to creditors, such as the holders of United States bonds, who have the right to demand coin, and do in fact demand it. But in respect to debts payable in lawful money, he must pay greenbacks, and nothing else, so long as he has any. In no other way can he accomplish the object of the Act of Congress of May, 1878, in respect to greenbacks, which is, to "keep them in circulation."

SILVER COIN IMPORTATIONS.

Among the silver imported during July, August, and September, were the following descriptions :

Trade dollars.....	\$ 311,917
Standard dollars.....	227,221
Fractional United States coin.....	359,625

Since the coinage of standard silver dollars has been resumed, under the law of February, 1878, they have been worth ten or fifteen cents more at home, than abroad, and although a few may have straggled out of the country, we do not see how there can have been any export of them. The 227,221 dollars reported above as imported, must be of the coinages prior to the silver demonetizing law of 1873, and they are coming back for the same reason that the fractional coins come back, viz. : because they are worth more here than anywhere else. The coinage of standard dollars was as follows in the years named :

1870.....	\$ 588,308	..	1872.....	\$ 1,112,961
1871.....	657,929	..	1873.....	977,150

These dollars were all exported as they were then at a premium abroad as compared with gold, and some of them now seem to be returning.

MICHIGAN DEBT.

The interest-bearing debt of Michigan is \$ 898,000, of which \$ 591,000 fall due and will be paid January 1, 1883. The State has a sinking fund of \$ 300,000 invested in United States four-and-a-half per cent. bonds.

SMALL GOLD COINS.

A Washington telegram, September 29, stated that of gold coins below \$20, the Treasury held only \$6,179,000, and added that this was "an amount not sufficient to meet any active demand upon the Treasury for small coin." That is true enough, and might be important if there was any evidence that there is any demand, active, or otherwise, on the Treasury for small gold coin. But if nobody is calling for it, \$6,179,000 is a very large sum to be held in such coins.

STANDARD DOLLARS.

The number of standard silver dollars in the United States Treasury, the property of the Government, and not including such dollars as are represented by outstanding certificates of silver deposits, was as follows, at the dates named:

August 1.....	\$28,380,631
September 2.....	29,373,574
October 1.....	30,383,150

As will be seen, the plan of paying ten per cent. of the disbursing checks on the Treasury in silver, a trial of which was made in September, had no effect in preventing, or even diminishing the accumulation of silver dollars. Those which were so paid, were immediately converted into silver certificates, which soon flow into the custom-houses in payment of duties. These certificates, being refused as money by the banks of New York, San Francisco, and Boston, have no other place to go. If they were accepted at all banks, as National bank notes are, it is possible that a large circulation of them might be obtained, but that cannot be fully determined without an actual experiment of it.

INFLATION.

Among the Washington telegrams, floating about the country, is one to the effect that the currency is being inflated by the issue of certificates for silver deposited in the Treasury. The author of this telegram, whoever he may be, is evidently unable to see that the depositing of silver dollars abstracts from the currency, precisely what the certificates issued for them add to it. If certificates issued for deposited silver expand the circulation, how is it with all the certificates issued for deposited gold and deposited greenbacks?

DEBT OF NEW ORLEANS.

The project is agitated in New Orleans, of getting up an association to make an offer to the city to pay all its debts, on condition that the city transfers to the association all the uncollected taxes except those of the current year, and transfer also all its available property and franchises which can properly be disposed of. The property and franchises, the transfer of which is asked for, include the public markets, wharves, and landings, ferries, and sugar sheds, the reversion of the right of the city on all the horse-car railroads, in the New Orleans Gas Light Company, the waterworks, materials and stock now owned by the city, and all such real estate and personal property as is not absolutely necessary or dedicated to public use.

Of course, the theory upon which this offer is made is, that a private association could get a great deal more income out of the property and franchises to be transferred, than the city does. This is very likely to be true, judging from the experience of other cities.

The New Orleans officials, and the New Orleans politicians who hope to be officials some time or other, will naturally resist a proposition which would deprive them of the chances of making money out of the management of city affairs.

MOBILE.

Of the \$2,500,000 debt of Mobile, about one-fifth is owned in New York City. These holders, at a meeting in the early part of September, rejected the offer of three per cent. bonds, and adopted resolutions strongly condemning the action of the legislature in taking away the city charter of Mobile, for the purpose of destroying the power of its creditors to collect their claims. The debt of the city has been scaled down once before. That was in 1875. The property of the late municipality that can be reached is said not to be worth more than \$500,000. Doubts were expressed at the meeting referred to, whether the payment of even the reduced rate of three per cent. interest was sufficiently assured, in the new position in which Mobile has been placed by the legislation complained of.

MISSOURI LOCAL DEBTS.

A paper published at the capital of Missouri prints a detailed list of the county and municipal debts in that State, and makes the aggregate between forty and forty-one millions. The St. Louis papers say that this is an exaggeration, and it fails to take notice of reductions which have taken place in many of the debts, from compromises with creditors and in other ways. It is at any rate very large, and especially when considered as an addition to the State debt, which is about twenty-five millions. Missouri has, however, enormous resources, and can steadily diminish its debts, and that is the only safe policy. The reduction of the State debt is secured by a sinking fund under a Constitutional guarantee.

THE WEST COMPLAINING.

The *Chicago Tribune* said, early in October: "Notwithstanding the advance in the price at which they sell their produce, the railroads will have eaten up most of the profit, and at the same time will have increased to the farmers the cost of the goods they must buy. This squeezing of the agricultural class will soon react upon the cities. The country merchants, who are now buying liberally upon the prospect of a liberal consumption, will discover that the farmers must still retrench or else again run in debt, and the city merchants will then find their shelves loaded down with old stocks for which there is no market."

This complaint must refer to the railroads beyond Chicago, and not to the roads which connect Chicago with the seaboard. The complaint of the farmers in New York and other Eastern States, in respect to the latter class of roads, is, that they carry freights to and from the West at less than cost, and indemnify themselves by excessive charges upon local business.

PACIFIC SLOPE RAILROADS.

The Northern Utah Railroad, extending northerly from Ogden to Idaho, and Montana, is already in operation to Camas Creek. Thirty additional miles are about completed and its length will then be 285 miles, and it will be pushed north still further. The Southern Utah Railroad running southerly from Ogden is making steady progress, and on the 1st of January will reach Frisco, the locality of the Horn Silver Mines. It will be extended ultimately to the Colorado river.

UTAH.

We make some extracts from the accounts of a lecture delivered in this city by Prof. Newberry, upon the wealth of Utah in minerals. These minerals, and especially the gold and silver, are our best reliance for such an influx of "Gentile" population into that region, as will hold Mormonism in check, and finally either destroy it or drive it away:

The Frisco District, on the Beaver River, Prof. Newberry described as an enormously rich region, and destined to become the great center of the gold and silver productions of Utah. Here was situated the Horn Silver Mine, the richest mine of which there was any knowledge. Within the limited area of vein, 300 feet in length, and 300 feet below the surface, 50 feet thick, \$35,000,000 worth of ore certainly existed. The net value of this ore was fully \$17,500,000. There was no refuse matter, and all the ore would yield about \$50 to the ton. The mine was a true fissure vein, traceable for one or two miles. It had been worked down 300 feet, and below that depth it was likely that large additional discoveries would be made.

Professor Newberry said that he regarded Utah as equal in mineral wealth to any other Territory of equal size. In addition to gold and silver the Territory possessed iron mines comparable to those of Missouri and Lake Superior, as regards magnitude and richness. Large beds of coal lay south of the Union Pacific Railroad, capable of supplying all the fuel necessary to the reduction of the precious metals of the Territory.

Salt, which besides its value as an article of necessity, was very necessary in the treatment of silver ores, could be had for \$2 per ton. On the Spanish Fork, a stream running into Utah Lake, were extensive beds of ozokenite, or mineral wax, which had been found elsewhere only in Galicia. Gypsum, niter, sulphate of soda and other important materials were also found.

HEAT IN MINES.

In a lecture recently delivered in New York, Prof. W. F. Stewart, of Virginia City, combated the theory that there is any regular increase of heat as the earth is penetrated from the surface. Formerly that was a generally accepted theory, but it is not so at present among those engaged in deep mining, who prefer to attribute the heat they sometimes encounter to chemical and electrical action, caused by the first exposure of the interior of mines to the air. Prof. Stewart stated: "As we penetrated toward the centre of the earth, after passing the point of the greatest electrical activity the heat decreases. I have no fear that the deep mines of our western regions will have to be abandoned. According to Baron Von Humboldt, the heat of the earth increases one degree for every fifty or sixty feet, but it has been found that in many places this theory does not hold good." The lecturer mentioned the fact that there was in Prussia an artesian well 5,000 feet deep, solid salt existing all the way down. There had been soundings of the deep sea some five or six miles down since the time of Humboldt, and the water was found colder at the bottom than on the surface. At St. Louis, an artesian well had been sunk some 3,800 feet, and although strata of cold, warm, and hot water had been revealed, many of the cold strata were below the warmer strata.

AMERICAN ELEVATORS.

The American grain elevator is to be introduced at Havre. At any rate, the citizens have got along so far as to raise a committee on the subject. It is said that the present method of handling grain at that important port, is to have it carried on men's backs, and that the grain is exposed on the quays to loss by weather and thieves.

SEAPORT CHARGES.

The expenses of grain-loading ships at the various ports in this country, have been stated and discussed in the press of the several cities concerned. The Toronto *Monetary Times* now comes forward with a statement from the Harbor Master of Montreal, which makes the expenses there as low as in Boston, and lower than at any other of our principal ports. The total expenses of an 800-ton sailing vessels, discharging ballast, loading with grain, etc., at different ports are given as follows:

New York.....	\$ 2,073	..	Boston.....	\$ 1,557
Baltimore.....	2,056	..	Montreal.....	1,552
Philadelphia.....	1,871	..		

In this total of expenses, the item of towage figures as follows:

New York.....	\$ 70	..	Boston.....	\$ 95
Baltimore.....	156	..	Montreal.....	450
Philadelphia.....	105	..		

It is therefore claimed that in respect to steamers, not requiring towage, the advantage of Montreal over any of the loading United States ports is considerable.

MANITOBA.

Lord Beaconsfield has been much ridiculed for stating, on what he declared to be good authority, that the farmers of the United States were rushing into Manitoba. Clearly there has been nothing like a stampede in that direction, but nevertheless, the Minister of Agriculture in Canada, states in his last report, that during 1878, settlements were made by 983 farmers from this country.

The first land office opened in Manitoba was at Winnipeg, in 1873, since which time the acres granted have been as follows:

	1873-5.	1876.	1877.	1878.	Total.
Homesteads.....	485,760	55,520	131,902	280,022	953,204
Pre-emptions.....	163,313	42,080	93,809	251,193	550,395
Sales.....	55,191	28,273	160,396	132,345	376,206
Military bounty warrants.	135,116	27,680	12,318	13,434	188,548
Forest tree culture....		480	2,000	5,589	8,078
					2,076,428

Homestead free grants of 160 acres are made on condition of three years' continuous settlement, and persons performing that condition have a pre-emption right to buy an equal quantity more, at one dollar per acre. No homestead grants are allowed within five miles of the Canadian Pacific Railway, and within from five to ten miles they are reduced to eighty acres. Grants of 160 acres are made without payment to any person setting out ten acres of forest trees.

The settlement of Manitoba has been astonishingly rapid, and with improved railroad facilities hardly any limit to it can be foreseen. The fertile area is equal to the territories of France and Germany.

From the rate at which the wheat fields of Manitoba have so far been opened up, and from the progress of immigration into that region, it is estimated that the acres under wheat will be two millions in 1881 and four millions in 1883. The average yield is estimated at fully twenty-five bushels of wheat. Referring to the wheat fields of Manitoba and India, the London *Economist* says that "hardly any better employment for British capital and enterprise can be suggested than to bring these districts into closer connection with the mother country."

BRITISH GRAIN IMPORTS.

During the fortnight ending September, the deliveries in market of wheat by British and Irish farmers, are estimated to have fallen from 1,863,000 centals to 520,000. During the same fortnight, the imports of wheat and flour into Great Britain increased from 2,393,517 centals to 3,587,438. Taking both sources of supply together, there was a diminution of 149,079 centals.

BRITISH LAND PRICES.

The *Pall Mall Gazette*, of October 7, notices with astonishment and alarm the sale of the freehold of a farm of 830 acres in Berkshire County, England, for £6,700. The *Gazette* presumes that it was a poor farm, but any kind of land at £8, or \$40 per acre, strikes it as being of bad omen. The *Gazette* states that the taxes and tithes on this farm amount to £190 per annum, and that it had paid an annual rent of £550 down to 1876, since which time the tenant has been able to pay only £250. The taxes and tithes are deductions from the rent.

LARGE EUROPEAN FARMS.

A correspondent of the London *Times*, writing from Dresden, says:

Much as the extent of the New World farms will astonish some of your readers, I doubt not but that they will be still more astonished at hearing that in this time-out-of-mind settled, and not sparsely-peopled district of the Old World, there are farms of not dissimilar extent, and that require more capital, and that are not unprofitably worked. Mr. G. G. Richardson in his work on the *Corn and Cattle producing Districts of France*, tells us that at Salzmunde, Mr. Zimmerman cultivates 12,500 acres, and that near Oschersleben, Messrs. Strauss cultivate 17,500 acres; and that each of these concerns employs a capital of not less than £400,000. And Mr. James Howard, the well-know agricultural implement maker of Bedford, of which place he was a representative in the last Parliament, in his book on *Continental Farming*, describes his visit to a farm near Cologne, of the extent of 7,200 acres. Eight years ago I expressed the opinion that this is one of the forms the agriculture of the future will assume. In these days, when capital and labor can be commanded to any extent that may be required, and the means of transport have been thoroughly organized, it has become easy and profitable to carry on manufactures and trade upon a large scale, and one can see no reason why the same should not be done in agriculture.

LONDON PRICES OF BEEF.

Although British stock raisers say that they are being ruined by the importation of American cattle, it is authentically established that the price of beef in London was absolutely higher in London in July, 1879, than it was five years previously. The numbers of the *Agricultural Gazette* for July 21, 1879, and July 18, 1874, give the following quotations in the Metropolitan Cattle market per stone of eight pounds: 1879, Best Scots, Herefords, etc., 5s. 8d. to 6s.; 1874, 5s. 6d. to 5s. 8d. 1879, best shorthorns, 5s. 6d. to 5s. 8d.; 1874, 5s. 4d. to 5s. 6d. 1879, second quality beasts, 4s. 4d. to 5s.; 1874, 4s. 4d. to 5s.

THE BANK OF GLASGOW.

On the 17th of October, a further dividend of 3s. 4d. in the pound was declared payable to creditors, making, with previous dividends, two-thirds of all that is due, and reducing the debts from £12,400,000 to £4,133,000. It is expected that by the end of the year the debts will be still further reduced to £3,100,000, and that all the interest, which is running at the rate of five per cent. per annum, will also be paid. Considering the magnitude of the indebtedness, the liquidation has made remarkable progress.

ONE SUCCESSFUL STRIKE.

In Paris, the carpenters and bricklayers, who have been on a strike, have carried their point. The advance in wages which they demanded was not very great. The carpenters wanted one-tenth of a franc added to their hourly pay. The bricklayers wanted three-fourths of a franc added to their daily pay. Their success tends to confirm the accuracy of the statement that the building operations now going on in Paris are on an extraordinary scale.

EUROPEAN PUBLIC REVENUES.

For the first nine months of 1879, the revenue of France exceeds the estimates of the Finance Minister 108 million francs. In Russia, the receipts for the fiscal year have exceeded the estimates forty million roubles, equal in gold value to about \$20,000,000.

GOLD IN AUSTRALIA.

The report of the Minister of Mines, in Victoria, gives exact figures of the immense falling off of the gold production within ten years. The yield of the placers was 1,087,502 ozs. in 1868, but only 264,453 ozs. in 1878. The yield of the quartz ledges has held up better. It was 597,416 ozs. in 1868, and 493,587 ozs. in 1878. The Minister, in view of recent discoveries, believes that the production will, hereafter, improve. The reports of the production in New Zealand continue to be flattering. In the quartz mines, 2,000 tons were crushed from July 21 to August 15, yielding 2,697 ozs., or at the rate of 1 oz. 7 dwts. per ton.

GERMANY ON SILVER.

A Berlin dispatch (sent by whom does not appear) to the *London Standard*, of October 21, says: "There seems to be no doubt that the Government has renounced the plan of reverting to a mixed silver and gold standard. To facilitate commercial transactions, however, they will reissue the thaler pieces, which were to be melted, and will coin a large quantity of two-mark pieces."

Every well-informed reader of this dispatch knows that the German Government has been re-issuing the silver thalers for many months past, and just as fast as they were received. And furthermore, that that Government has never announced, and so far as the world knows, has never had any such "plan," as it is now said to have "renounced." All that Bismarck did in May was to stop the sales of silver, and he declared to the Parliament afterwards that the government had come to no determination as to anything further.

What it will actually do hereafter will, undoubtedly, be governed by the course of events, and we venture to say that when it shall have come to a determination, it will select some other channel of communication with the world than the telegraphic correspondent of the *Standard*, or of any other London newspaper.

RUSSIA.

On the 26th of last May, the paper currency of Russia was 1,128,159,000 roubles, and a reduction of it was anticipated from a loan of 300,000,000 roubles put on the market about that time. No reduction, however, has been effected. On the contrary, the *London Economist* of October 4 says that according to the latest returns there has been a slight increase, the last figures given of the paper currency being 1,132,165,000 roubles.

THE SANDWICH ISLANDS.

A Honolulu correspondent of the San Francisco *Commercial Herald* says: "The prospects for the sugar crop point towards 40,000 tons for 1880—say commencing about the first of December next. This will show quite an increase over the current year. The following year we also look for some increase—say up to 50,000 tons—which will be about our limits under present prospects. There are now fifty-seven plantations or mills, thirty-one of which have started since the treaty went into operation—viz.: two in 1876, thirteen in 1877, fifteen in 1878, and one this year. So many new enterprises started in so short a time, have used up the surplus capital, and money is scarce and the rate of interest high."

SIBERIA.

The extent of the Russian colonization of Siberia is not generally known. The number of Russians now located there is stated officially at four millions, or seventy-eight per cent. of the whole population. The emigration from European Russia to Siberia is said to be still going on with great activity. The colonists, while not objecting to having Siberia made the place of banishment for political offences, are strenuously objecting to its being made use of any longer for the purpose of punishing ordinary criminal convicts. Until lately, the Russian Government entertained the project of pushing a railroad westerly across the vast breadth of Siberia to the Amoor river, but it is now said, is more likely to deflect it southerly to Khiva, Turkestan, etc.

THE FRENCH IRON TRADE.

The returns for the first half of the present year show a falling off in the amount of production, that of pig iron being 701,052 tons, against 766,366 tons in the corresponding half of 1878, being a decrease of 65,284 tons. Manufactured iron plates, etc., figure for 391,468 tons, as against 408,801 in 1878, showing a diminution of 17,333 tons. Steel, however, has increased from 139,622 in 1878 to 154,902 in 1879. The general falling off in production must be attributed to the depression of trade which has pervaded almost everything within the last year or two, and not to foreign competition, as the imports of iron have been gradually lessening. The following table shows the imports for the last five years, taking the first seven months in each year:

		<i>Pig Iron.</i> <i>Francs.</i>		<i>Wrought Iron.*</i> <i>Francs.</i>		<i>Steel.</i> <i>Francs.</i>
1875	..	3,767,000	..	4,106,000	..	2,307,000
1876	..	3,825,000	..	4,922,000	..	2,140,000
1877	..	3,947,000	..	5,174,000	..	2,252,000
1878	..	3,553,000	..	5,425,000	..	1,960,000
1879	..	2,979,000	..	4,368,000	..	2,165,000

The use of charcoal is more and more giving way to that of coal and coke. Iron rails are almost entirely replaced by Bessemer steel rails. During the first half of 1878 the make of iron rails was 26,230 tons and of steel 108,469, but during the last six months the make of iron declined to 18,481, while steel rose to 119,600 tons.

—*London Times, September 30.*

BANK NOTE REDEMPTION.

During the fiscal year ending June 30, 1878, there were sent to Washington for redemption \$213,000,000 of National bank notes, which was two-thirds of the total amount in circulation. During the fiscal year ending June 30, 1879, the redemptions fell to \$157,000,000, in consequence, wholly or mainly, of an order of Secretary Sherman, issued in October, 1878, requiring the express charges upon sending the notes to Washington to be prepaid by the party sending them, instead of being assessed, as formerly, upon the bank whose notes were sent in.

There is a larger number of fives sent in than of any other denomination. There is about one fifty redeemed to nine fives.

The Cincinnati *Commercial* recently published the following from a special Washington correspondent:

"Of the \$157,000,000 received for redemption in 1878-9, only \$40,000,000 were found to be totally unfit for circulation, and were destroyed. The remainder were re-issued.

"Of the \$157,000,000 sent in, \$3,016 only was found to be counterfeit, which is an exceedingly small proportion, and shows that the Secret Service system is doing great good in suppressing counterfeits.

"It is generally believed that banking people are very careful and accurate in handling money and doing business, but inquiry at the dead-letter office of the Post-office Department will show that a great proportion of the misdirected letters containing valuable papers received there are from banks, and in the \$157,000,000 received at the Redemption Division last year, the girls who count the money found errors amounting to \$32,054.77. The Treasury "countesses" are proverbial for their accuracy in counting and their aptness in detecting counterfeits. General Spinner used to say that women could handle money under all circumstances better than men. But it is due to the banks to say that nearly seventy per cent. of the errors they made last year were against them. Out of the \$32,054.77 errors, \$22,148.42 were 'overs,' and only \$9,906.35 were 'shorts,' to use the slang of the counting-room."

THE VOLUME OF CURRENCY.—The Comptroller reports the whole amount of additional circulation issued since the publication of his annual report in November, 1878, at \$11,833,325. The amount of circulation issued in the months of November and December, 1878, and in January, May, June, July, and August, 1879, was considerably less than \$1,000,000 for each month. The amount issued in February was \$1,648,401; in March, \$1,081,026; in April, \$2,018,634. The amount issued in September, 1879, was \$3,480,973, which was more than twice the amount issued during the four months preceding. The total average amount of additional circulation issued during the past eleven months has been at the rate of a little more than \$1,000,000 per month. The increase of circulation for the year ending November 1, 1878, was \$4,216,684, and the total decrease from January 14, 1875, to November 1, 1877, was more than \$30,000,000.

COUNTERFEITING AS A PROFESSION.

The career of a daring counterfeiter, recently made public, presents a history which in its boldness and success is almost incredible. It is that of Frederick Biebusch, the most notorious counterfeiter in the Western States, who was arrested in St. Louis, on October 23d, by United States Secret Service Agent Tyrrell and two of his deputies. Biebusch has been arrested fifty times, has been pardoned twice, and has amassed a large fortune by his nefarious trade. How he has managed to accumulate money and to purchase immunity, is shown in the following account, for which we are indebted to the *New York Times*:

"The history of this man Biebusch is a romance of crime which has few parallels in the criminal records of the country. For twenty-six years he defied the United States authorities, and carried on his nefarious business without punishment. During that period he was arrested no less than fifty times, on evidence which the Government supposed to be amply sufficient to convict him, but on every occasion he escaped the penalty of his crimes and laughed at the efforts of justice to overhaul him. He became known as the 'Great South-Western Koniacker' a title of which he was very proud, because, as he said, he had gained it without giving the Government Police the slightest legal proof that he was entitled to it. He is a broad-shouldered, powerful man, wearing a heavy crop of chin whiskers, rather good-looking, and about fifty-six years of age. For over thirty years he has steadily followed the traffic of the 'queersman' in the West and the South-West, and his vast operations, alike extensive, bold, and profitable, were extended over all that section of the country, from Illinois to Texas, with most wondrous good fortune, and without apparent check, for twenty-six successive years.

"Frederick Biebusch was born in Prussia, in 1823. He came to this country in 1844, when twenty-one years of age, and immediately went West. He began his counterfeiting business before he had been in the United States a year. He established his personal headquarters in St. Louis, and had his secret agents scattered all over the West and South-West. From the beginning of his erratic career he was shadowed by the local authorities, National and State, and his arrests were so numerous as to become monotonous to the readers of newspapers. But he always contrived to escape from the clutches of the law unharmed and unconvicted, and on each occasion of such escape he began again his illegal vocation with renewed zeal. In his counterfeiting operations he dealt personally only at wholesale, and his cautious custom was to negotiate his transfers only in heavy sums. In the transactions he received the good money individually, but he never gave the counterfeit money personally to his customers. This was passed through the hands of women, children ('kids,' as the profession calls them), or the established go-betweens in the trade. He was continually watchful of these people, for he never reposed much confidence in them. The extent of his operations and the vast profits which resulted from them, enabled him to accumulate a

large sum of ready money, upon which he was always ready to draw when an emergency arose, and which he always used freely to prevent his arraignment before the courts when arrested, or to prevent a conviction when his arraignment could not be avoided. He is a very cautious man, trusting few, and those few the men whom he believes to be thoroughly in his power. Like the owl, he preferred the night to the day, whenever he had occasion to be abroad professionally, and so shrewd was he in all his transactions that, although the United States detectives and the local officers of St. Louis were morally certain of the nature of his business, they have only been able to convict him twice during the thirty-five years of his operations in the West.

"When Biebusch first came to this country the State banks were in existence, and he flourished wonderfully in negotiating counterfeit notes of these institutions. At this time he did no counterfeiting on his own account, but he established an agency in St. Louis for the purpose of distributing the counterfeit notes issued by Driggs, Piper, Lew, Sleight, and others. Hundreds of thousands of dollars were scattered all over the West and South-West through the agency of Biebusch. He charged a large commission for standing between the counterfeiters and the small dealers, and in this way accumulated quite a fortune. Then, with a substantial capital to begin with, he went into the business of counterfeiting himself. He associated himself with the notorious Pete McCartney, known in police circles as the 'King of Western Counterfeiters,' and became, first his right-hand man, and, finally, his superior and director. He has received from McCartney, at one time, from \$100,000 to \$200,000 of counterfeit notes, disposing of them for circulation in Iowa, Missouri, Illinois, Kansas, and the Territories. McCartney at this time attended to the engraving and printing of the notes, and Biebusch furnished the money to pay for them. He also became the business manager and financial backer of Benjamin Boyd and William Shelley, the engravers, and employed both of these notorious artists to cut plates for him. He amassed wealth rapidly, and although often caught by the police of St. Louis and the agents of the Secret Service, escaped as often, until it came to be a common question in Missouri, after his release from custody, 'How much did he put up this time to get out o' quod?' His whole life was given up to crime. His arts, his genius his time, his brains, all were devoted to the one purpose of manufacturing and circulating counterfeit money. He furnished the capital for engravers and printers, bought the paper and the ink, and when the notes were printed, put them in circulation through his agency in St. Louis. He is, in many respects, a wonderful man. He is as cool and subtle as he is daring and unprincipled. Like his old companion, Peter McCartney, he adopted a systematic plan in all his business matters, and he was never caught asleep. Arrests never gave him the slightest uneasiness. He took them as a matter of course and as incidents of his business career. He always gave bail promptly for his appearance when wanted; went from the courtroom and looked about him to see what could be done. He found out who were the witnesses that the Government relied upon to convict him. Then he sought these men out, paid them a liberal sum, and sent them away, long distances from St. Louis, at his own expense. When the day set for his trial came, he walked boldly into court, and asked defiantly that the proof against him be produced. The Government found its witnesses spirited away, and, of

course, could make out no case, and Biebusch had to be discharged. When witnesses could not be bought in this manner, weak-kneed District Attorneys were approached and induced for a consideration to enter a *nolle prosequi*. It is doubtful whether any man in the United States ever proved the power of money in compounding a criminal case as thoroughly as Frederick Biebusch did. When the Secret Service Division was first organized, this daring counterfeiter approached several of the subordinate officers and sounded them to find out who could be bought when occasion required. He found his men and rested quietly. On his last arrest, previous to the one on Wednesday, when his residence was searched, several letters were found signed by members of the Secret Service Division, proposing, for a money consideration, to assist him to escape from the grasp of the law whenever he found it necessary to invoke their aid. This statement is vouched for by Colonel Whitley, at that time Chief of the Secret Service Division. Biebusch seems to have had every person who could possibly do him harm completely in his power by means of the money which he gained by the sale of his counterfeit.

"In 1865, after an uninterrupted career of twenty-one years of crime, Biebusch was arrested for about the fiftieth time, and his trial came so soon after the arrest that he had no time to spirit away the witnesses. Some idea of the wealth which the man had accumulated may be gained from the fact that at this time there were found in his possession notes of hand on call for money loaned to prominent citizens of St. Louis, aggregating \$60,000. He was tried, convicted of selling counterfeit notes, and sentenced to ten years in the Penitentiary of Missouri. He served just five months of this sentence, the Governor pardoning him at the expiration of that time. Upon being restored to liberty he began his old business again, and during the next four years he was arrested four times, but escaped conviction on each occasion by means of his old tactics, spiriting away witnesses. It was his boast at this time that he could 'paddle his own canoe in safety forty-nine times out of fifty and clear the breakwaters, sure.' But the fiftieth time came, and this time he did not clear the breakwaters. In February, 1869, he was arrested by Col. Whitley on a charge of uttering counterfeit money. Marked money paid to him by one McCabe for counterfeit notes was found in his possession, and the Government had a strong case. Biebusch gave \$20,000 bail and proceeded, according to his old method, to 'fix' the witnesses. He managed to buy them all off, and sent them away before October, 1870, when the trial began. In the meantime, however, Col. Whitley had hunted down William Shelley, whom he found in this City engraving notes for Biebusch. He arrested him and forced him to confess for whom he was working. Then he took him to St. Louis as a witness against his employer. On the day set for the trial Biebusch entered the court-room, bold and defiant, as usual, but the moment he saw Shelley his courage left him, and he fled, 'jumping' his bail. For a week, Col. Whitley, aided by St. Louis police, hunted for his man. His wife was watched and followed wherever she went. At length, by this means, he was traced to Cabaret Island, a retired spot near St. Louis, above Bissel Point. He was seen to meet his wife here in a cornfield, and then retire to a miserable hut, in which he made his home. The hut was surrounded by a dozen men, and, as Biebusch would not surrender several shots were fired. These failed to bring him to terms, and then the

hut was fired, and he was smoked out. He was taken back to court and tried on five separate indictments before Judge Treat. Shelley's testimony convicted him, and he was sentenced to fifteen years in the Penitentiary at Jefferson City, Mo., on the 13th of December, 1870. He was then forty-seven years of age. He served only five years of his sentence, being pardoned by the Governor in 1875. Since then he has been pursuing his old business, and now, according to the dispatch from St. Louis, he is again under arrest. He is a very wealthy man, and will, in all possibility, adopt his old plan of buying up witnesses, if the opportunity is given him."

THE UTILIZATION OF WASTE PRODUCTS.

Very interesting accounts of a new triumph of modern chemistry have recently appeared in some of the British newspapers. This is a lately discovered process of working up blast-furnace slag, which has been the superabundant rejection of the ironworks of Great Britain. We take from the *New York Journal of Commerce* the following epitome of the discovery in question: "This slag accumulates in that country to the amount of about 8,000,000 tons a year, its bulk being nearly three times greater than that of the iron from which it has been separated in the fusing process. What to do with it has been a standing puzzle with the ironmasters. Except in a few cases where it could be used to fill in tidewater or swamp land and enlarge the area of the works, or to a limited extent in repairing roads, for which it is not in great demand in England, the enormous production of blast-furnace slag has been a heavy charge upon the expenses of the iron business. Proprietors have usually been obliged to set apart land where it could be dumped and got out of the way. The chemist, assisted by the mechanic, has now found uses for this hitherto most troublesome of waste products. By grinding and mixing it with cement it becomes a good material for building bricks. These can be made in an ordinary brick machine by pressure, require no burning, and are said to be incomparably tough and serviceable. Other proportions of the pulverized slag and cement make an artificial stone of great fineness and strength, and capable of being moulded into the most delicate forms. A still more remarkable conversion of the slag is that by which it yields what is called 'silicate cotton,' strongly resembling cotton wool. This beautiful substance is obtained by the simple means of turning a jet of steam on the molten slag. The steam tears up the surface and carries off its fragments, in the form of a fine woolly fibre, into an air chamber, where it is deposited and subsequently collected. This singular substance is found to be excellent for packing into mattresses for the protection of steam boilers, preventing the radiation of heat. The vitreous character of the slag renders it suitable for glass manufacture. It is extraordinarily tough, and in that particular well-fitted for the production of bottles and other kinds of glassware which are exposed to constant hard usage. In the art of toughening glass some remarkable discoveries have been made within a few years. Glass is now for some purposes a substitute for iron. It has been successfully applied in England as sleepers and chairs on railways, and there are

hopes that it may yet prove strong enough for rails! If more brittle than iron, it is thought to be more durable. It is far cheaper than that metal. Sanguine inventors predict that mechanics' tools and many other articles now made exclusively of steel will yet be manufactured from glass, and not be inferior to the present ones while far less expensive. For these higher uses of glass the blast-furnace slag is said to be peculiarly adapted, requiring less of the extra toughening process than it is necessary to give to common glass in order to produce the same results."

THE LAW OF COLLATERAL SECURITIES.

SUPREME COURT OF ILLINOIS.

The Union Trust Company, Appellant vs. Charles W. Rigdon, Appellee.

[REPORTED FOR THE BANKER'S MAGAZINE.]

This was a special action on the case brought in the Circuit Court of Cook County, by Rigdon against the bank, to recover damages for an alleged unauthorized disposition of collaterals.

The following facts appeared :

In May, 1876, the bank held the note of Rigdon, upon which \$1,342 was due, and held as collateral security therefor two notes of John Miller for \$3,000, which had become due while so held by the bank, and also certain notes of one Dickinson.

Rigdon's note described the collaterals, and contained an express power to sell the same, at public or private sale, without notice.

The bank, upon Rigdon's failure to pay his note, offered the collaterals to several persons, and finally to Miller, the maker of the notes, who thereupon paid to the bank \$1,342, the amount due from Rigdon, and the bank surrendered to him all the collaterals, and thereupon Rigdon brought his suit.

Upon the trial in the Circuit, the Court instructed the jury in behalf of the plaintiff, that, under the power of sale contained in Rigdon's note, the bank was not authorized to compromise, with Miller, the matter of the collaterals, and refused to instruct the jury in behalf of the defendant, that under such power the bank had the same right to sell said collaterals to Miller, their maker, as it had to sell to any other person.

The plaintiff had a verdict and judgment for \$1,558, and the bank appealed.

Frank Baker for Rigdon.

The power contained in the note was a power to sell, not a power to compromise, and the transaction was in substance a compromise, not a sale.

In the absence of an express power of sale, it is well settled that the holder of promissory notes, as collateral security, has no right to compromise with the maker for less than their values.

Garlick vs. James, 12 Johnson 145; *Dupuy vs. Clark*, 12 Ind. 427.

The opinion of the Court was delivered by BAKER, J.

It seems to be conceded a case like this has never before arisen.

It may be well, therefore, to briefly state some of the principles which govern the relations of a pledger and pledgee of personal property.

In *Cartelyou vs. Lansing, admr.*, 2 Caines' Cases in Error, 200, is found an exhaustive examination of the subject of pawns by KENT, J.; wherein he not only traces the history of the common law relating thereto from the days of Glanvil, but illustrates that law by apt references to and comparisons with the Roman law and the codes of Continental Europe. He therein notes the true line of distinction between a pledge or pawn of personalty and a mortgage, and says in the case of the former the legal property does not pass as in the case

of a mortgage, with a condition of defeasance, but that the general ownership remains with the pledgor and only a special property passes to the pledgee.

The law is well settled where there is no agreement otherwise, the pledgee in possession takes only a lien on the property as a security, and is bound to keep the pledge and not use it to its detriment, and to redeliver it on payment of the debt. His character is that of a trustee for the pledgor, to return the property if redeemed, and, if not redeemed, then first, to pay the debt, and second to pay over the surplus; and he cannot so deal with the trust property as to destroy or even impair its value. See *Wheeler vs. Newbold*, 16 N. Y. 393.

Where there is no special agreement, and where the subject of the pawn consists of ordinary goods and chattels, then they may be sold and the proceeds applied to the payment of the debt, and this sale may be either a judicial sale, or, in most cases, without judicial process, the legal requirements as to notice and the provisions of the law to secure fair dealing being duly regarded.

But there is a distinction between a pledge of ordinary chattels and a pledge of commercial paper. We said in *Foliet Iron Co. vs. Sciota Fire Brick Co.*, 82 Ill. 549: "The pledge of commercial paper as collateral security for the payment of a debt does not, in the absence of a special power for that purpose, authorize the party to whom such paper is so pledged, to sell the securities so pledged, upon default of payment, either at public or private sale. He is bound to hold and collect the same as it becomes due, and apply the net proceeds to the payment of the debt so secured."

The person holding commercial paper as collateral security for a debt due him has no right, unless perhaps in a very extreme case, to compromise with the parties to the security for a less sum than the sum due on the security; and if he does, he will be compelled to account to the pledgor for the full value. *Story on Bailments*, § 321. And in *Garlick vs. James*, 12 Johns. 145, although it was admitted the defendant acted in good faith, yet as he had compromised with the maker of the note and had received a less sum than was due, it was held he did it at his peril, as he acted without authority, and he was held liable for the face value of the collateral note.

The principles thus stated apply to cases where there is no special contract between the parties authorizing a sale or other disposition of the property or securities pledged.

In this case there is an express stipulation in the contract signed by appellee, to this effect: "I hereby give said company authority to sell the same (*i. e.*, the collateral securities) or any part thereof, on the maturity of this note, at public or private sale, without advertising the same, or demanding payment, or giving notice." The salient words of the contract, so far as regards this controversy, are, "*I give authority to sell at public or private sale.*" Is an arrangement made between the pledgee of past due negotiable paper which matured in his hands, and is held as collateral security for a debt, and the maker of such paper, whereby he transfers to such maker that paper, for less than it face and for an amount precisely sufficient to pay the principal debt, a sale within the meaning of the power conferred? This is the real question at issue. There is no doubt the thing here done, could not be lawfully done without the aid of the special power. But as already remarked, there is no case found where the point at issue has been decided. There is no claim made that the power given is against public policy or is under the ban of any other legal objection.

The only case we find in which there was a special power of like character with that here involved, is *Sparhawk vs. Drexel*, 12 Bank. Reg. 450, and the circumstances of that case and the wrongs there complained of were not the circumstances here found, or the wrongs here alleged. The Court, in that case, laid down this rule of construction as applicable to such power. "Such a contract, so far as it enables creditors to extinguish their debtors' right of redemption by a sale, must, like other contracts affecting equities of redemption, be construed benignantly for the debtor, as benignantly for him as may be consistent with the security of the creditors." And further said: "It is an authority to sell at private or public sale . . . but creditors, in whom such an authority is rested, cannot exercise it otherwise than under a trust for their debtors' benefit as well as their own. They are not to frustrate any just expect-

tation of a surplus, by forcing a sale for barely money enough to secure them^s selves."

The law will deal with the substance of this transaction, not its form. Appellant held in its hands two notes of Miller, duly indorsed, one for \$2,000, and the other for \$1,000, both overdue, and both having fallen due while in its possession as security for the principal debt. The presumption is, Miller was solvent, and such presumption is not rebutted. Thereupon, without having brought suit against, or even having ever demanded payment from Miller, the Trust Company informed him it regretted exceedingly to trouble him about the matter, but that Mr. Rigdon owed it a balance of some \$1,300, to pay which it was about to sell these two notes of his and seventeen notes of W. P. Dickinson, for \$137.50 each, and concluded with the remark "I thought perhaps you would prefer to have the first chance to purchase." This letter of May 3d, must be understood, if not a direct proposition to surrender and transfer the collaterals in payment to the bank of the residue still due on the principal note, at all events is an invitation to a transaction of that character. Six days after the date of that letter from the bank, it sold, surrendered, and delivered to said Miller, his two notes amounting to \$3,000, and the seventeen Dickinson notes upon his paying \$1,342.72, the exact amount then due it upon the principal note of appellee.

An agreement between a creditor and his debtor, whereby the creditor agrees to take and receive something from his debtor in lieu and satisfaction of his claim, would be rather a compromise or an accord and satisfaction, than correctly speaking, a sale of the claim. The money paid is given for the purpose of quieting a demand against the debtor.

An arrangement whereby the security is transferred for less than is due thereon, to the party already bound by it, is called by Justice STORY, in his work on *Bailments*, § 321, a compromise, and he seems to distinguish such case from the sale of a pledge, and such an arrangement is designated as a compromise in *Garlick vs. James, supra*, and in *Dupuy vs. Clark*, 12 Ind. 428.

The intention of the parties to the contract is the real point of inquiry. When appellee authorized the Trust Company to sell the securities at public or private sale, what was understood and intended by the parties, was it not an ordinary sale and purchase in their minds? A contract whereby the seller parted with property and title, and the buyer obtained property and the title thereto? Can we suppose they contemplated a transfer whereby the property would be destroyed and the title extinguished? If appellee had intended a transaction such as is here involved, would he not have used language such as is used in the books or by the Courts, or other apt language to designate such transaction? Would he not have given authority to compromise or surrender the securities? Is it not a latitudinarian, if not a strained and forced construction, to call the transfer here a sale? In its ordinary sense and according to the common use of language, as also in the strict and proper acceptation of the word, a sale is not understood as designating a transfer such as this.

Again, the power under consideration is in derogation of common-law duties, and wipes out wise and equitable safeguards interposed by that law for the protection of the pledger, and relieves the pledgee from just duties imposed upon him; and which safeguards and duties are intended to prevent fraud and a breach of the trust imposed.

We feel constrained to hold that the transfer here made to Miller, of these overdue securities by which he was himself bound, was not a sale within the scope and intention of the power given to sell at public or private sale.

The findings of fact by the Appellate Court "that appellant made reasonable efforts to sell said collaterals and failed to find a purchaser" and "that said sale and transfer to said Miller was so made without any collusion or actual fraud, and for the best price that appellant could obtain for them, so far as is shown by the evidence," do not go to the gist of the injury complained of by appellee.

The wrong was not in omitting to make reasonable efforts to sell the collaterals, nor in selling them collusively and fraudulently, nor yet in selling them for a less price than could have been obtained for them. It was for disposing

of them in a manner not within the purview of the power delegated. The tort was the affirmative act of compromising with the maker of the securities.

Appellant might well have sold at private sale to Miller the Dickinson notes, but, as we have seen, the transfer was an entire transaction and included Miller's own notes which were due at the time, and the transaction was a tort, and cannot be apportioned. But it seems there was some testimony tending to show the insolvency of Dickinson, and it is evident from the verdict, the jury assessed no damages on account of his notes.

Among the findings of fact by the Appellate Court was this in reference to the \$2,000 Miller note, "that after the making of the original loan of August, 1875, Miller informed appellant that said collateral note had been given by him to appellee as accommodation paper and for no value, and that such information from said Miller was communicated to appellee by appellant, and appellee replied he had given his note therefor to Miller." The presumption of law is, the note was given for a good and valuable consideration. The note of Rigdon to Miller would be a sufficient consideration for the \$2,000 note, and the latter would be a binding and valid note against Miller. Besides, the whole question as to whether Miller "occupied the position of a mere surety," and whether "the notes of John Miller were given for a good and valuable consideration," were fairly submitted to the jury by the instructions of the Court.

This brings us to the matter of the excluded testimony. That it was entirely competent to show the Miller notes were mere accommodation paper and given for no value, or that there was a legal defense to the notes or either of them, cannot be successfully gainsayed.

The amount due on the notes was *prima facie* the measure of damages. *American Exp. Co. vs. Parsons*, 44 Ill. 315.

On the trial, appellant proposed to show that at all these times Rigdon was indebted to Miller, that Miller had been accommodating Rigdon for a long time, and that that indebtedness was up as high as \$12,000 or \$15,000 and remained so at the time when Miller died, sometime shortly after this transaction. He also proposed to show that Miller had, from time to time given his paper as an accommodation to Rigdon, was in the habit of doing it. Objections to such proposed testimony were sustained, and it was excluded, and exceptions were duly taken.

We think this testimony was properly excluded. A part of the offer was merely to prove an affirmative cause of action vested in Miller, or his legal representatives, a right of action to which appellant was a stranger, and to set off the damages growing out of such cross action against the damages here. This could not be done, as appellant had no such interest in the debts due from appellee to Miller as authorized him to set them off against this recovery. The other element of the offer was to prove a habit of Miller to give his paper to Rigdon as an accommodation. If we admit the habit, it does not follow this particular paper was part of such accommodation paper, and there was no offer to make such identification. If the identity in fact existed, or could be proven, it must be presumed appellant's offer would not have been so restricted, but would have gone to that extent. With reference to the larger note there was evidence in the record that it was for value, a promise for a promise, and the \$1,000 note was one of a series of notes secured by a mortgage on real estate, the payment of which had been assumed by one Walker.

There was no offer to prove Miller was insolvent, or that these particular notes were accommodation paper, or that Miller had a legal defense to them. To simply show he gave other paper to appellee which was for no value, or show he had other claims against appellee, would have been irrelevant to any issue in the case.

The further point is made that Miller in purchasing his notes from appellant did not pay their full face amount, and that such purchase would not deprive appellee of his right to recover the residue from Miller. If this be admitted, still, a party having two remedies for an injury, may elect which to pursue.

Similar points were made, both in *Garlick vs. James*, supra, and in *Dupuy vs. Clark*, supra, and in both cases decided adversely to appellant's claim here urged.

That which we have already said, sufficiently disposes of the points made upon the rulings of the Circuit Court in regard to instructions. Those rulings were in substantial conformity with the views herein expressed.

The judgment of the Appellate Court is affirmed.

THE RIGHT TO EXACT COMPOUND INTEREST.

SUPREME COURT OF MICHIGAN.

Hoyle vs. Page.

COOLEY, J.—The questions involved in this case are questions of compound interest.

The suit is to enforce the payment of two obligations, by the first of which the obliger promises to pay “\$1,400 on or before ten years from date, with annual interest at the rate of ten per cent. per annum, and in case such interest is not paid at the end of each year, it is expressly agreed that said interest shall become principal and draw interest at the rate aforesaid,” etc. This was dated May 23, 1868.

At the date of this obligation there was no statute in this State expressly providing for the compounding of interest, and it has been generally believed that it was not competent, without such a statute to make a valid contract in advance, for interest upon overdue installments of interest. Such was the conclusion of Chancellor Kent, at an early day: *Connecticut vs. Jackson*, 1 Johns. Ch. 13; *Van Benschoten vs. Lawson*, 6 Johns. ch. 314; and his conclusion seemed to commend itself to the judgment of our people, as it did to that of judicial tribunals of other States: *Sparks vs. Garrigues*, 1 Binn. 165; *Stokely vs. Thompson*, 34 Penn. St. 210; *Hastings vs. Wiswall*, 8 Mass. 455; *Van Hermert vs. Porter*, 11 Met. 210; *Ferry vs. Ferry*, 2 Cush. 92; *Doe vs. Warren*, 7 Me. 48; *Niles vs. The Board, etc.*, 8 Blackfy. 159; *Grailes vs. Blake*, 16 Ind. 160; *Leonard vs. Villars*, 23 Ill. 377. The judgment of Chancellor Kent has recently been criticised in New York, but it has been affirmed by a majority of the Court of Appeals, after full discussion: *Young vs. Hill*, 37 N. Y. 162. In New Hampshire, a different conclusion was reached at an early day: *Pierce vs. Rowe*, 1 N. H. 197; and this case has been followed in some States. *Austin vs. Innis*, 23 Vt. 286; *Preston vs. Walker*, 26 Ia. 205; *Lewis vs. Paschal*, 37 Tex. 315; *Bledso vs. Nixon*, 69 N. C. 89; and it is not disputed anywhere that after the interest has accrued, a valid promise may be made to pay interest upon it: *Camp vs. Bates*, 11 Conn. 387; *Wilcox vs. Howland*, 23 Pick. 167; *Stewart vs. Petree*, 55 N. Y. 620. That coupons attached to negotiable paper may draw interest after dishonor, is held in some cases: *Gelpeke vs. Dubuque*, 1 Wal. 175; *Mills vs. Jefferson*, 20 Wis. 50; but these coupons are for many purposes a severable contract, and are in the nature of the notes given in advance for interest to become due at a certain time. The authority thus to give a separate or severable contract for future interest was never doubted, and we have no occasion—even if we were so disposed—to question, in this suit the soundness of the decisions that have held interest recoverable upon them. We are satisfied with the New York rule which forbids the compounding of interest by virtue of any provision in the obligation on which the interest accrues, and are, therefore, of opinion that the court erred in allowing compound interest on the obligation above mentioned.

The second obligation was a mortgage dated February 24, 1872, by which the mortgagor was to pay the mortgagee the sum of \$668.66, “one year after date, with annual interest at ten per cent.” This mortgage, it will be perceived, was given after the passage of the act of 1869, Comp. L. § 1637—by which it is provided “That when any installment of interest upon any note, bond, mortgage, or other written contract, shall have become due, and the same shall remain unpaid, interest may be computed and collected

on any such installment so due and unpaid from the time at which it became due, at the same rate as specified in any such note, bond, mortgage or other written contract, not exceeding ten per cent.; and if no rate of interest be specified in such instrument, then at the rate of seven per centum per annum.

Neither principal nor interest was paid on this mortgage when it fell due, and the Circuit Court computed and allowed compound interest upon it. We think the court incorrect. There were no installments of interest to come due on this mortgage; it was payable, principal and interest, all at one time. Every day after the year was completed, the principal, with interest, up to that day, was overdue; no more overdue at the end of the second year than it was on any day within the year preceding, and, therefore, no more payable in yearly installments than in monthly or weekly installments. The statute contemplates cases in which payments of interest fall due by themselves, and may be demanded separate from the principal; but that was not the case here: the principal and interest constituted, at all times, one debt, and any demand or suit for it must have embraced the whole. The words "annual interest at ten per cent.," in such an obligation, can mean no more than this, that the interest shall be computed at ten per centum per annum; they cannot be read as providing for successive installments of interest, where the principal itself is to be paid at the end of the first year.

Our conclusion is, that the court erred in allowing anything more than simple interest on either obligation, and the decree must be modified accordingly. The defendants will recover the costs of this court.

The other justices concurred.

LIABILITY OF NATIONAL BANK SHAREHOLDERS.

[The following decision of Judge GILES, of the United States Circuit Court, though an old one, has, we believe, never appeared in print. As it is one to which reference is frequently made, we now publish it in full.—ED. B. M.]

IN THE CIRCUIT COURT OF THE UNITED STATES FOR THE FOURTH
CIRCUIT AND DISTRICT OF MARYLAND—APRIL TERM, 1877.

George E. Bowdell vs. The Farmers and Merchants' National Bank of Baltimore.

In this case a jury trial was waived, and it was tried before the Court in pursuance of the provisions of section 649 of the *Revised Statutes of the United States*. The facts exposed before the Court are as follows: The First National Bank of Norfolk was a bank duly authorized under the National Bank Acts of 1863 and 1864. That by the stock ledger of said bank a certain Burwell held twenty shares of the capital stock of the said bank, of the par value of one hundred dollars each; that he subsequently borrowed money of the defendant to this suit, and to secure the payment of the same, transferred to defendant his twenty shares of the capital stock of the said First National Bank of Norfolk, which transfer was made on the books of said bank by a surrender of his certificate and a new certificate issued to the said defendant. That said defendant when said loan was paid returned said certificate of stock to said Burwell with a power of attorney indorsed on the back of the same, authorizing him to re-transfer the said twenty shares to himself, but this was never done, but the said stock continued to stand in the name of this defendant up to the time of the closing of the said First National Bank of Norfolk, without anything on the face of the books of said bank to show that this defendant held the said twenty shares only as security for a loan, and not as the legal owner of the same. That subsequently, to wit, on June 3d, 1874, the Comptroller of the Currency,

in pursuance of the power and authority vested in him by the said Acts of Congress, closed the said bank and appointed the plaintiff Receiver of the same, and on the 13th August, 1875, the said Comptroller determined that in order to discharge the legal debts and liabilities of the said bank it was necessary to enforce the individual liability of the stockholders, as provided for by the 12th section of the Act of Congress of the 3d of June, 1864, and he directed the said plaintiff as Receiver to institute such legal proceedings as might be necessary to enforce against the stockholders of said bank their liabilities under said acts. In pursuance of which direction and authority this suit was brought. The counsel for the defendant has contended that it is not responsible upon two grounds. First, because it held the said twenty shares of the capital stock of the said Norfolk Bank only as a security for a loan made to its real owner, and secondly, because before the closing of the said bank the loan had been paid to defendant, and it had delivered to the borrower the certificate of the said stock, with a power of attorney on the back thereof to re-transfer it to him. The Court does not consider either of these reasons sufficient to prevent a recovery of the amount claimed in this suit. By the 12th section of the Act of 1864, it is provided "that everyone becoming a shareholder by such transfer shall in proportion to his shares, succeed to all the rights and liabilities of the prior holder of such shares, and by the said section it is also provided, that the shares shall be transferred on the books of the bank. Now it was the duty of the defendant, having taken an assignment on the books of the said bank of these twenty shares, when its loan was repaid to it, to have seen that these shares were transferred back to the said Burwell, on the said books, and having failed to do so before the said bank was closed by the Comptroller, the Receiver was authorized to regard it as the legal owner of these shares. I therefore give judgment in the case for the sum of two thousand dollars with the costs of this suit.

WILLIAM F. GILES.

.April 4, 1877.

FINANCIAL LAW.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

SEATS IN BOARD OF BROKERS.—In *Thompson vs. Adams*, 7 Weekly Notes of Cases, 281, the Pennsylvania Supreme Court held, on the 8th of January, 1879, that a seat in the Philadelphia Board of Brokers is not property in the eye of the law, and cannot be seized in execution for the debts of the members; it is the mere creation of the Board, and is to be held and enjoyed with all the limitations and restrictions which the constitution of the Board have put upon it; and, under the constitution and by-laws of the Philadelphia Board of Brokers, the secret equitable owner of a seat therein has no right, as against members of the Board, who are creditors of the legal owner, to share in the proceeds of the sale of the seat on the death of the legal owner. The plaintiff was not a member of the Board, but had furnished the money by which the deceased member had obtained his seat. The rules of the Board provided that all claims upon the seat of a dead member should be decided by the arbitration committee, and such claims were so passed upon in this case. In *Evans vs. Wister*, 1 W. N. C. 181; 32 Leg. Int. 354, the same Court held that an attachment would not lie against the Board of Brokers for the proceeds of the sale of a seat of a member, he being indebted to the amount of the proceeds. This was an affirmation of *Leech vs. Leech*, 3 W. N. C. 542, note. And in *Singerly vs. Johnson*, 3 W. N. C. 541, it was held that the death of a member did not revoke any of the rules applied to membership. In *Hyde vs. Woods*, 4 Otto 523; S. C., 15 Nat. Bank. Reg. 518, the Supreme Court of the United States determined that a provision in the constitution of the California Stock Exchange Board (similar to the one in question), that in sales of seats of delinquent members the proceeds should be applied to the benefit of the mem-

bers of the Board, exclusive of outside creditors, was valid, and that such claim was not a lien, but a condition of membership. The leading case on this general subject, followed in Pennsylvania, is *Scott vs. Avery*, 5 H. L. 811, which holds that while parties cannot by contract oust courts of jurisdiction, they may covenant that no right of action shall accrue until differences have been arbitrated. In *Ritterband vs. Boggett*, in the New York Superior Court, it was held that a right to a seat in the Cotton Exchange is property, and an assignment by a receiver to a purchaser was ordered. 17 A. L. J. 20.

INDORSER AS JOINT-MAKER.—*Herbage vs. McEntee*, decided in January last, by the Supreme Court of Michigan, was an action against an indorser of a negotiable note before utterance, and it was held that he was liable as a joint-maker. The distinctions on this vexed subject are well pointed out in *Burton vs. Hansford*, 10 W. Va. 470; S. C., 27 Am. Rep. 571, where such an indorser is held *prima facie* as guarantor or maker, subject to his right to show by extrinsic evidence that he intended only to bind himself as second indorser. In a note, 27 Am. Rep. 580, it is stated: "In a case like this the position of the stranger indorser was held in *Jones vs. Goodwin*, 39 Cal. 493; 2 Am. Rep. 473, to be strictly that of indorser. (See *id.*, note, p. 473.) In *Ives vs. Bosly*, 35 Md. 262; 6 Am. Rep. 411, that of joint-maker. In *Eilbert vs. Finkbeiner*, 68 Penn. St. 243; 8 Am. Rep. 176, that of second indorser, *prima facie*, but parol evidence was admitted to show that it was that of guarantor. In *Chaddock vs. Van Ness*, 35 N. J. 517; 10 Am. Rep. 256, that of second indorser or surety, and parol evidence was admitted to show which; but *per se* it implies no liability whatever. In *Chaffee vs. Memphis, etc., R. R. Co.*, 64 Mo. 193, *prima facie* that of maker, and a *bona fide* purchaser is bound by an agreement between him and the payee, that he is to be liable only as indorser. In *Iser vs. Cohen*, 1 Baxt. (Tenn.) 421, that of indorser *prima facie*, subject to enlargement by parol evidence. The same in *Best vs. Hoppie*, 3 Col. 137. In *Browning vs. Merritt*, 61 Ind. 425, *prima facie* that of indorser, but subject to explanation. As to Pennsylvania, see *Arnott's Administrators vs. Symonds*, 85 Penn. St. 99; 27 Am. Rep. 630." In New York the rule is peculiar: if the paper is negotiable, the indorser is *prima facie* an indorser; if non-negotiable, *prima facie* an original promisor. The New York rule is thus stated in that note: "The result of the various decisions seems to be as follows, viz.: that except in the *technical* sense of the words there is no such thing in New York as indorser or indorsement of non-negotiable paper; that the blank subscription of one's name upon or across such paper constitutes the subscriber presumptively a co-maker or joint-promisor and surety of the maker, and he can be declared and recovered against as such; that a consideration is not presumed and must always be alleged and established; that proof of an intent to subscribe strictly as *indorser*, and to be liable only as such, is repugnant to the form of the contract, and will not be received; that subject to this rule the parties may severally show and claim the benefit of the exact agreement and understanding upon which the indorsement was made; that the holder of the note may overwrite the name of the blank indorser with such agreement or understanding, or with a contract of original promise or guaranty or suretyship, and may recover upon such overwritten contract; and finally, that the maxim *ut res magis valeat quam pereat* applies." The principal case disapproves the New York distinction.

BILL OF LADING—SPECIAL INDORSEMENT—RIGHTS OF INDORSERS AND PURCHASERS.—A general indorsement and delivery of a bill of lading vests in the indorsee the bill of lading and the property thereby represented, so as to enable him to transfer a *bona fide* purchaser for value a good title, whatever secret arrangement may have existed between the parties. But an indorsement with a special contract over-written, vesting title in the indorsee only as a depository, does not have that effect. *Farmers and Mechanics' Nat. Bank of Buffalo vs. Logan*, 74 N. Y. 568; *Same vs. Atkinson*, *id.* 587. The latter case was against the purchaser from Brown of the same cargo of wheat in question in this case, to whom the wheat had been delivered by the defendant in this case

upon the order of Brown, from whom defendant had received it in store. The judgment against Atkinson not having been collected, this action was brought for conversion. The defendant stands in no better position than Atkinson. Indeed, before he advanced upon the wheat to Atkinson or delivered it to him, it appears he saw a copy of the bill of lading and indorsement, and thus had actual notice of the rights of the plaintiff and Brown. In Atkinson's case it did not appear that he had any such notice. Judgment affirmed. *Farmers and Mechanics' Bank of Buffalo vs. Hazeltine*. Opinion by Andrews, J.—*New York Court of Appeals*. [Decided Sept. 16, 1879.]

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. THE TWENTY-NINTH DAY OF FEBRUARY.

In timing or protesting a bill or note, running a certain number of days, dated previously to the last day of February, and maturing after the last day of February, in bissextile or leap year, should the 29th day of February be counted or not? The Supreme Court of Indiana upon the authority of an old English Statute, 21 *Henry III*, and the cases of *Swift vs. Tousey*, 5 Ind. 196; *Craft vs. State Bank of Indiana*, 7 Ind. 219; *Kohler vs. Montgomery*, 17 Ind. 220, has decided that it should not; and a bank in Indiana has thereby lost \$3,200 by pursuing the course, which otherwise seems to be the natural and reasonable one, of counting the 29th day of February. While this may be good law in Indiana, it may not be in some other States. Do you know of any law or decision in regard to the matter?

REPLY.—We have examined the authorities upon which the judgment of the Court of Indiana proceeds, and it seems to us very clear, that, assuming the Court to be bound by its previous decisions, its judgment in this case was in accordance with what is good law in Indiana. It appears to have been long settled in that State that the 29th of February has, as one of their judges says, "no commercial existence;" and the bank cannot well complain, if it has suffered loss by making a mistake as to the law of its own State, which it is bound to know.

But, however good law this may be in Indiana, we have a very decided opinion that it is not good law anywhere else. The rules governing all questions affecting commercial paper are founded, not upon any technicalities of the common law, growing out of ancient statutes or otherwise, but upon the custom of merchants, as it is called, that is, the uniform practice of bankers, merchants, and business men generally. The custom of bankers, merchants and business men, as far as we know anything about it, is to regard the 29th of February as a day in such a case, and this is not at variance with any of the rules for computing time found in the text books and other authorities. In fact the text books make no mention of the 29th of February in this connection, nor have we found the Indiana cases anywhere cited or referred to in them. If the Indiana rule were correct it would be astonishing that it has never been heard of elsewhere; and the double fact that it is not noticed by the text writers, and is so contrary to common sense and the ordinary rules of computation, is strong evidence that the rule has no existence elsewhere

The Indiana doctrine seems to have grown out of the decision in *Swift vs. Tousey*, *supra*, but we venture the suggestion that this case was no authority for subsequent decisions following it. *Swift vs. Tousey* was not a case involving the law merchant at all, but presented the question whether an appeal from a justice of the peace to a higher court, which must by law be entered in thirty days, was seasonably entered. In order to save the appealing party's rights, the *Statute of Henry III* was invoked, and it may have had some bearing upon the case in hand. We do not think, however, that this statute, or *Swift vs. Tousey* confessedly based upon it, were binding precedents in the case of a promissory note, which, all the authorities agree, is to be decided on different principles.

II. DEPOSITS IN THE NAME OF TRUSTEES.

A B has an account in this bank in the name of "A B, Trustee for his wife, C B." He has recently died, without a will, and having only personal property, no letters of administration have been taken out. Are we safe in paying over the balance of this account to the wife, without further legal authority?

The same party kept an account with another bank in the name, simply, of "A B, Trustee," there being nothing to show *for whom* he was trustee. The wife now claims this money as hers. What is the proper course to be followed by both the claimant and the bank?

REPLY.—Questions of this sort have frequently arisen, especially in the administration of savings banks in the New England States, where the deposits are large, and where, as a general rule, a limit is fixed by law to the amount which any one person may deposit on his own account. The law governing the subject is not, in all respects, settled, but we believe the following to be a correct summary, as far as it goes. A deposit in the name of "A, trustee for B," or "A, trustee," (*cestui que trust* not named) constitutes a legal indebtedness from the bank to A, *Randall vs. Way*, 111 Mass. 206, and, of course, to A's personal representatives after his decease. But when a trust really exists between A and B, or between A and the person not named, so that, as between them, the money deposited belongs to B or that person, then B or that person may sue the bank for the deposit and his receipt will discharge the bank, *Van Alen vs. American National Bank*, 52 N. Y. 21; *Farrelley vs. Ladd*, 10 Allen, 127. A trust is created when the money deposited really belongs to the beneficiary, whether named or not (being his by a valid gift or otherwise); or when the money has been deposited by A, in pursuance of some obligation to do so; *Brabrook vs. Boston Five Cents Sav. Bk.*, 104 Mass. 228. And a deposit "A, trustee for B," is sufficient *prima facie* evidence of a trust, if uncontradicted; *Millspaugh vs. Putnam*, 16 Abb., Pr., 380; though, of course, a deposit "A, trustee," alone, furnishes no evidence as to the party really entitled. On the other hand, a mere deposit of money "A, trustee for B," does not necessarily make a completed trust, unless the money deposited was B's money, or A was under some obligation so to deposit it; or, unless, if a gift was intended from A to B, the bank book was delivered to B, or the fact of the gift was communicated to him; *Brabrook vs. Boston Five Cents Sav. Bk.*, *supra*; *Clark vs. Clark*, 108 Mass. 522; and the personal representatives of A have a right to show, if they can, that B has no right to the money deposited, and that a valid gift of the deposit to B, whether intended or not, has not been made by A.

The result of these decisions seems to be that the bank is never *absolutely* safe in paying the money over to the beneficiary as long as A's representatives have a right to litigate the question of the true ownership of the deposit. But, as a practical rule of conduct, we should say, that when the deposit is "A, trustee for B," the bank should investigate the matter for itself, and, being guided by the circumstances of each particular case, pay or not, as it may be advised, and when the deposit is "A, trustee," alone, as a general rule, to insist upon the appointment of an administrator. Of course, if it refuses to pay in either case, it is liable to be sued by the beneficiary, whether named or not. This, however, in the present state of the law, seems to be one of the inherent difficulties attending the taking of deposits in this form. A refusal to pay will frequently bring about the appointment of an administrator. And, at least, the result of a suit will generally settle the real ownership of the deposit. We assume, in this reply, that the question is not affected by the by-laws which, in the case of savings-bank deposits, generally contain important rules as the possession and presentation of bank pass or deposit books; and that an administrator of A has not been appointed. When there is an administrator, prudence requires that he should be consulted before payment to the person claiming to be the beneficiary. If he refuse to give his consent, the law furnishes the bank a simple means of compelling the parties to settle claims between themselves. And on the other hand, the bank is safe in paying over to the administrator before a demand has been made on it by any person claiming to be a beneficiary; for if a trust really exists, it will follow the money into the hands of the administrator.

III. DEPOSITOR'S RESPONSIBILITY FOR UNINDORSED CHECKS.

A customer of our banking house makes a deposit comprised of four items, amounting to \$667.50. Two of these items were checks on another bank in the same town, payable to the customer or bearer. Does the fact that we have entered those checks upon the customer's pass-book as cash relieve him from liability, because of the want of his indorsement, in case that payment of the checks should be refused by the bank on which they are drawn?

REPLY.—If proper diligence in presentation is used, and the customer duly notified of their non-payment, the unpaid checks can be charged to his account. The understanding is plainly implied that items received as cash are what they purport to be, genuine and valid representatives of the amounts so entered. If they are not such, the depositor must make them good.

IV. MISSING INDORSEMENTS.

A Massachusetts bank receives a note from St. Louis for collection. Said note is dated July 1, four months, and falls due October 4th. The note is received by collecting bank, September 29th, and is signed by A, payable to B on order, and is indorsed by C, but not endorsed by B.—Can the note be protested for non-payment? Can C be held as indorser, or as principal?

REPLY.—The note being payable to B, and not indorsed by him, presumably remains his property; but he has the right to put it into the hands of an agent for collection without first indorsing it, and such agent, acting instead of B, may present the note for payment to A without B's indorsement. As B may demand payment without indorsing the note, so may B's

agent. As between A. and B, B's indorsement would only be a mere receipt, which A has no right to demand. The note should therefore be protested like any other note. Assuming C's contract to be a Massachusetts contract, he is liable as a joint maker, but by a statute of Massachusetts, is entitled to protest of the note, the same as an ordinary indorser. For a discussion of C's liability, see the case of *Good vs. Martin*, vol. 32, page 475 of this Magazine, and *Reply*, *ibid*, page 906.

BOOK NOTICES.

Our Cashier's Scrap Book, being Bank Notes, New and Old, for General Circulation. Compiled by H. C. PERCY. New York: G. W. Carleton & Co., 1879.

In this entertaining volume, Mr. Percy (who is cashier of the Home Savings Bank, at Norfolk, Va.) proves that banking is not a pursuit which destroys the sense of humor in its followers. On the contrary, the contributions from all sources indicate that "a little nonsense, now and then, is relished by the best of" bankers. It should not be thought strange, however, if the human bow, when bent continuously to the exacting monotony of a bank desk, might spring, upon relaxation, to the keenest enjoyment of a good joke, or would sieze with avidity such "quips and quirks" as are sometimes suggested by the mistakes of inexperienced customers. Of the latter, "Our Cashier's Scrap Book" has an ample fund. There are not wanting, however, some pages of a less ephemeral character, and we doubt not that the book will find a great many readers in the banking community.

The Deutscher Bank Anzeiger. 1879. By DR. JONAS MINOPRIO. Published at Frankfort-on-Main.

This work contains a large amount of information respecting the banks and banking institutions of Germany, and to some extent of neighboring banking centers. The work is designed rather for men of business than for students of political economy, but it contains no small amount of information useful to both classes. A complete list of banks and bankers in Germany is given, with the date of establishment of each, and many other facts of interest not accessible in works printed in the English language.

Crane's Challenge Tables. By C. D. CRANE. Philadelphia: A. T. Hubbard. 1877.

This work is now for the first time brought to our notice. It exhibits the interest on any sum, from one cent to \$100,000, for any time, at 6, 7, 8, 10, 12, and 18 per cent. computed on the basis of 360 days to the year. It has also average, maturity, time, and other tables. The plan is claimed to be a new one, but the arrangement of the interest tables is founded upon that of Haines, which Mr. Crane's work, although an excellent one, will hardly supersede.

BANKING AND FINANCIAL ITEMS.

Notice.—THE BANKER'S ALMANAC AND REGISTER for 1880 is now in preparation, and will appear at the usual time in January. The prospectus will be found at the beginning of this number. A list of Attorneys throughout the United States, carefully selected upon the highest recommendation, is a new feature in the forthcoming volume.

Bankers are requested to forward to this office, as promptly as possible, any information of further changes which should be made in the new lists.

The price of the work is to be Three Dollars for the semi-annual issue, and Two Dollars for a single volume.

Orders for the **Cards** of Banks and Bankers will now be received.

I. S. HOMANS, *Publisher.*

THE MONETARY QUESTION IN AUSTRIA.—The conclusion of the article under this title, by Max Wirth, of Vienna, will be published in our December number. It has been delayed through the absence, in Europe, of the translator, Mr. George Walker.

BONDS HELD BY THE TREASURY.—The following is a description of the bonds held by the Treasury Department on October 1st, as security for moneys held by National bank depositaries :

Six per cent. registered 1881 bonds.....	\$ 1,779,000
Registered 10-40 bonds.....	270,000
Registered Pacific R.R. bonds, loans of July, 1862 and 1864.....	13,000
Registered 5 per cents.....	3,655,900
Registered 4½ per cents.....	945,000
Registered 4 per cents.....	7,904,100
Total.....	\$ 14,567,000

The following is a description of United States bonds held for security of National bank circulation :

Loan of February 8, 1861.....	\$ 2,220,000
Loan of July and August, 1861.....	32,906,750
Loan of March 3, 1863.....	17,836,500
Loan of 10-40s March 3, 1864.....	8,403,950
Pacific Railroad bonds.....	4,405,000
Consols, 1867.....	63,200
Consols, 1868.....	75,000
Funded loan, 1881.....	121,774,100
Funded loan, 1891.....	34,852,950
Consols, 1907.....	130,433,050
Total.....	\$ 359,030,500

THE TREASURY DEPARTMENT has just completed arrangements whereby gold, in exchange for United States notes deposited at the New York Assay Office under the regulations prescribed in the circular of the Secretary of the Treasury of September 19, will hereafter be forwarded from the Philadelphia Mint to be the depositor at Government contract charges, which are at the rate of one-eighth of one cent per mile for every \$ 500. The cost of transportation under this arrangement is to be deducted from the remittances by the officers of the mint.

CALLED BONDS.—Of the \$28,500,000 of United States called bonds outstanding on the 7th of October, \$8,000,000 were the property of National banks in the custody of the Treasury as security for note circulation. They must have been there, paying no interest, for nearly two months, and some of them had doubtless been still longer in that condition. The banks owning them must either have been hesitating whether they would maintain their present circulation, or hoping for such a fall in the market price of bonds, as would enable them to substitute, at a cheaper rate, bonds bearing interest for those upon which interest was stopped.

THE CLOSING OF THE FOUR-PER-CENT. LOAN.—The following statement was issued October 1st, by the Treasury Department :

“All the accounts with depository banks, disbursing officers, postmasters and other officers for the proceeds of four-per-cent. bonds have been closed without the loss of a dollar. All the proceeds have been paid into the Treasury except the called bonds and coupons now in transitu from the Government agent in London. The amount of called bonds outstanding, not yet presented for payment, is \$28,971,800, all of which bonds are provided for by cash in the Treasury except \$676,050, for which an equal amount of four-per-cent. bonds is retained in the Department unsold. It is believed that this amount and perhaps more of called bonds will not be presented for payment within a year, and the reserved bonds will only be sold as needed. The aggregate of four-per-cent. bonds sold is \$740,847,950.

INTEREST ON THE FOUR PER CENTS.—In payment of the quarterly interest on the four-per-cent. loan due October 1st, checks for the registered interest, 53,000 in number were sent out by the Treasurer. The Post Office could not mail all of them in one day, 33,000 being sent off one day, and the balance the next. The total amount represented by these checks was \$4,690,878.50.

MUTILATED SILVER CERTIFICATES.—Secretary Sherman has decided that silver certificates, mutilated to the extent of one-tenth or more, must be presented for redemption to the Treasurer of the United States in accordance with the regulations governing the redemption of United States notes. Silver certificates mutilated to the extent of one-tenth, but not two-tenths, are thus redeemable at nine-tenths of full face value; two-tenths, but not three-tenths, at eight-tenths of their face value; three-tenths, but not four-tenths, at seven-tenths of their face value; four-tenths, but not one-half, at six-tenths of their face value. Fragments of notes, each constituting clearly one-half, are redeemable at one-half the full face value.

NATIONAL BANK REPORTS CALLED FOR.—The Comptroller of the Currency has called upon the National banks for a statement showing their condition at the close of business on Thursday, the 2d day of October. He has also issued a circular requesting the banks to report to him the number of bills, notes, and drafts which make up the amount of the item of loans and discounts on the 2d day of October, divided as follows: Number of pieces of paper of \$100 and less; number of pieces of more than \$100 and less than \$500; number of pieces of \$500 and over, but less than \$1,000; number of pieces of \$1,000 and over, but less than \$5,000; number of pieces of \$5,000 and over, but less than \$10,000; number of pieces of paper of \$10,000 and over.

CUSTOM-HOUSE PAYMENTS.—For the week ending October 17, the descriptions of money paid into the New York Custom House were :

Gold.....	\$567,000	..	Silver dollars.....	\$5,000
Greenbacks.....	1,351,000	..	Silver certificates.....	756,000

IRON FRAGMENTS IN WHEAT.—A thousand bushels of wheat were recently run through a spout of Washburn “B” Mill, Minneapolis, which had been provided with magnets, and there were found adhering to them, seventy-three pieces of wire and seventy-one pieces of iron in other forms, consisting of some tacks and ends of nails, and sixty-five pieces, small spawls of wrought iron, sheet iron, and cast iron, varying in size from one-eighth inch to one-quarter inch, in irregular shapes, many of them appearing to be scales or fragments broken from badly-worn machinery.—*Exchange.*

FOREIGN FREIGHTS.—It has usually been claimed that the United States pay every year in freights upon imports and exports at least a hundred million dollars. This amount has lately been shown by carefully compiled statistics to be far in excess of the facts. The quantity of merchandise weighed and measured by the Surveyor of New York, reduced to tons, amounted last year to 1,514,304 tons. The average charge for freight does not exceed \$7 per ton, which would give \$10,600,000 for the freights paid by New York per annum. New York's exports are forty per cent. of the total exports, and her imports are fifty per cent. of the total imports, so that at these rates the country's total foreign freight expenses would not exceed \$25,000,000.—*N. Y. Shipping List.*

NEW COUNTERFEIT.—The Treasury Department furnishes the following description of the new counterfeit \$5 note on the National State Bank of Troy, N. Y. ; \$1,700 of these bills were found upon the person of William Cluff, who was arrested by the Secret Service officers in New York City on September 27th. The counterfeit has the name of "John C. New, Treasurer," and a pointed seal, the genuine note, bearing the same name, has a scalloped seal, and the words "series of 1875" in colored ink, which the counterfeit has not. The old genuine issue of this bank, which has the pointed seal, bears the name of "F. E. Spinner, Treasurer." In the counterfeit the word "Treasury" under the name of "Allison" is spelled "Tresury." The note is printed from the skeleton plates sold by Henry C. Cole, before his arrest, to New York parties. The printing is much below the average of this class of work.

SALE OF THE HORN SILVER MINE.—The Horn Silver Mine, owned by Campbell, Cullen & Co., was sold in Chicago, October 6, to eastern parties for \$5,000,000, the par value of its stock being \$10,000,000. This Mine is located in Frisco, Southern Utah, and was purchased by the recent owners three years ago for \$25,000. The net earnings of the mine are reported to be over \$4,000 per day. It lies adjacent to the Grampian Mine.

ARKANSAS.—The first cotton mill in Arkansas commenced running at Little Rock in October.

THE CHINESE.—A San Francisco correspondent of the Baltimore *Sun* reports General Grant as saying that the Chinese Government is averse to the abrogation of the Burlingame treaty, but will itself take measures to prevent the further emigration of its subjects to this country.

The official returns of the election in California show that the vote on Chinese immigration was, in favor of it 883, and against it 154,638.

CHICAGO.—The Assistant Treasurer at Chicago has informed the Treasurer that as soon as their transactions with the Sub-Treasury will permit, the banks of that city intend to increase their gold reserve by \$2,000,000.

CHICAGO MINING INVESTMENTS.—The Chicago *Mining Review* says :

"A gentlemen well known in business circles remarked in our hearing a few days ago, 'There is not one in a thousand that knows anything about the great interest that is taken by Chicago people in the mines.' And the statement is very true. Chicago is not alone interested, but the country and smaller towns around about. We are in almost daily receipt of letters from the unimportant towns, stating the fact of investment in different mines, or making some inquiry concerning certain mines or districts. Chicago now has probably not less than fifty organized mining companies, officered by well-known business gentlemen, and there are hundreds whose business office is in the towns throughout the State where a majority of the officers reside.

COAL AND IRON.—The prices of shares in coal and iron companies, dealt in at Glasgow, show a rise of fully one-third on the average, from September 12 to October 5. The depression in them had been very extreme.

MASSACHUSETTS.—The total valuation of the State of Massachusetts, exclusive of seven towns, is \$1,501,812,555, against \$1,568,988,210 last year, the latter including the entire State. Last year the total decrease was \$99,238,572, and the year before \$101,082,773.

THE BOSTON BANKS.—A table on page 403 of this number presents the capital of each bank, together with the last three semi-annual dividends, free of all taxes, and the amount payable on October 1. Also the market value of each stock, *dividend on*, April 1, 1879, and at the present time.

Of the sixty-one banks within the limits of Boston, one pays 5 per cent. ($2\frac{1}{2}$ per cent. quarterly); seven, 4 per cent.; three, $3\frac{1}{2}$ per cent.; twelve, 3 per cent.; ten, $2\frac{1}{2}$ per cent.; twenty-one, two per cent.; six pass, and the Pacific divides January and July.

The Atlas increases from 2 to $2\frac{1}{2}$ per cent.; Freeman's, 2 to $2\frac{1}{2}$; Hamilton, 2 to 3; New England, 3 to $3\frac{1}{2}$; People's 3 to $3\frac{1}{2}$; Revere, $1\frac{1}{2}$ to 2; Rockland, 3 to $3\frac{1}{2}$; and Tremont, 2 to $2\frac{1}{2}$ per cent. The National Market of Brighton reduces from $4\frac{1}{2}$ to 4 per cent., and National Bank of the Republic, $3\frac{1}{2}$ to 3 per cent. The National Security pays $2\frac{1}{2}$ quarterly, the same as in July last. The following pass: Blue Hill, Boston National, Central, Manufacturers', Merchandise, and Mount Vernon. Several resume which passed previously, viz., the Commerce, Commonwealth, First Ward, Globe, Shoe & Leather, and Traders.

MORE SPECULATION WITH BANK FUNDS.—On September 29th, the officers of the North Bank, Boston, discovered irregularities in the accounts of the Receiving Teller, Frank F. Boynton. The Bank Examiner was notified and an examination was immediately had. The amount of the deficit proved to be \$24,000. The bonds of the defaulting Teller are \$20,000, and the bank, it is supposed, will be a loser only to the amount of \$4,000. Mr. Boynton admitted his guilt, and stated that the amount of the embezzlement was not over \$24,000, and that it had been going on but a few months. He had been speculating in California mining stocks.

Boynton had been in the habit of taking deposits from regular customers of the bank, and after entering the amount on the pass-book of the depositor, appropriating the money to his own use instead of turning over to the Cashier the ticket to be credited. Boynton was careful to select customers who never drew their accounts low, so that in any case, a good balance being left, there was nothing to excite suspicion of fraud.

CINCINNATI.—Col. Sidney D. Maxwell, Secretary of the Cincinnati Pork Packers' Association, submitted on October 6, his annual report, which shows the number of hogs received at the stock yards for the past twelve months to have been 861,406, against 763,434 for the previous year; cattle, 107,629, against 95,115 for the previous twelve months.

THE PEANUT CROP.—According to the Cincinnati *Price Current* the peanut crops produced in the United States for a series of years have been (in bushels) as follows:—1878-9, 1,390,000; 1877-8, 830,000; 1876-7, 1,405,000; 1875-6, 785,000; 1874-5, 670,000; total for five years, 5,080,000; annual average, 1,016,000.

"This shows that the peanut crop of the last season stands second in the history of the trade—for previous to 1874-5 the production was comparatively small—and was not much below the exceptionally large crop of 1876-7. The fact that it has all gone into consumption at prices which are more remunerative to the planter than most other agricultural productions indicates an increasing demand which is encouraging to all engaged in this industry. The aggregate value of the crop of 1878-9, in first hands, was \$1,500,000."

The *Price Current* makes the following estimates of this crop of 1879-80 (in bushels):—Virginia, 1,000,000; Tennessee, 600,000; North Carolina, 125,000; estimated total for 1879-80, 1,725,000; against total for 1878-79, 1,390,000.

THE NORTH-WEST.—The Northern Pacific Railroad will be completed this year to the Little Missouri, 130 miles west from Bismarck. It will be completed to the Yellowstone next year.

It is generally believed in Idaho that the Utah Northern Railroad will be built next spring down the valley of the Snake river, from some point on the present line in Idaho to the Columbia river, and that the Union Pacific Company will thus secure an independent line to the Pacific and enter into direct competition with the Northern Pacific.

NORTHERN PACIFIC RAILROAD.—This company is now constructing two divisions of its road. The first is called the Missouri division, from Bismarck to the Yellowstone river, and will be from 210 to 220 miles in length. It is expected to be completed next summer, or autumn. The second, called the Pend D'Oreille division extends from a lake of that name to the navigable waters of the Columbia, and will be 210 miles in length. The funds have been provided for this division, and the rails, fastenings, etc., shipped *via* Cape Horn. The gap remaining to be filled between the two divisions is 800 miles, of which 340, in the valley of the Yellowstone, are now under survey, so that contracts for construction may be made next summer. The Oregon people hope for a complete railroad connection in four years between the waters of the Columbia and Missouri.

TEXAS.—On the 9th of October, 267 British farmers, with their wives, took passage in the steamer *Teutonia* for Texas. They are reported to be well supplied with money, and to be proceeding to the occupation of lands previously selected by agents employed for that purpose.

CATTLE EXPORTATION.—The value of the exports from the United States, of live animals of all kinds, increased from \$5,844,653 during the year ended June 30, 1876, to \$11,487,754 during the year ended June 30, 1879. Of the total exports of live animals during the last fiscal year, seventy-one per cent. were sent to Great Britain. The value of the exports of cattle increased from \$3,896,818 during the year ended June 30, 1878, to \$8,379,200 during the year ended June 30, 1879. Of the total exports of cattle during the last fiscal year, seventy-five per cent. were shipped to Great Britain.

THE CONSOLIDATED BANK.—Meetings of the shareholders of the Consolidated Bank, Montreal, after repeated adjournments, were extended to September 26.

At this meeting it was resolved that Messrs T. W. Ritchie, Q. C., Col. Turnbull, Ald. Hagar, be a committee to draft a petition to the Government, on behalf of the shareholders of this bank, for an immediate investigation as to the correctness of the monthly returns or statements sent to the Government by the Directors, also for the arrest and punishment of the officers for all false statements made by the Directors and management of the bank.

The Hon. Mr. Robertson moved "that the directors of this bank are hereby instructed in the meantime to proceed to close the affairs of the bank by voluntary liquidation, without too much sacrifice of assets, at as early a period as possible, either under their own supervision or by a committee of their number or otherwise, as they shall deem best; that the Board is hereby authorized, if they deem it impossible for the bank to resume operations in general banking, to dispose of the assets to another bank or banks, and that reports from time to time be sent to the shareholders of the progress made in carrying out the resolution." This motion was carried unanimously.

SILVER IN THE EAST.—The Japanese Government, in May, 1878, made the Japanese trade silver dollar a legal tender for all debts to itself or to individuals. The Chinese Government has now definitively decided not to establish a mint for the coinage of silver. An official statement of its reasons for this decision has been translated, and published in the Shanghai foreign newspapers. The principal one stated seems to be that it is a measure recommended by foreigners, and that if China adopted a policy advised by them, it would be playing the foolish part of "a host who should adapt himself to the convenience of his guests." It winds up by saying:

"The measure would be productive of abuses of so manifold a nature, and the obstacles and difficulties that would present themselves are of such magnitude, that the introduction of such a coinage cannot be undertaken."

There would be a much larger use and demand for silver in China, if a mint was established to coin it; but it is evident that this measure of relief to the silver market cannot be looked for at present. The money brokers make large profits out of the existing condition of things, and they will stave off the establishment of a mint as long as they can.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS

(Continued from October No., page 322.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2437	Attica National Bank..... Attica, New York.	Charles B. Benedict..... Lewis Benedict.	\$ 50,000	—

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from October No., page 323.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
ARK ...	Hot Springs... \$25,000	Hot Springs Bank and Safe Deposit Co. Commercial Bank.....	John B. Roe, Pr. Van L. Runyan, Cas. Hanover National Bank.
" ..	Texarkana.....	M. V. Flippin, Pr. H. N. Samstag, Cas.	
COL....	Leadville.....	Merchants & Mech. Bank..	Importers & Traders' Nat. Bank. L. M. Smith, Pr. L. J. Smith, Cas.
CONN...	Thomaston ...	Seth E. Thomas.....	Mercantile National Bank.
DAKOTA	Grand Forks...	Bank of Grand Forks (S. S. Titus, Cas.)	Gilman, Son & Co.
ILL....	Aurora	Ger.-Amer. Bank (Gardner, Reising & Co.)	Third Nat'l B'k.
" ..	Batavia	Coffin & Young.....	Ninth National Bank.
" ..	Bement	Bank of Bement	Importers & Traders' Nat. Bank.
" ..	Carlyle	Schlafly Brothers.....	Chemical National Bank.
" ..	Champaign...	Bailey, Maxwell & Miller...	George Opdyke & Co.
" ..	Yates City	Farmers' Bank.....	Chase National Bank.
		Jas. McKeighan, Pr. Jas. M. Taylor, Cas.	
IND	Bedford	Bedford Bank.....	First National Bank.
" ..	Monticello.....	Citizens' Bank (George W. Robertson, Cas.)	Third Nat'l B'k.
IOWA ...	New Sharon...	Kalbach, Sons & Co.....	Gilman, Son & Co.
KANSAS.	Blue Rapids...	Bank of Blue Rapids City..	George Opdyke & Co.
" ..	Lyons.....	Bank of Lyons (Edwin A. Deupree, Cas.)	Chemical N. B.
" ..	Sterling.....	Rice County Bank (Davis & Taber.)	Chemical Nat'l Bank.
MICH...	Oxford	Bank of Oxford (G. S. Holbert.)	Chase National Bank.
MONT ..	Virginia City...	Raymond, Harrington & Co.	Kountze Brothers.
NEB	Aurora	Grimes, Dinsmore & Co...	Chase National Bank.
" ..	Edgar	Grimes, Dinsmore & Co...	Chase National Bank.
" ..	Juniata	C. R. Jones & Co.....	Chemical National Bank.
" ..	Oakland	Oakland Bank (Drury, Ashley & Co.)	Gilman, Son & Co.
" ..	Stanton	F. McGiverin.....	Kountze Brothers.
N. Y. ...	Attica	Attica National Bank.....	National Park Bank.
		\$ 50,000 Charles B. Benedict, Pr. Lewis Benedict, Cas.	
OHIO ...	Willoughby....	E. W. Bond	George Opdyke & Co.
PENN...	Bradford	Dow & Co.....	Chase National Bank.
VA.....	Liberty	Bank of Bedford.....	Kountze Brothers.
		\$ 25,000 Orville P. Bell, Pr. Thos. J. Matthews, Cas.	

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from October No., page 322.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY. Manhattan Comp. B'k...	{ John S. Harberger, <i>Pr</i> ... J. T. Baldwin, <i>Cas</i>	{ J. M. Morrison. J. S. Harberger.
GA..... Barnesville Savings Bank.....	H. P. Powell, <i>Cas</i>	E. H. Bloodworth.
ILL..... City National Bank, Cairo.....	J. H. Smith, <i>Cas</i>	W. Hyslop.
IOWA... Dunlap Bank, Dunlap.....	L. S. Amsden, <i>Cas</i>	G. W. Thompson.
KY..... First National Bank, Louisville.	A. L. Schmidt, <i>Cas</i>	T. P. Schmitt.
" .. Logan County Nat'l Bank,	} Hugh Barclay, Jr., <i>Pr</i> ... Russellville } Wilbur F. Barclay, <i>Cas</i> ..	} W. F. Browder. H. Barclay, Jr.
MAINE.. Merchants' Nat'l B'k, Bangor..			Jonathan R. Holt, Cas..	M. T. Stickney.
MASS. . First National Bank, Barre.....	Frank A. Rich, <i>Cas</i>	C. G. Scott.
" .. Nat'l Exchange Bank, Salem ..	Nathan Nichols, <i>Pr</i>	H. S. Williams.
N. Y. . First Nat'l Bank, Seneca Falls.	W. P. Elwell, <i>Cas</i> ..	D. E. Partridge.*
" .. Citizens' Bank, Waverly.....	R. L. Manning, <i>Cas</i>	H. Hallet.

* Deceased.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from October No., page 323.)

N. Y. CITY.....	Whittemore & Co.; dissolved. New firm. Same style.
ILL..... Staunton.....	Wall, Taylor & Co.; closing banking business.
N. Y.... Syracuse.....	Mechanics' Bank; winding up.
PENN... Scranton.....	Hyde Park Bank; assigned.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from October No., page 323.)

N. Y. CITY.....	George Opdyke & Co.; admit E. M. F. Miller.
CAL ... San Francisco..	Bank of California; capital reduced to \$3,000,000.
COL.... El Moro.....	Brown & Manzanares; removed to Las Vegas, New Mexico.
" .. ".....	Otero, Sellar & Co.; removed to Las Vegas, New Mexico.
ILL.... Batavia.....	First National Bank; succeeded by Coffin & Young.
" .. Champaign....	D. Gardner & Co.; succeeded by Bailey, Maxwell & Miller.
IND .. Bedford.....	Bedford National Bank; now Bedford Bank. Same officers.
" .. Lineville.....	Farm. & Merch. B'k; now Bank of Lineville. Same officers.
IOWA ... Tipton.....	Chas. Hammond and Wm. H. Tuthill; consolidated as Cedar County Bank.
KANSAS. Washington....	Washington Co. B'k (Fred. A. Head); now Head Brothers.
MO.... Shelbyville.....	Shelby Co. Savings Bank; succeeded by Cooper & Dimmitt.
NEB.... Friend.....	Fred. L. Harris & Co.; now L. E. Southwick.
N. Y.... Attica.....	C. B. Benedict & Sons; now Attica National Bank.
OHIO... Cleveland.....	Commercial National Bank; capital reduced to \$1,000,000.
TEXAS.. Texarkana.....	Bank of Texarkana; succeeded by L. C. DeMorse & Co.
VA..... Liberty.....	Agency Lynchburg Fire Ins. Co.; suc. by Bank of Bedford.
Wis.... Darlington.....	Judge & King; now Judge, King & Co.

THE NATIONAL-BANK NOTE CIRCULATION.

Statement of the Comptroller of the Currency, showing by States the amount of National-bank circulation issued, the amount of Legal-Tender Notes deposited in the United States Treasury to retire National-bank circulation, from June 20, 1874, to October 1, 1879, and amount remaining on deposit at latter date.

STATES AND TERRITORIES.	Additional Circulation issued since June 20, 1874.	LEGAL-TENDER NOTES DEPOSITED TO RETIRE NATIONAL-BANK CIRCULATION, SINCE JUNE 20, 1874.			Legal Tenders on deposit with the U. S. Treasurer at date.
		For redemption of Notes of Liquidating Banks.	To retire Circulation under Act of June 20, 1874.	Total Deposits.	
Maine.....	\$ 1,461,180	\$ 317,000	\$ 600,000	\$ 917,000	\$ 234,131
New Hampshire.....	504,865	72,997	55,800	128,797	43,599
Vermont.....	1,645,310	169,097	1,069,340	1,238,437	145,480
Massachusetts.....	15,552,085	234,800	6,605,500	6,840,300	562,211
Rhode Island.....	1,030,200	32,350	735,385	767,735	81,702
Connecticut.....	2,316,400	65,350	1,555,830	1,621,180	308,861
New York.....	18,408,275	2,135,398	19,198,850	21,334,248	2,199,305
New Jersey.....	1,675,165	151,660	1,517,280	1,668,940	363,091
Pennsylvania.....	8,786,470	1,100,311	6,156,986	7,257,297	1,018,695
Delaware.....	173,275	—	—	—	—
Maryland.....	852,310	166,600	1,646,380	1,812,980	113,925
Dist. of Columbia.....	455,500	407,664	427,500	835,164	32,796
Virginia.....	719,500	908,369	880,510	1,788,879	295,731
West Virginia.....	63,370	731,060	270,000	1,001,060	125,325
North Carolina.....	1,172,660	128,200	1,012,585	1,140,785	217,456
South Carolina.....	56,500	—	953,380	953,380	38,705
Georgia.....	439,450	287,725	437,675	725,400	97,690
Florida.....	45,000	—	—	—	—
Alabama.....	207,000	—	94,500	94,500	673
Mississippi.....	—	—	—	—	366
Louisiana.....	1,284,110	645,750	2,099,250	2,745,000	249,638
Texas.....	116,100	10,000	229,340	239,340	2,115
Arkansas.....	144,000	—	144,000	144,000	8,672
Kentucky.....	3,575,700	629,867	1,441,933	2,071,800	406,165
Tennessee.....	534,800	280,901	533,859	814,760	119,381
Missouri.....	596,260	998,510	3,607,410	4,605,920	779,904
Ohio.....	2,391,230	1,483,319	3,005,222	4,488,541	1,097,174
Indiana.....	2,796,080	1,135,597	5,488,483	6,624,080	1,709,488
Illinois.....	1,972,495	1,620,934	6,377,746	7,998,680	988,523
Michigan.....	1,589,390	364,500	2,114,995	2,479,495	455,235
Wisconsin.....	608,730	626,860	878,439	1,505,299	344,752
Iowa.....	1,272,400	811,669	1,554,955	2,366,624	467,834
Minnesota.....	1,017,800	420,095	1,316,445	1,736,540	293,161
Kansas.....	138,600	781,721	190,550	972,271	270,591
Nebraska.....	67,500	45,000	188,080	233,080	10,609
Nevada.....	—	—	—	—	2,108
Colorado.....	455,400	135,083	149,400	284,483	29,877
Utah.....	72,800	161,191	196,800	357,991	21,232
Montana.....	62,100	72,300	45,000	117,300	47,120
Washington.....	135,000	—	—	—	—
Dakota.....	72,000	—	—	—	—
California.....	297,000	—	—	—	—
Totals.....	\$74,764,010	\$17,131,878	\$72,779,408		\$13,183,321
Legal-tender notes deposited prior to June 20, 1874, and remaining at that date.....				3,813,675	
Total deposits.....				\$93,724,961	

JOHN JAY KNOX, Comptroller of the Currency.

THE BANKS OF NEW YORK.

The following statement shows the *average* of loans and discounts, specie, legal tenders, circulation, and net deposits of the banks composing the New York Clearing-House Association, for the week ending Saturday, October 25 :

Names.	Capital.	Loans and discounts.	Specie.	Legal tenders.	Circulation.	Deposits.
	\$	\$	\$	\$	\$	\$
American Exchange National.	5,000,000	12,379,000	1,889,000	545,000	449,000	8,593,000
Bank of America.....	3,000,000	9,145,700	847,400	943,000	1,100	6,991,900
Bank of New York, N. B. A.	2,000,000	9,024,100	1,160,500	878,000	494,300	8,290,300
Bank of North America.....	700,000	1,616,000	148,000	80,000	—	1,431,200
Bowery National Bank.....	250,000	1,289,000	22,000	247,000	224,000	1,047,000
Central National Bank.....	2,000,000	8,446,000	581,000	1,141,000	1,491,000	7,174,000
Chase National Bank.....	300,000	2,390,100	123,300	424,000	270,300	2,226,000
Chatham National Bank.....	450,000	3,131,700	168,900	55,400	401,000	2,938,500
Chemical National Bank.....	300,000	10,665,800	2,349,400	681,900	—	10,703,100
Continental National Bank.....	1,000,000	4,875,600	115,700	1,139,600	780,900	4,888,200
Corn Exchange Bank.....	1,000,000	4,994,400	223,000	168,000	4,700	2,631,600
East River National Bank.....	250,000	822,600	108,100	69,400	161,200	653,400
First National Bank.....	500,000	11,102,500	1,981,900	410,500	450,000	10,828,000
Fourth National Bank.....	3,200,000	15,451,300	1,399,000	2,226,100	787,200	14,623,100
Fulton National Bank.....	600,000	1,587,400	165,000	296,700	—	1,172,400
Gallatin National Bank.....	1,000,000	3,664,900	281,800	203,300	531,700	2,008,400
German-American Bank.....	750,000	2,131,000	220,200	123,700	—	1,883,600
Greenwich Bank.....	200,000	868,200	12,500	155,400	2,700	737,000
Grocers' Bank.....	225,000	793,100	5,500	116,200	—	734,000
Hanover National Bank.....	1,000,000	6,133,600	735,500	680,700	588,800	5,779,600
Importers & Traders' Nat'l.	1,500,000	17,024,100	1,160,200	3,418,100	1,088,200	17,966,300
Irving National Bank.....	500,000	2,495,700	238,600	301,800	350,600	2,250,800
Leather Manufacturers' Nat.	600,000	2,863,500	323,700	298,700	473,100	2,215,300
Manhattan Company Bank.....	2,050,000	5,786,500	402,000	522,500	400	3,937,600
Manuf. & Merchants Bank.....	100,000	300,000	1,000	90,000	—	365,000
Marine National Bank.....	400,000	2,598,000	171,000	485,000	357,000	2,611,000
Market National Bank.....	500,000	2,454,200	95,900	420,100	448,400	1,896,800
Mechanics & Traders' Nat'l.	300,000	1,126,000	30,000	208,000	198,000	938,000
Mechanic's National Bank.....	2,000,000	6,681,500	902,100	388,500	44,500	5,268,700
Mercantile National Bank.....	1,000,000	3,260,600	306,900	385,100	179,800	2,890,600
Merchants' Exchange Nat'l.	1,000,000	3,723,400	317,800	479,900	628,700	3,007,300
Merchants' National Bank.....	2,000,000	6,731,100	468,200	711,600	272,300	5,266,600
Metropolitan National Bank.	3,000,000	13,311,000	955,000	1,673,000	2,240,000	9,979,000
Nassau Bank.....	1,000,000	2,006,600	11,200	258,000	3,900	1,894,100
National Bank of Commerce.	5,000,000	15,018,600	1,743,600	589,400	1,492,900	8,383,900
National B'k of the Republic.	1,500,000	4,472,800	100,700	358,000	980,600	1,931,200
Nat. B'k of the State of N. Y.	800,000	2,375,400	159,700	310,900	540,000	1,701,500
National Broadway Bank.....	1,000,000	4,665,600	453,100	329,000	898,700	3,217,200
National Butchers & Drovers'.	300,000	1,339,800	194,600	131,600	261,800	1,132,500
National Citizens' Bank.....	600,000	1,638,000	139,300	214,900	247,000	1,151,000
National City Bank.....	1,000,000	7,089,900	1,205,200	298,000	—	6,481,500
Nat'l Mechanics' Bkg. Asso.	500,000	727,500	115,800	49,800	311,100	575,100
National Park Bank.....	2,000,000	13,949,700	1,726,700	2,150,500	536,200	16,341,000
National Shoe & Leather.....	500,000	3,275,000	486,300	343,000	450,000	3,265,700
New York County National..	200,000	1,130,100	11,800	371,400	180,000	1,277,100
New York Nat'l Exchange.....	300,000	1,271,400	89,700	152,700	268,800	925,700
Ninth National Bank.....	750,000	4,245,900	297,800	825,900	598,000	4,065,300
North River Bank.....	240,000	815,200	36,000	150,700	—	825,200
Oriental Bank.....	300,000	1,581,100	17,700	250,000	—	1,424,900
Pacific Bank.....	422,700	2,047,800	60,100	102,100	—	1,884,100
People's Bank.....	112,500	1,497,500	62,000	177,200	5,400	1,431,000
Phenix National Bank.....	1,000,000	2,872,000	351,000	182,000	262,000	2,474,000
St. Nicholas National Bank..	500,000	1,907,700	70,500	310,500	450,000	1,452,900
Second National Bank.....	300,000	2,500,000	208,000	430,000	269,000	2,636,000
Seventh Ward National Bank.	300,000	929,700	104,200	117,800	37,800	862,000
Third National Bank.....	1,000,000	6,705,200	1,382,500	392,500	798,500	6,742,800
Tradesmen's National Bank.	1,000,000	3,022,800	324,000	138,200	794,700	1,873,800
Union National Bank.....	1,200,000	4,378,400	381,000	745,200	135,000	3,571,300
	59,700,200	269,433,300	27,682,600	30,151,700	22,448,700	231,668,000

DIVIDENDS OF THE BOSTON BANKS.

COMPARATIVE TABLES FOR THE LAST EIGHTEEN MONTHS.

[Compiled from the Reports of J. G. MARTIN, Stock Broker, Boston.]

Names of Banks.	Capital, October, 1879.	Dividend			Stock Quot.	
		Oct., 1878.	April, 1879.	Oct., 1879.	April, 1879.	Sept. 26, 1879.
Atlantic National	\$ 750,000	4	4	4	131	135
Atlas National.....	1,500,000	2	2	2½	107	115
Blackstone National	1,500,000	2	2	2	87	102
Blue Hill National.....	200,000	0	0	0	92	92
Boston National.....	1,000,000	2	2	0	93	96
Boston (old) National.....	900,000	2	2	2	58	61
Boylston National.....	700,000	2	2	2	102	106
Broadway National.....	200,000	2	2	2	87	87
Bunker Hill National.....	500,000	4	4	4	150	160
Central National.....	500,000	0	0	0	79	92
Columbian National.....	1,000,000	4	4	4	135	140
Continental National.....	1,000,000	2	2	2	85	97
Eliot National.....	1,000,000	2	2	2	95	103
Everett National.....	400,000	2	2	2	83	96
Faneuil Hall National.....	1,000,000	3	3	3	125	125
First National.....	1,000,000	4	4	4	175	183
First Ward National.....	250,000	0	0	2½	75	80
Fourth National.....	200,000	2	2	2	83	86
Freeman's National.....	800,000	2	2	2½	90	102
Globe National.....	1,000,000	0	0	2	81	100
Hamilton National.....	750,000	2	2	3	108	110
Howard National.....	1,000,000	2	2	2	102	105
Manufacturers' National.....	500,000	0	0	0	70	90
Market National.....	800,000	2	2	2	85	100
Massachusetts National, par \$ 250.	800,000	2	2	2	105	108
Maverick National.....	400,000	4	4	4	147	172
Mechanics' National.....	250,000	3	3	3	108	112
Merchandise National.....	500,000	0	0	0	93	93
Merchants' National.....	3,000,000	3	3	3	130	132
Metropolitan National.....	200,000	2½	2½	2½	97	97
Monument National.....	150,000	4	4	0	160	165
Mount Vernon National.....	200,000	0	0	0	92	92
National Bank of Brighton.....	300,000	3	3	3	90	90
National Bank of Commerce.....	1,500,000	0	0	2½	83	105
National Bank of Commonwealth.....	500,000	0	0	2	81	100
National Bank of North America.....	1,000,000	2	2	2	91	103
National Bank of Redemption.....	1,000,000	3½	3	3	120	125
National Bank of the Republic.....	1,500,000	3½	3½	3	125	120
National City.....	1,000,000	2	2½	2½	107	113
National Eagle.....	1,000,000	2	2	2	101	107
National Exchange.....	1,000,000	3	3	3	130	140
National Hide & Leather.....	1,500,000	2½	2	2	97	104
National Market of Brighton.....	250,000	4	4½	4	135	135
National Revere.....	1,500,000	0	0	2	93	102
National Rockland.....	300,000	3	3	3½	124	124
National Security.....	200,000	3*	3*	0	175	175
National Union.....	1,000,000	3	3	3	130	133
National Webster.....	1,500,000	2	2	2	99	103
New England National.....	1,000,000	3	3	3½	132	134
North National.....	1,000,000	3	3	3	115	120
Pacific National.....	250,000	1	3	1	94	95
People's National.....	300,000	3	3	3½	137	145
Second National.....	1,600,000	3	3	3	132	138
Shawmut National.....	1,000,000	2½	2½	2½	102	107
Shoe & Leather National.....	1,000,000	0	0	2½	90	104
State National.....	2,000,000	2½	2½	2½	110	115
Suffolk National.....	1,500,000	2	2	2	110	113
Third National.....	300,000	2	2	2	85	90
Traders' National.....	600,000	0	0	2	80	95
Tremont National.....	2,000,000	2	2	2½	106	111
Washington National.....	750,000	3	3	3	125	128
Total, October, 1879.....	\$ 52,300,000	..	..	..	..	..

* Quarterly. † Paid three per cent. July 1. The stock quotations represent market value, dividend on.

NOTES ON THE MONEY MARKET.

NEW YORK, OCTOBER 24, 1879.

Exchange on London at sixty days' sight, 4.80¼ a 4.81½ in gold.

Several attempts have been made by the speculative cliques to create an artificial stringency in the money market of late, and the low condition of the reserves of the banks has been somewhat favorable to such schemes. But little success, however, has attended them, and for the most part the rates of interest have been tolerably steady as quoted below. Two or three important points are worthy of special notice. The influx of the precious metals from abroad continues, and has done more for the tranquillity of the loan market than almost any other single cause. Since the resumption of specie payments we have imported fifty-five millions, of which forty-seven millions were in gold. If these timely imports of coin and bullion had not been made, it is not easy to see how the banks and the treasury could have worked together so well for the success of the resumption of specie payments. Without going so far as to affirm, with some authorities, that resumption would have been a failure without these specie importations, we may admit that to them has been due much of the monetary ease and prosperity which have been so conspicuous during the last year. It is pointed out that a large part of the gold which has recently arrived is French, and two explanations are offered. It is suggested that from England French coin would be shipped in preference to British coin, because the former would be less desirable than sovereigns in London, where there is just now an accumulation of foreign coin, which is naturally preferred for exportation. Secondly, there is a good deal of capital coming to this country for investment from France, and to this circumstance is ascribed, in part, the unusual preponderance of continental coin in some of the recent shipments which have arrived here. It is gratifying to find that at a conjuncture like the present, when trade is reviving and capital is wanted all over the country, foreign supplies are pouring in from abroad, and there is in the European money markets so manifest a disposition to look favorably upon American investments of the highest class.

Another movement in the money market is the increase of National bank circulation. Last month we called attention to the incipient increase, and it is still going on in various parts of the country. Now that we are on a specie basis financial confidence seems to be reviving, and to be augmenting facilities

for the extension of productive industry and the consequent growth of the National wealth.

The reserves of our New York Clearing House have fallen during the past month to their lowest point, and are now reported on rising averages. The gold certificate arrangement with the Bank of America is in successful operation. It was very popular and efficient when formerly used during several years prior to the suspension of specie payments, and its re-establishment now gives a new assurance of monetary ease in the immediate future. Gold seems to be accumulating in the banks of some of our interior cities as well as in New York.

Perhaps one of the most powerful reasons for expecting monetary ease and quietude is the close of the Government negotiations with the banks for refunding. For many months past the power of the Treasury over the money market has been very great because of the large balances due to the Government from the banks. If these balances or any considerable part of them had been suddenly withdrawn, the reserves of the banks might have been seriously impaired and much perturbation thereby caused in the money market. The fear of such a contingency has long been a source of anxiety, which is now brought to an end with the gratifying completion of Mr. Sherman's refunding work. It must also be remembered that these apprehensions which have so long prevailed have scarcely ever been verified, and that in no previous similar negotiations have so large a series of heavy disbursements between the Treasury and the banks been effected with so little trouble in the money market. The return of currency and deposits from the interior is in some quarters reported, but it seems at present to be slow. Subjoined is the report of our New York Clearing House banks for several weeks past.

1879.	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.	Excess of Reserve.
Sept. 27.....	\$260,763,700	.. \$20,017,400	.. \$40,047,700	.. \$21,531,900	.. \$229,983,000	.. \$2,569,330
Oct. 4.....	266,364,300	.. 20,149,100	.. 38,093,500	.. 21,932,400	.. 231,920,700	.. 262,425
" 11.....	268,701,800	.. 22,566,300	.. 36,438,500	.. 22,080,100	.. 232,780,500	.. 809,675
" 18.....	267,505,500	.. 26,383,600	.. 33,097,700	.. 22,286,800	.. 232,805,300	.. 1,279,975

The Boston bank statement for the same period is as follows :

1879.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Sept. 29.....	\$126,027,300	.... \$3,271,400	.... \$4,379,300	.... \$44,524,800	.... \$27,545,100
Oct. 6.....	126,225,100	.... 3,262,900	.... 4,838,000	.... 45,828,300	.... 27,836,200
" 13.....	126,903,100	.... 3,251,100	.... 4,931,500	.... 47,210,000	.... 27,973,600
" 20.....	128,015,000	.... 3,254,200	.... 4,582,900	.... 48,063,400	.... 28,146,300

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

1879.	Loans.	Reserve.	Deposits.	Circulation.
Sept. 29.....	\$62,639,944	.... \$17,500,784	.... \$53,330,746	.... \$11,788,858
Oct. 6.....	63,558,250	.... 17,687,922	.... 54,442,646	.... 11,795,906
" 13.....	64,706,995	.... 17,235,369	.... 54,709,355	.... 11,814,680
" 20.....	65,942,232	.... 16,240,119	.... 54,812,458	.... 11,853,551

The market for railroad shares and bonds is strong and active, the speculative cliques have taken up a large number of securities which fell into disfavor in 1873, and there is also considerable activity in money stocks. For investment securities there is a good demand, though the high prices check business in certain descriptions. Subjoined are our usual quotations :

QUOTATIONS:	Sept. 25.	Oct. 2.	Oct. 9.	Oct. 16.	Oct. 23.
U. S. 5-20s, 1867 Coup.	102½ ..	102½ ..	102½ ..	102½ ..	102½
U. S. 10-40s Coup.....	101¾ ..	101¾ ..	101¾ ..	101¾ ..	101¾
West. Union Tel. Co..	94¾ ..	93¾ ..	94 ..	99¾ ..	101½
N. Y. C. & Hudson R.	118¾ ..	119¾ ..	119¾ ..	120¾ ..	127
Lake Shore.....	93¾ ..	94¾ ..	95¾ ..	96¾ ..	98¾
Chicago & Rock Island	140 ..	136¾ ..	139 ..	145 ..	147
New Jersey Central...	59¾ ..	64¾ ..	67¾ ..	71¾ ..	78¾
Del. Lack. & West ...	65¾ ..	75 ..	76¾ ..	77¾ ..	85¾
Delaware & Hudson..	56 ..	64¾ ..	65 ..	65¾ ..	76
North Western.....	81 ..	84¾ ..	86¾ ..	86¾ ..	87¾
Pacific Mail.....	27 ..	32¾ ..	32¾ ..	32¾ ..	35¾
Erie.....	29¾ ..	36¾ ..	39¾ ..	40¾ ..	42¾
Call Loans.....	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..	6 @ 7
Discounts	5 @ 7 ..	5 @ 7 ..	5 @ 7 ..	5 @ 7 ..	5 @ 7
Bills on London.....	4.81-4.83 ..	4.81-4.83 ..	4.81-4.83 ..	4.80½-4.82½ ..	4.80½-4.82½
Treasury balances, cur.	\$ 27,213,187 ..	\$ 18,985,468 ..	\$ 16,907,182 ..	\$ 17,011,410 ..	\$ 15,976,431
Do. do. gold.	\$ 140,984,778 ..	\$ 141,410,440 ..	\$ 137,158,545 ..	\$ 133,332,473 ..	\$ 131,762,718

The large imports of gold have tended to give stability to the bank reserves and to preserve the ease of the money market. Considerable disturbance has been caused by the lively speculation at the Stock Exchange and by the heavy amounts of money required in Wall Street and at the Produce and Cotton Exchanges. During the week ending to-day, \$3,955,000, in foreign coin and bullion was received at this port, of which \$3,555,000 was deposited in the Assay Office for coinage. Since August 12, \$44,861,250 has been received here, and \$39,308,250 of it was deposited in the Assay Office for re-coinage. During the past week the Assay Office paid to bankers, on account of foreign gold received, \$1,921,752, a large part being for French coin.

The stock market has shown more general activity than for a long time past. Indeed, since 1873, we have not had so violent a speculative fever in Wall Street. Some observers deem it too severe to last. Whether it will be followed by a healthy growth and permanent establishment of real values, remains to be seen. Government bonds are firm notwithstanding the trouble in the money market. Of the refunding certificates, \$36,888,700 have been converted into the new fours. The range of prices compares as follows:

	—Range since Jan. 1, 1879.—				—Amount Oct. 1, 1879.—	
	Lowest.	Highest.	Registered.	Coupon.		
6s, 1880-1.....coup.	103¼ Aug. 29 ..	107¾ June 23 ..	\$ 205,720,650 ..	\$ 77,015,700		
5s, 1881.....coup.	101¾ Aug. 27 ..	107¼ Jan. 15 ..	275,245,400 ..	233,194,950		
4½s, 1891.....coup.	104 Mar. 21 ..	108 May 21 ..	166,139,750 ..	83,860,250		
4s, 1907.....coup.	99 Apr. 1 ..	103¼ May 21 ..	472,862,400 ..	264,294,650		
6s, currency.....reg.	119½ Jan. 4 ..	128 May 31 ..	64,623,512 ..	—		

As reported by the Bureau of Statistics, the exports of ham and bacon, fresh beef, salted beef, pork, lard, butter, cheese, and tallow, during September, 1878, amounted to 78,403,474 pounds, and were valued at \$6,334,079. During September, 1879, the exports of the same articles amounted to 91,828,398 pounds, and were valued at \$6,542,569. The fall in prices this year is very considerable. Of hams and bacon, 29,731,669 pounds were valued in September, 1878, at \$2,414,488, while in September, of this year, 35,295,756 pounds were valued at only \$2,203,185.

State bonds are more in request. Foreign capitalists are buying Virginia

consols and Louisiana consols, while other Southern bonds 'are rather more in favor with domestic purchasers. Railroad bonds are strong, and many of the old defaulted bonds are largely dealt in at higher prices on speculative account. Subjoined are the closing prices for state' bonds.

States.	Oct.	Oct.	—Range since Jan. 1, 1879.—			
	17.	24.	Lowest.	Highest.		
Louisiana consols.....	45½	.. 44	.. 36	July 24	.. 69	Jan. 6
Missouri 6s, '89 or '90	*106	.. —	.. 103½	Mar. 5	.. 107¾	June 10
North Carolina 6s, old.....	24	.. *25	.. 18	Feb. 8	.. 25¾	June 14
Tennessee 6s, old.....	*32	.. 38½	.. 30	Aug. 20	.. 42	Feb. 13
Virginia 6s, consol.....	*85	.. *86	.. 73½	June 20	.. 73¾	June 20
do. do. ad series.....	—	.. *33	.. 37	Sept. 25	.. 44	Mar. 28
District of Columbia, 3-6s.....	*84	.. —	.. 79½	Jan. 3	.. 88½	May 23

* This price is offered; no sale was made at the Board.

Payments for arrears of pensions during the first twenty-three days of October were only \$900,000, and it was the opinion of the Washington officials that they would not exceed \$1,000,000 for the entire month, and that the reduction of debt during the month might reach \$6,000,000. For the first three months of the current fiscal year, the payments for arrears of pensions were so heavy that the decrease of debt in that quarter was only \$4,803. For the nine months beginning with October, the surplus revenue promises to be so large that there will be no need of borrowing money to pay off the \$18,415,000 of debt falling due in December, 1880.

On the 23d of October, the Comptroller of New York City opened the bids for \$6,000,000 of five-per-cent. city bonds payable in 1884. The aggregate of the bids was \$30,222,840, ranging from par to 102.27. The lowest bid accepted was 101.41. Nearly all the accepted bids were made by Savings banks.

The payments into the New York Custom House for duties from October 1, to October 24, both inclusive, were \$1,677,000 in gold coin, \$5,418,000 in legal-tender notes, \$13,000 in silver and \$1,857,000 in silver certificates.

The London *Times* states that the Bank of France charges a premium on gold at a sliding scale of from 1.65 to 2 per mille. This is probably as misleading as a statement which obtained currency a month ago, that the same bank was charging a premium on gold of one mille. In fact it charges no premium on general gold payments, but if persons wish for export purposes particular descriptions for gold, of an extra weight and an extra real value for export purposes, a corresponding extra charge is made, just as the Bank of England sometimes raises its price for American eagles.

For the month of September, British silver exports to India increased, as compared with September of last year, from £167,780 to £502,680, while to China (including Hong Kong) they declined from £51,038 to £6,695.

For the first nine months of this year, British silver exports to India increased, as compared with the first nine months of last year, from £3,634,184 to £3,914,880, while to China (including Hong Kong) they declined from £1,531,889 to £494,849. The aggregate decline, taking India and China together, is therefore £756,334 for the nine months, but this will probably be more than made up during the remaining three months.

The London silver quotation October 24, was 52½d. per ounce, British standard. This is a rise of 5¼ per cent. in the value of silver since the German sales were stopped in May last. The recent advance in teas is favor-

able to an increased demand for silver in China, but that may be offset by an increased production of the metal in this country.

Mexican silver dollars are sold in London by weight, and as they contain one-tenth alloy, while British silver standard contains only one-twelfth, the quotation per ounce is not so high.

The total amount of standard silver dollars coined from March 1, 1878, to September 30, 1879, was 42,634,100. In coining this sum nearly 1,100 tons of silver bullion and 120 tons of copper have been consumed. The profit accruing to the Government on the coinage of this amount is between \$6,000,000 and \$7,000,000.

The increase of National bank circulation in October, estimated at about \$3,000,000, would have been very much larger, if its natural tendency to adapt itself to the wants of trade was not hampered by the Government tax upon it. It is one of the curiosities of politics, that the most strenuous upholders of that tax, are also the most eager advocates for an expansion of the currency. If they would only assent to the abrogation of the tax which restrains it, they would obtain precisely what they desire.

During the month of September \$45,000 was added to the Pacific Railroads' Sinking Fund, by withholding from those roads that amount due them by the Government for transportation.

The St. Paul interests are pressing the scheme of a railroad to Montreal *via* Sault St. Marie. The length of that line would be 1,046 miles. From St. Paul to Liverpool by way of Chicago and New York, the distance is 4,413 miles, by the proposed route and Montreal it is 3,836 miles, or 577 miles less.

Of the 2,245,959 bushels of wheat shipped from Montreal in September, only 220,900 bushels were of Canadian growth.

The number of emigrants arriving at New York during the month of September, was 14,770, an increase of 5,949 as compared with September, 1878. The number of arrivals from January 1 to October 1, was 95,203, an increase of 32,618 as compared with the corresponding period of last year. The immigration into the United States in 1873 was 266,818; in 1874, 104,041; in 1875, 84,560; in 1876, 68,264; in 1877, 54,536; in 1878, 75,347; in nine months, 1879, 95,203.

DEATHS.

At DELPHOS, OHIO, on Wednesday, August 20th, aged fifty-two years, DR. RUDOLPH REUL, President of the First National Bank of Delphos.

At PORT JERVIS, N. Y., on Tuesday, October 14th, aged seventy-one years, HENRY H. FARNUM, President of the National Bank of Port Jervis.

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No. 6.

THE BALANCE OF OUR FOREIGN EXCHANGES.

The dominating feature of our foreign trade, which is that of a large balance in our favor, in merchandise transactions with all other nations taken as a whole, has undergone no appreciable change. The universal expectation of European financiers and writers that this balance would by this time have ceased to exist, by reason of an increase in the quantity and money valuation of our imports, has been entirely disappointed, as we predicted in our October and November numbers that it would be. It is true that there has been some increase in the quantity of imports and in the prices of a few imported articles, but exports have also been well maintained both in bulk and in money valuation. In short, the balance remains, as yet, substantially unaffected, and so does, thus far, the flow hither of gold from Europe, by which, since the beginning of August, this balance has been paid for. From our reading of European financial journals, we are satisfied that the persistency of this condition of things is a complete surprise on the other side of the Atlantic. In no other way can we explain the vacillation and dilatoriness which has been manifested there, in resorting to the only steps by which the drain of gold this way can be checked, and to which they must now resort very soon, or pay the penalty of a suspension of gold payments in both England and France.

In respect to the Bank of France there has been a loss of gold from the end of May to the 23d of October of £8,640,000. And it may be presumed that the whole of this

loss was really incurred between August 1st and October 23d. From the last-named date to November 6th, it suffered a further loss of gold to the amount of £961,751. And in the two weeks after November 6th, it lost in coin 31,575,000 f. or £1,263,000. The proportion of gold in this last loss is not stated, but may be presumed to be large. There have been statements from time to time, that the Bank of France was exacting a premium on gold, which would be equivalent to a suspension of gold payments, but the statements have been shown to be incorrect. The Bank has exacted no premium on ordinary current gold, but has only asked an extra price for gold pieces of an extra weight, and the extra price for such pieces has been very slight at the counter of the Bank and among the bullion dealers. The Paris correspondent of the London *Economist*, writing November 6th, says:—

“The bullion dealers are selling heavy napoleons at 1 fr. 50 per mille premium.”

This is positive proof, that down to that date, no difference of value was recognized in the Paris markets between ordinary French coins of silver and gold. The drain of the latter metal had been great, but the accumulations to draw from were also great. But it is clear that the drain cannot be permitted to proceed much further without producing an effect upon the relation of the metals in the French markets.

The coin and bullion (nearly all gold) in the Bank of England, which was twenty-eight millions sterling January 1, 1879, was expanded twenty-five per cent. during the following months, but began to fall off after the drain to the United States set in. The amount was as follows at the dates named :

1879.		1879.		
July 30.....	£ 35,694,093	..	October 22.....	£ 32,257,864
August 20.....	35,379,724	..	October 29.....	31,097,433
September 17.....	35,220,075	..	November 5.....	30,188,596
October 8.....	34,094,924	..	November 12.....	29,302,325
October 15.....	33,430,802			

The losses of gold by the Bank of England during the two weeks ending November 26, are reported at £1,132,000, reducing its stock to £28,170,325.

Between August 30 and October 15, the coin and bullion in the Bank of Germany (the exact proportions between the gold and silver being unknown) decreased from £27,229,000 to £24,528,000, but since then, with the aid of an increased rate of discount, the bank has somewhat augmented its stock of specie.

According to the best attainable information, the stock of both gold and silver in the principal European banks on or near the 23d of October, reduced to dollars, was as follows:

Bank of France.....		\$ 410,950,000
Bank of England.....	\$ 155,987,000	
Imperial Bank of Germany.....	125,855,000	
Austrian National Bank.....	84,945,000	
Netherlands Bank.....	65,215,000	
		432,002,000
National Bank of Belgium.....	13,365,000	
Bank of Russia.....	105,585,000	
Bank of Spain.....	39,700,000	
Swiss Concordat Banks.....	7,755,000	156,650,000
		\$ 1,001,602,000

Of that total of coin, there was known to be (say) \$ 240,000,000 of silver in the Bank of France and \$ 45,000,000 in the Bank of Austria, and, according to the best attainable information, there was \$ 50,000,000 in the Bank of Germany. In round numbers, it is a probable conjecture that of the 1,001 millions dollars in coin, 600 millions consisted of gold.

As we have already said, the European financiers have been slow to appreciate the gravity of the situation, and it is not certain that they appreciate it yet. Thus, the London *Economist* says on the 8th of November: "About £ 12,000,000 has been taken from the Bank of England, France, Germany and Belgium already for America, and when dealing with such large figures it is impossible to prognosticate whether £ 1,000,000 or £ 5,000,000 may have to go."

One million sterling as a minimum, and five millions as a maximum. These were British ideas on the 8th of November as to the possible proportion of the American drain of gold after that date, but in the two subsequent weeks the Bank of England lost £ 1,261,000, and the Bank of France probably lost £ 1,000,000. It is plain that European opinions must be revised, and that European bankers must act decisively to accomplish either one or both of two things, a reversal of the balance of trade in favor of the United States, or such a reduction of the prices in Europe of American securities now held there, as will cause them to be sent home in liquidation of that balance of trade. There is some evidence that the last thing has already been accomplished to a small extent. Thus, the London *Standard* of November 15th, said:

"The quantity of gold taken for export to America yesterday would have been doubled, but for the simultaneous shipment of £ 200,000 in various American Bonds."

To the same effect is the following from the London *Daily Telegraph* of November 18th: "The smallness of the withdrawal of bullion from the Bank of England is due to the fact that bonds are going to America instead of gold."

POSTSCRIPT.—The Bank of France returns, to November 12, show a loss from November 6 of £ 722,356 of gold, reducing its stock of that metal to £ 32,149,644.

OVER-CERTIFICATION OF CHECKS.

There has been an active discussion during the past month, in banking circles of New York city, over the practice of certifying the checks of Stock Exchange brokers beyond the amount of their deposits at the time of certification, which has prevailed for a long time amongst certain institutions of large capital and high credit, described in general as "the Wall Street banks." The practice has grown naturally out of the character of the business of the Stock Exchange brokers, whose daily transactions vastly exceed any amount of cash which they have or could be expected to have in bank, when the day begins. They pay in certified checks for stocks purchased on the orders of customers, whose certified checks in repayment they do not receive until after the orders are executed. On balance, they ought to receive, and ordinarily do receive, a larger amount than they draw, the difference being their profits and commissions, so that their bank accounts, as made up at the end of the day, show an undiminished amount to their credit. No important losses have resulted to the banks engaged in these operations, and they have, in fact, gained largely by the practice, because it has secured to them the deposits and business of a wealthy and profitable class of customers. The means and credit of these customers, and the nature of their business, are well known to the banks, and there is really no reason why, with proper prudence, such bank dealings with customers may not be as safe as other bank dealings, nearly all of which require a correct determination as to the soundness of personal credit.

But whether safe or unsafe, the over-certification of checks is something which the National banks cannot engage in, without what is admitted to be a plain violation of law. Such banks are not permitted to loan their credit in that way, even if the loan is only for a few hours. The Comptroller of the Currency has clearly done his duty in admonishing the National banks that the practice is an unlawful one and must be abandoned. The only criticism made upon what he has done, is the suggestion that he must have long been aware of the practice and ought to have given the admonition before. If it is really intended to imply by this criticism that he has lost the right to give the admonition now, because he did not give it at some anterior period, the answer is plain, that laws are not repealed by any delay in arresting local violations of them, while it always happens that the attention of executive officers is drawn, first to one such violation, and then to another, by the circumstances of some particular time.

But if this practice of over-certification by National Banks is broken up—as it ought to be and will be, except in the extremely improbable contingency of such a change in the National banking law as will sanction its continuance—it will still remain true, that the business of the Stock Exchange brokers requires something in the nature of an over-certification of checks, unless it is made unnecessary by a change of system. Various suggestions are made. One is, that those Wall Street National banks, which have heretofore over-certified checks, should re-organize as State banks, and thus escape the prohibition of the National Bank Act in that particular. Another is, that a special bank should be organized for the purpose with sufficient capital, and in the direction of which the Stock Exchange, as an organized body, should have a leading share. Still another is, that there should be a weekly or fortnightly settlement of stock transactions, following the examples of the London Exchange and the Paris Bourse, with such modifications as the American situation may be thought to require.

Whatever may be done, we think that there are political reasons, of a very urgent character, which require that the National banks should, in no event, have anything to do with the over-certification of checks in connection with the operations of the Stock Exchange. The National banking system is one which it is vitally important to preserve. It gives the country the soundest paper currency it has ever had or is ever likely to have, and is in all respects invaluable as a conservative financial force. It has, nevertheless, to encounter many enmities, and not a few of them merely because it is a conservative force. We know too well that there are some popular prejudices against it, growing out of the misapprehension that it involves monopoly and that its profits are excessive. It is, furthermore, weakened in a political sense, by the fact that the existing National banks are concentrated in certain geographical sections, in which the monetary capital is found to establish and maintain them, and that in other and large sections there are very few of them. Under these circumstances, everything must be avoided which is avoidable, tending to create additional prejudice, and any practice at such a conspicuous point as the city of New York which associates National banks, in the popular mind, with the operations of the Stock Exchange is clearly of that nature. Without doubt, many of these operations are legitimate and useful, but they are not all so. At the present time, especially, there is a wide-spread and well-justified apprehension as to the enormous extent and enormous dangers of stock-gambling. It is infecting the whole community with the spirit of speculation, and it is sowing everywhere the seeds of bankruptcies, breaches of trust, and defalcations in individual and corporate affairs.

At such a time, above all others, it is essential that the National institutions should confine themselves to what is regarded by the public as legitimate banking in the strictest sense, which is the discount of paper and the granting of loans connected with the operations of industry, trade and commerce. It is essential that the banks should be beyond the suspicion of stimulating and profiting by the business of the Stock Exchange, and that their capital should not be employed in carrying either stocks, or dealers in stocks.

EUROPEAN ACCUMULATION OF GOLD.

A principal cause of the delusion which seems to prevail among some careless persons and writers in this country, in respect to the magnitude of recent gold accumulations in Europe, is the assumption that the coin and bullion reserves in the principal banks there consist entirely of gold, whereas the silver proportion of those reserves, although not definitely ascertainable, is known to be very large. In the money article of the last September number of this magazine, referring to a mistake on this subject, made in an article of a British financial journal, extensively copied in the United States, we took occasion to say:

“The London *Economist*, in its issue of August 9th, has an article on the accumulation of bullion and the precious metals in the leading European banks. By an inadvertence, its table of detailed figures, showing an increase in the aggregate within the past year from £165,983,000 to £189,966,000, is headed ‘gold coin and bullion.’ But the sums given do not represent the ‘gold’ in the banks named, but the gold and silver, which is a very different thing, especially in the case of the banks of France and Austria, both of which have more silver than gold in their metallic reserves. The loss of gold by the Bank of France offsets the gain by some other banks.”

In respect to the Bank of France, annual statements are made of the proportions of its gold and silver on the 31st of December. Statements on that point are made at other times, irregularly and not very frequently, but the bank does not practice any such impenetrable secrecy on the subject, as is observed by the Imperial Bank of Germany.

Converting francs into pounds at the rate of 25 francs to the pound, the metallic reserve of the Bank of France on the 31st of December, of the last five years, was as follows:

	<i>Gold.</i>	<i>Silver.</i>	<i>Total.</i>
1874 ..	£ 40,484,000 ..	£ 12,528,000 ..	£ 53,012,000
1875 ..	46,972,000 ..	20,200,000 ..	67,172,000
1876 ..	61,216,000 ..	25,544,000 ..	86,760,000
1877 ..	47,084,000 ..	34,616,000 ..	81,700,000
1878 ..	39,344,000 ..	42,324,000 ..	81,668,000

The coin and bullion in the Bank of England is nearly all gold. The quantity of silver is known to be very small, but is never reported, and at a meeting of the shareholders within a year or two, when one of them asked to be informed how much silver there was, the Governor announced that such information could not be given without a violation of all the precedents and traditions of the institution. Not only is the amount of silver in the Bank of England small, but there is reason to suppose that the changes in it are also small. We may, therefore, take the figures of changes in the coin and bullion, as indicating the changes in the amount of gold.

The coin and bullion in the Bank of England was as follows at the dates given :

1876	(Oct. 25)	£ 33,194,869	..	1878	(Oct. 23)	£ 24,247,846
1877	(Oct. 24)	22,693,680	..	1879	(Oct. 22)	32,257,864

No important fluctuation is known, or believed, to have taken place in the gold in the reserves of any other leading bank in Europe since 1876, except the Imperial Bank of Germany. Without doubt, that institution has gained gold within that time, but how much is only a matter of guess-work even among well-informed persons in Berlin. The aggregate of its metallic reserves fluctuates between £ 25,000,000 and £ 27,000,000. About two years ago, it was the belief at Berlin that two-thirds of it was then in silver. Toward the end of last May, the British Minister at Berlin informed his Government that the Bank then held £ 10,000,000 in silver thalers, which would be (say) two-fifths of its stock. We can only conjecture that the Bank may have gained gold within the last three or four years to the extent of not less than £ 5,000,000, and not more than £ 10,000,000.

The accumulation of gold in the U. S. Treasury for the purpose of resumption, commenced in May, 1877, and continued through the year 1878. It is easy to trace the effect of that accumulation in connection with the concurrent movement of Germany, in the direction of substituting gold for silver in its currency, upon the gold reserves in England and France. It is true that England has been able to get back to as strong a position in 1879, as respects gold, as it occupied in 1876, but it was only done by putting up the rates of interest enormously in the fall of 1878. It was also only done at the expense of the gold in the Bank of France, which fell £ 21,872,000, from December 31, 1876, to December 31, 1878. A portion of that sum re-appeared in the Bank of Berlin, and another portion re-appeared in the United States, having reached those destinations by various routes, some of which were very circuitous.

During 1877, and the first eight months of 1878, there was a net export of gold from Great Britain of £ 5,830,000,

whereas its annual net import of gold from 1858 to 1875, both years inclusive, was £4,392,431. It was this gold export in 1877-8, and the consequent reduction of the reserves of the Bank of England, which compelled that institution to raise its discount rates in the fall of 1878, and to bring about and maintain a stringency in the London money market severe enough to replenish its vaults.

We have now later figures of the proportion of the metals in the Bank of France, which enable us to trace the effects upon the European banks of the drain of gold to this country, which commenced in August last, and still continues. In justification of the raising of its rates of discount, the Bank of France has published the state of its metallic reserves on the 23d of October. It then had in silver £48,360,000, and in gold £33,800,000, being a reduction of £5,544,000 in the last named metal since December 31, 1878. But even that does not show the full effect of the drain of gold to America commencing in August. From December 31, 1878, the Bank of France gained gold for five months, so that its metallic stock at the end of last May was £45,880,000 in silver, and £42,440,000 in gold. The real effect of the current American drain is not the reduction of £5,544,000 from December 31, 1878, to October 23, 1879, but the much larger and much more sudden reduction of £8,640,000 from the end of May, 1879, to the 23d of October.

[The figures of gold in the French Bank at the end of May are as given in the *Bulletin de Statistique* for June, and *L'Économiste Française* for November 1.]

The outflow of gold from the Bank of France has continued since October 25. Between that date and November 6, it lost £961,751 in gold. Between November 6 and November 20, it lost £1,263,000 in coin. The proportion of gold in the last named loss is not given, but was doubtless large.

French silver coins are unavailable for export, not because other nations are not always ready to accept them at their bullion value, which is the only value at which gold coins are accepted internationally, but because they are kept at an artificially high value at home by a closure of the mints against silver.

The New York *Financial Chronicle* (November 8,) pertinently observes upon the whole case:

“The figures, so far as they can be obtained, disclose a less visible supply of gold in Europe than in 1876; and when we remember that this condition exists at a time of extreme depression and inactivity in trade, the circumstance becomes the more remarkable, and furnishes, as we think, pretty strong evidence of scarcity rather than abundance for the purposes of commerce. Let enterprise revive and exchanges become correspondingly active, and it does not

require much imagination to foresee frequent crises and panics, growing out of deficient reserves."

The *Chronicle* undoubtedly intended to confine the last observation to countries which use only gold. A scarcity of that metal has no direct tendency to cause "*deficient reserves*" in the banks of countries like Austria and India, which are on the silver standard, or of countries, which, like Holland and France, employ both metals. The reserve in the Bank of France, for example, is still very large. It is not so large as it was last spring and summer, but it is as large as it was one and two years ago. The falling off even from 1876 is less than ten per cent. and the increase is one-third from the average of the years 1874 and 1875. It is true that its reserves are now principally silver, but its strength is not impaired by that circumstance, inasmuch as all its obligations may be redeemed in silver as well as in gold. The holders of its notes might prefer to have them paid in gold, but it is of no consequence to the bank in which metal it pays them.

PROFITS OF RAILROADS.

The existing capital of all the British and Irish railroads amounted at the end of 1878, to £ 700,562,299, and is estimated to amount at the present time to £ 715,000,000. Of this total, about forty per cent. is represented by common shares, thirty-five per cent. by preferred or guaranteed shares, and twenty-five per cent. by bonds, or debentures as they are called in England.

The London *Economist* gives the dividends for ten years, from 1869 to 1879, on the common shares in four-fifths of the companies, which it states to be a fair representation of the whole. These dividends have averaged annually on the English and Welsh roads, 5.5 per cent., on the Scotch roads, 5.6 per cent., and on the Irish roads, 7.3 per cent.

Taking all the roads together, the *Economist* estimates the average annual dividends on the preferred and guaranteed shares at 4.8 per cent., and the annual interest paid upon debentures at 4.4 per cent.

There is another source of profit which is real as to the individual holders of shares and debentures, although it may be somewhat problematical in a national point of view, and that is the rise in the market prices of the shares and bonds between 1869 and 1879. It is very considerable, as the present year is distinguished in England, and elsewhere, by very low rates of interest, and by a consequent very large appreciation in the selling value of all dividend-paying investments.

The *Economist* shows that this profit has averaged annually on all the common shares 3.9 per cent., on the preferred and guaranteed shares, 1.9 per cent., and on the debentures 1.1 per cent.

The nominal capital of the British railroads is much more real than the (so called) capital of railroads in this country. In England there has been very little done in the way of watering stocks, and in selling bonds or debentures below their par value. In other words, the figures of the nominal British railroad capital are very nearly identical with those of the actual amount of cash contributed by investors. But they are considerably in excess of the amount actually expended on the roads. Railroad managers there have paid out enormous sums in what are called the Parliamentary expense of obtaining charters, and in excessive prices for lands and rights of way. The income yielded by the roads has, however, been sufficient to provide a satisfactory remuneration, not only for what the roads cost, but for many other expenditures.

As American railroad accounts are made out, it would be a hopeless undertaking to endeavor to present anything like an approximate statement of the average income, for a series of years, upon the aggregate amount of money put into them; but, as a matter of opinion, we believe it to have been larger than is shown in Great Britain. American roads have been built much more cheaply, and have paid comparatively little for rights of way. The instances are rare, in which their business has not greatly exceeded the anticipations of the most sanguine projectors. The fact that shareholders have, in frequent cases, received little, or nothing, does not prove, and scarcely tends to prove, that those enterprises have not paid well. Nor is that proven by the other fact, that even their creditors do not always receive all that their contracts entitle them to. Companies which borrow at rates which, including the discounts on bonds sold, are equal to ten, fifteen, and twenty per cent. per annum, cannot very well expect to have anything left for themselves; and creditors, who stipulate for such rates are, in fact, well paid if they actually realize something less.

It will probably be admitted that the present net income from the railroad property of this country, is a high percentage on the aggregate amount of cash which it would now cost to duplicate it. If it is not so high a percentage on what it actually did cost, the cause is often nothing more than a change in the value of money, and the shrinkage is merely nominal. It has not been avoided in any other form of investment in tangible property. An individual who can now get one thousand gold dollars for what cost him two thousand greenback dollars during the Civil War, has made an equal nominal loss, whether his investment be in ships,

buildings, or railroads, and in neither case has he made any real loss at all.

Railroads, the world over, have probably paid better, more steadily, and more uniformly, than any other form of property approaching them in magnitude. Agricultural property, commonly reckoned as the most permanent and reliable in the income which it yields, has its periods of depression, and they are sometimes not of short duration. Commerce, manufactures, mining, are all proverbially hazardous. Railroads ought to pay well, considering the immense savings they have made in the charges of transportation and travel. It would be extraordinary if they had not been able to retain, for their own use, at least that very small fraction of those savings which is all that is needed to make them remunerative to their owners. If they could have appropriated to themselves all these savings, their profits would have been fabulous. Their actual gains, whatever they may have been and whatever they are now, do not represent an abstraction from the gains of other industries and other forms of property. They result from a real public economy brought about by an improved method of transportation, and the larger part of the fruits of this economy is a free gift to the general community.

FIDELITY ASSURANCE.

The theory of assuring the fidelity of persons placed in positions of pecuniary trust, in consideration of the payment to the assurer of an annual per-centage on the amount assured, was first proposed and expounded in the *Dublin Review* for August, 1840, by the late Prof. De Morgan. It was shown in that article, that there was an average of betrayals of pecuniary trust, over a series of years, just as there is an average of losses by fire, or shipwreck, or an average of the duration of life, and that it could be as approximately ascertained, and as safely calculated upon, as the basis of fixing a rate for insuring against them. The article, referred to, seems to have made an immediate impression upon the public mind in Great Britain, as the Guarantee Society of London was established during the same year, and received the sanction of a special act of Parliament in 1842. The business has now become as well established in Great Britain, as any other branch of assurance, and Parliament has provided by various Acts for accepting on the bonds of public officials, in lieu of private suretyship, the security of Fidelity Assurance Companies.

The advantages of the new plan are numerous and obvious. It relieves persons from calls upon them to become

sureties, made often under circumstances rendering it almost impossible to refuse, but still always yielded to with reluctance, and too frequently involving important losses. It is equally a relief to those who are obliged to give security, and that is the indispensable condition upon which only many public and private employments can be obtained. Instead of being compelled to ask a favor of relatives, or personal friends, they can purchase security for what it is worth as a matter of business, if they have earned a good reputation for integrity. This last pre-requisite to granting a policy of fidelity assurance is insisted upon by all companies of which we have seen any account. The parties, whether individuals or governments, to whom securities are given, find them safer and more available, when given by companies which have been paid for giving them, than when given by friends, or relatives, who can make, in the case of losses, appeals for lenity and forbearance, which it is difficult to resist.

There is an objection to the plan, which will strike everyone as a first impression, and which was much insisted upon when it was first broached and first put into practical operation. This objection is, that governments, corporations, and individuals, who hold as security for the fidelity of their employees the responsibility of their relatives, or personal friends, have what has been called a "moral guarantee," that a loss will not occur, arising from the natural repugnance of men to throw burdens upon those who have gratuitously assumed a risk for them. Where the suretyship of a company had been bought and paid for, it is said that no such repugnance would exist. There is no doubt some force in this objection, but it seems to be sufficiently answered by the two following considerations :

First. Nearly all the defalcations of those who are entrusted with the money of others arise from a course of conduct entered upon with no intent, or expectation, of its ending in a default. The money disappears in loans to associates who are unduly confided in, or is drawn off by degrees into the vortex of some speculation, in which a loss is the last thing dreamed of. The "moral guarantee" fails in practice, because the parties concerned have no idea, until they are irretrievably committed, that what they are doing will eventuate in any damage to relatives or friends, who have become their sureties. No "moral guarantee" would seem to be more perfect than the guarantee of the personal interest of men against the waste and throwing away of their own fortunes, and yet we know that they do it every day. In that case, we see very readily that their personal interest is only a "moral guarantee" that they will not intentionally and deliberately ruin themselves. It is no

guarantee at all that they will not pursue courses, of which ruin is a frequent and probable result.

Second. Whatever the restraint may be worth, which arises from a regard for relatives, or friends, who have become sureties for the fidelity of others, it is of less value than the constant supervision which is exercised by fidelity assurance companies over those for whom they have become responsible. The father, brother, or intimate friend, who has signed the bond of a bank teller or government officer, will probably remain in the same state of entire confidence, which induced him to sign it, and will give it no further thought or attention. The case is very different with fidelity assurance companies. They have invested capital in guarantee funds with the hope of a profit, and they know very well that profits will become losses, unless they exercise a constant vigilance. They are carrying on a regular business, and they are restrained by no feeling of false delicacy from conducting it on business principles. If they have stipulated that the accounts of those for whom they assume responsibilities shall be settled at frequent intervals, they will insist upon knowing that it is done. They will observe the conduct of those whose fidelity they have guaranteed, not with unfriendly eyes, but coolly and impartially, and will see to it that they do what they have agreed to do, and that they do not do what they have agreed to abstain from.

Some idea of the vast number of bonds required from officials and employees in this country may be found from the following figures, collected, as to the State of Massachusetts, by a careful writer, Mr. D. P. Bailey, Jr., in an article contributed to this Magazine in February, 1878.

“Recent investigations in Massachusetts show, that during the first six months of 1876 there were filed—in the counties of Suffolk and Middlesex, 1,327 probate bonds, with sureties for an aggregate amount of \$10,736,820, and giving for the whole year at the same rate, 2,654 bonds for \$21,473,640, an average of about \$8,000 for each bond. The largest bond was for \$500,000, and the smallest \$25. The number of bonds under \$1,000 was 602, or about one-half of the total. In 1876 there were 791 manufacturing corporations; 476 banks,—Savings and National; 225 insurance companies; and sixty-eight railroad companies having officers in Boston; in all, 1560 institutions. If the bonds furnished by officers of these institutions amount in each to an average of \$20,000, this will give \$31,000,200 of risks to be written.

“A canvass of eleven of the fifty-four banks in Boston shows an average of eight employees under bonds in each bank, the average amount of bonds to each bank being \$77,545. In the case of each one of the 2,745 agencies of the 181 foreign insurance companies authorized to do

business in Massachusetts, the law demands a bond of \$2,000 to the Treasurer of the Commonwealth, an aggregate of \$5,490,000. In each of the 342 cities and towns of Massachusetts, the Treasurer, and also the Collector, if the offices are kept distinct, must furnish a bond. These bonds will probably average \$20,000 or more, giving an average of \$6,840,000. A similar state of facts will be found to exist in many, if not most of the other States. They show how large is the field for fidelity insurance in every commercial community."

The difficulty of obtaining bonds is sometimes lessened by a resort to the expedient of splitting it up into small parts. Thus, we have heard of a case in Philadelphia where a bank officer met the requirement of a bond, to the amount of \$20,000, by procuring from forty of his friends forty bonds for \$500 each.

As we have already noticed, fidelity assurance is a well-established business, but it seems to have become so by slow degrees. After the establishment of the Guarantee Society in 1840, and its obtaining a charter in 1842, no other company was started until 1863, when the National Guarantee and Suretyship Association was organized with a capital of £250,000. Since then, four other companies have been organized with an aggregate capital of £415,000. These British companies make no reports of their operations, but it is inferred from the fact that none of their stock is on the market, that they are making money.

In Canada there are two companies engaged in this branch of insurance. One is the Citizens' Insurance Company, which commenced business in 1868, with an authorized capital of \$2,000,000, fidelity assurance being one branch of its operations. The other is the Canada Guarantee Company, doing no other business than fidelity assurance. It commenced operations in 1872 with a subscribed capital of \$125,000 (of which \$1,380 was paid up), with a right of increasing it to \$500,000. In addition, the Imperial Guarantee and Loan Company was incorporated in 1872, but had not as late as 1878 commenced business.

During the year 1876, the Canadian Guarantee Company received 1,014 applications for bonds, of which 118 were declined, leaving 896 bonds issued for \$1,686,750, being an average of \$1,882, for each bond. The annual premium on these bonds was \$16,318, or a trifle less than one per cent. To December, 1876, after doing business for four and a half years, it had received in premiums \$115,220, while the excess of losses paid, above losses recovered, had amounted to \$41,867. By losses recovered, is meant what the company is able to collect from insured parties towards the reimbursement of the company for payments made on account of defalcations.

The Citizens' Insurance Company had in force at the end of 1876 bonds to the amount of \$3,057,650, and its receipts for premiums during that year amounted to \$29,393.

Taking the two companies together, their premium receipts during 1876 were \$67,455, while their net losses during the year were only \$32,593.

The figures of these Canadian companies for 1879 are not yet published, but we have before us the report of the business of the Canada Guarantee Company for 1878. During that year its total premiums on 3,332 bonds amounted to \$49,840, of which \$17,603 was paid for premiums on 1,399 new bonds. The losses paid during the year were only \$9,316, and the losses recovered amounted to \$1,496. Two three-per-cent. dividends were declared on the paid-up capital stock, and \$29,188 was added to the balance on hand, which is now represented as sufficient to provide for all debts, for the estimated liability on outstanding bonds, and for the reimbursement of the capital stock, and to still leave a net surplus of \$30,238. We see from an advertisement of a four-per-cent. dividend for the first six months of 1879, that Sir A. T. Galt is the President of the Company, and that a system has been organized in respect to continuing bonds, whereby there is an annually increasing reduction of the premiums, and that the reduction for this year ranges from 15 to 25 per cent.

The system of fidelity assurance has made scarcely any progress in the United States.

In Massachusetts, the Fidelity Assurance Company was incorporated in April, 1877, but is believed not to have gone into operation. One objection to the provisions of its charter was the restriction of its rate of dividends to six per cent., until it had accumulated a surplus equal to its paid-up capital.

In Pennsylvania, there are two companies which have a right, under their charters, to engage in fidelity assurance. One is the Fidelity Insurance, Trust and Safe Deposit Company, organized in 1866. The other is the Guarantee, Trust and Safe Deposit Company organized in 1872. They have neither of them, however, engaged as yet in the general business of fidelity assurance, although they have both, as we are informed by a well-advised correspondent, become sureties to Courts for executors and trustees.

In the State of New York there is only one company, the Knickerbocker Casualty Insurance Company, which offers to do a fidelity assurance business, in connection with insurance against accidents. It has only very recently gone into operation. It has a deposit of \$100,000 in United States bonds in the Insurance Department at Albany. The character of the stockholders and directors of this Company indicate that they will give the business a fair trial, and will do all that is possible to make it successful.

THE REPORT OF COMPTROLLER KNOX.

The report of the Comptroller of the Currency, which appears elsewhere, is, as usual, full of important information. The record of the last year's progress shows thirty-eight new banks with a capital of \$3,595,000, to which \$2,390,440 in circulating notes have been issued. The capital of the 2,048 National banks in operation, June 14, 1879, was \$445,244,415, not including the surplus of \$114,000,000; while the average capital of all the State banks, private bankers and Savings banks on May 31, previous, was only \$201,241,484; less than one-half that of the National banks. During the last four years, the total capital of the National Banks, State banks, private banks, and Savings banks has diminished from \$719,400,000 in 1876 to \$656,500,000 in 1879, and the aggregate deposits have fallen off from \$2,075,300,000 in 1876 to \$1,893,500,000 in 1879. This heavy reduction of 181 millions in deposits, does not affect the National banks. It illustrates the extent of the financial and industrial pressure after the panic of 1873, and there are indications of a turn in the tide. This year the aggregate of the bank deposits will doubtless show an increase, as would also the aggregates of the bank capital in several of the States, but for the ill-advised and ruinous taxation by the States' Legislatures, and by Congress.

The subjoined table shows how the decrease of bank capital, during the last four years, has been distributed among the banks of different classes.

DECREASE OF BANK CAPITAL, 1876—1879.

(In Millions of Dollars.)

	<i>National.</i>	<i>State and Private.</i>	<i>Savings.</i>	<i>Total.</i>
1876 ..	500.4	214.0	5.0	719.4
1877 ..	481.0	218.6	4.9	704.5
1878 ..	470.4	202.2	3.2	675.8
1879 ..	455.3	197.0	4.2	656.2
	<u>1907.1</u>	<u>831.8</u>	<u>17.3</u>	<u>2756.2</u>

A convincing proof of the effect of bank taxation in diminishing bank capital, is afforded by the fact that the deposits of the National banks have not fallen off, as will be seen from the table in the Report on another page.

The elaborate statements of Mr. Knox on bank taxation will be read with much interest, as will also his remarks on resumption, on the withdrawal of greenbacks, the over-certification of checks, and on the agency of the banks during many years, in the successful funding of the public debt at a lower rate of interest.

GREAT BRITAIN AND ITS COLONIES.

There is undoubtedly a growing tendency in England to consider the expediency of going back to the old system of dealing with its colonies, and of favoring imports from them by differential duties against the introduction of similar articles from foreign countries. The repeal of those duties followed not long after the abrogation of the corn laws. Their restoration would not now be agitated, if the colonies, finding themselves deprived of any advantages over strangers in British ports, were not adopting protective policies for the encouragement of their own industries, and to the necessary injury of British manufacturers. If their raw products could have the special advantages which they once enjoyed in British markets, they might be persuaded to postpone their plans of protection to a future day, or, at any rate, they might be dissuaded from making any addition to the protective duties which they have already imposed. It is well known that Sir Alexander Galt, speaking unofficially for the Dominion Government during a recent visit to England, declared that Canada would be ready to consider any propositions for an arrangement of trade with Great Britain, which might be found for the interest of both parties. And the same thing is probably true as to other colonies.

We notice that at a recent public meeting in Sheffield, heretofore a stronghold of the Cobden and Bright school of free traders, the Mayor of the city declared himself in favor of new arrangements with the colonies, which should provide for the importation into them of British manufactures under low and merely revenue duties, in return for the admission of their raw products into Great Britain on more favorable terms than should be given to foreigners.

This idea was more elaborately presented, October 2, 1879, by Mr. Staveley Hill, a member of Parliament, to his constituents in West Staffordshire. Mr. Hill has been long in Parliament, and formerly represented Coventry. Mr. Hill advocated making the offer to the great food-producing countries such as Russia and the United States, to continue the free importation of their grain, providing they would stipulate in return to abolish their systems of protecting their manufactures against British competition. If this appeal to the interests of such foreign countries failed to produce an effect, Mr. Hill then advocated a trial of what could be done with the colonies. On that point he said: "Supposing we should find that no foreign powers would listen to us, there were still others to which we could go, and perhaps press with

more force, having over them a parental obligation—our colonies. England had a mighty empire circling round the world, and from our colonies we could have what we required, asking only that in return they should take the goods which our workmen manufacture. With such colonies as we had, whose great purchasing powers could be still further increased by raising our food, let us form one mighty bond, one great bond, one great alliance, one great party to feed and support and purchase from one another. (Applause.) This might lead to there being not only an Imperial Parliament, but a greater Parliament still, having delegates from England and Ireland, and all the colonies, united in one great bond of allegiance to the British Crown, and joining together in an equal conservative love of those institutions which the colonies had copied from their dear old mother country, fearing no great import duties which might be imposed by any other country, and illustrating to all the nations of the world how great and how desirable a thing real free trade was."

The success of Mr. Hill's proposed appeal to the interest of foreign countries is very problematical. The progressive and relatively advanced nations have no ambition to be mere producers of raw materials. The opinion of mankind is, that nations content with that position, must be also content to remain comparatively poor. It is better adapted to the circumstances of the British colonies, which are new, undeveloped, and with great territorial areas very sparsely populated.

The plan of propitiating the Canadians, by a differential duty in favor of their wheat, may encounter resistance in England, where the repeal of the corn laws has been treated for thirty-five years as the sole source of British prosperity. Denunciation of taxes on food has been the popular theme of British electioneering during all that time. It did not seem to occur to Mr. Hill that the Canadians could be equally well propitiated by a differential duty in favor of their timber as against the productions of the Baltic forests.

The plan of a grand trade combination between Great Britain and its colonies as against the rest of the world, falls in with ideas which prevail extensively at this time on the Continent of Europe.

Of Prince Bismarck's recent and somewhat mysterious journey to Vienna, the London *Economist*, of October 18, observes: "It may be assumed, without hesitation, that one object of that journey was the establishment of some sort of tariff arrangement, if not of a Customs Union, with Austro-Hungary. Some kind of compact as to duties and charges may be expected to result. The present German Zollverein, extending as it already does from the frontiers of France and Belgium to those of Russia, from the Baltic to the boundaries of Austria and Switzerland, including the old Hanse

towns of Hamburg and Bremen, and many industrial centers of mediæval and modern Europe, contains within its limits a very powerful body of constituents as it is. But the force and scope of the customs confederation will be greatly augmented if Austria, Hungary, and the new dominion on the right bank of the Danube, lately brought under Austrian sway, are included. An outlet to the Mediterranean would thus be obtained, and countries with very varied products and equally varied requirements added to the league. One great country for all tariff purposes, with harbors on the three seas which bound Europe, would then extend across the Continent with an aggregate of some seventy-eight millions, including among them a very large section of the most industrious peoples of the world, occupying lands capable of supplying many of their wants from their own productions without overstepping their own boundaries. The idea is a very striking one."

This vision of a German-Austro-Hungarian Customs Union, has aroused the ambition of Beaulieu of *L'Economiste Francais*, who proposes in his journal of October 11, a similar Customs Union of France, Italy, Switzerland, Belgium, and Holland.

The idea at the bottom of these schemes in Continental Europe, is to have massed under one tariff as against the outside, but with free trade within, territories sufficient in extent and varied in characteristics, to "supply their wants from their own productions, without overstepping their own boundaries."

English statesmen are ready enough to see that they possess, without going outside of their own dominions, the elements of a Zollverein, which dwarfs into insignificance all the possible projects of German and French politicians.

Addressing his constituents on the 11th of September, although from a somewhat different point of view than the commercial one, Mr. Grant Duff, one of the leading members of the British Parliament said: "What was Europe after all, compared to the British Empire? India alone was as big as the whole of Europe without Russia, and India was a small possession, with a small future, compared to many of the regions over which the British flag waved."

There is still another country which has already a Zollverein established by its fundamental, constitutional law, having twice the area of India, stretching from the tropics to to the frozen North, fronting on both the great oceans, lacking in nothing for the supply of the wants or luxuries of man, inhabited now by fifty millions of the best educated and most intelligent people on the face of earth, and soon to be occupied by hundreds of millions. That country is the United States of America. When Napoleon looked back at Europe from the sobering standpoint of St. Helena, he said it was "nothing but a molehill." It does not appear

much greater than that to Mr. Grant Duff, from the more exhilarating stand-point of the British Empire. Why should it seem any larger from the stand-point of America?

EAST INDIAN RAILWAYS.

A recently published annual report of Mr. Juland Danvers, Government Director of Indian railways, says:

"An additional length of $995\frac{1}{4}$ miles has been opened during the year 1878, making a total distance of 8,215 miles on which traffic is now being conducted. Of the total length open, $6,459\frac{3}{4}$ miles are on the 5ft. 6in. gauge, 1,708 miles are on the meter gauge, and $47\frac{1}{4}$ miles on other gauges. Besides lines under survey, there are $1,021\frac{3}{4}$ miles, of which 231 are on the broad gauge, still under construction. The most important line which has been completed is that along the Indus Valley, which connects the port of Kurrachee, in Scinde, with the Punjab Railway at Mooltan, and thus, with the exception of the crossing of the Indus at Sukkur, a continuous communication by railway *via* Lahore, Delhi, Agra, and Benares to Calcutta, about 2,120 miles in length, is established. A bridge over the Ganges at Benares has been determined on. It will form part of the Oude and Rohilkund Railway system, and will be a very important work both from a commercial and strategical point of view. Some of the native chiefs are showing an interest in railway operations within their territories, and have made arrangements for constructing lines in connection with those existing in their neighborhood.

"The railways in Upper India proved of essential service during the late Afghan campaign. Four thousand men of all arms, in properly arranged proportions, were conveyed from Delhi to Lahore in 24 hours, for many days together. By this means 146,000 troops and followers, 15,197 horses, ponies, and mules, 6,227 bullocks, 218 camels, 138 guns, and 33,780 tons of commissariat and other stores were transported in 184 special trains during the operations.

"Railway materials to the amount of 215,043 tons, at a cost including freight, of £2,336,599, were shipped to India during the year; and besides this, 125,899 tons of coal, 1,326 tons of coke, and 6,874 tons of patent fuel, at a cost of £221,553, including freight. Since the commencement of railway operations in India, 6,286,146 tons of goods, which, exclusive of freight, have cost £39,363,164, have been sent from this country."

The last paragraph shows to how great an extent the British advances for the construction of Indian railways

have been made, not in money, but in railway materials, which have been furnished, without doubt, at a very great profit. The dividends on these railways, guaranteed by the Indian government, amount to about \$30,000,000, and are received and enjoyed almost exclusively by Englishmen. Of the 64,321 holders of shares of shares and debentures, 63,784 are registered in England, and even of the 537 shares registered in India, 220 are registered by Englishmen resident there.

COTTON.

The British cotton year ends on the 30th of September. In their review of the cotton year 1878-9, Ellison & Co., of Liverpool, give the number of spindles, and consumption of cotton in pounds, as follows:

	<i>No. of spindles.</i>		<i>Total pounds.</i>
Great Britain.....	39,527,000	..	1,118,000
EUROPE :			
Russia and Poland.....	3,230,000	..	200,260
Sweden and Norway.....	310,000	..	24,800
Germany.....	4,700,000	..	258,500
Austria.....	1,674,000	..	110,484
Switzerland.....	1,850,000	..	42,550
Holland.....	230,000	..	13,800
Belgium.....	800,000	..	41,600
France.....	5,000,000	..	205,000
Spain.....	1,775,000	..	81,650
Italy.....	880,000	..	59,840
<i>Total Europe.....</i>	<i>20,449,000</i>	<i>..</i>	<i>1,038,484</i>
India.....	1,289,000	..	74,100
Greece.....	60,000	..	7,812
United States.....	10,750,000	..	—

Great Britain, with nearly double the number of spindles which are in use on the Continent of Europe, uses only eleven per cent. more raw cotton.

Great Britain spins finer yarns and weaves finer and lighter cloths.

The detailed accounts published by Ellison & Co., show a great depression in the cotton business on the continent of Europe, except in Russia. Nowhere else is there any increase of spindles, although in all cases where mills have been destroyed by fire, they are being rebuilt. In Russia there is great activity. All the mills are working full time and are making large profits. The increase of spindles during the year has been from 235,000 to 240,000. The territorial location of the Russian spindles is as follows:

	<i>No. of spindles.</i>
Baltic provinces and Finland.....	1,200,000
Moscow region.....	1,700,000
Russian Poland.....	330,000
	<hr/>
	3,230,000

This prosperity in the Russian cotton manufacture is attributed in part to the protection against foreign competitors arising from increased custom duties and from the depreciation of the paper rouble as compared with gold. The attachment of Russia to an inconvertible paper currency seems to grow stronger, rather than weaker. It also seems certain that Russia means to strengthen its protective system of customs duties, and to endeavor to become a great manufacturing nation. If it succeeds in that, it has geographical advantages in supplying important Asiatic populations with manufactured goods. Ellison & Co. say:—

“The cotton business period from the date of the Nishny Fair, August, 1878 to 1879, was one of unheard of prosperity, and is still good, although rather less brilliant. Some large mills have sold their yarn up to the end of next year at a handsome profit. There is a large demand for goods for Persia and Central Asia. The consumption of cotton has increased about ten per cent. on last year.”

According to the latest official returns, there are in India fifty-three cotton mills, containing 10,533 looms and 1,289,706 spindles. The following table shows the advance in the number of spindles:

	No. of spindles.		No. of spindles.	
1861.....	338,000	.....	1877.....	1,231,000
1874.....	593,000	.....	1878.....	1,275,000
1875.....	886,000	.....	1879.....	1,289,000
1876.....	1,124,000	.....	

The maximum of the consumption of cotton was reached in 1877 and 1878, in each of which years it was 92,325,000 pounds. It fell to 74,100,000 lbs. in 1879, when many mills were put on short time, and when more than 200,000 spindles in Bombay were wholly idle for several months. The India cotton cloths market was swamped for a long time by goods sent from Manchester to be slaughtered, by British merchants who were on the eve of bankruptcy, and notably by the great firms whose operations carried down the Glasgow Bank. In addition, the Indian Government was coerced, under the influence of Manchester clamors, to take off from many goods even the small duty of five per cent. which had been imposed for revenue purposes. These circumstances have checked the expansion of India cotton mills for two or three years, but the indications are that the check will prove to be merely temporary.

A TRADE is springing up between France and the Argentine Confederation, in the employment for tanning purposes of the bark of a tree called *Quebrado colorado*, of which 25,000 tons have been recently ordered by a French firm. It is said to be far superior to oak tan, inasmuch as it considerably shortens the length of time (nearly one-half) which the hides have to remain in the tan-pits.

THE CASE OF SIR FRANCIS HINCKS.

In our last issue we gave what we believed, from the statements in the public prints, to be a correct account of the trial and conviction of the gentleman whose name is at the head of this article, upon a charge of signing false returns to the Government, as president of the Consolidated Bank of Canada. We have since had an opportunity of examining for ourselves the evidence in the case, as well as notices of the trial in the *Monetary Times* of Toronto, and the *Journal of Commerce* and *Spectator* of Montreal. The editor of the last named paper (the Rev. A. J. Bray) informs his readers that he put himself "in a position to be able to make certain statements as to matters of fact, and vouch for their accuracy by actual and personal examination of the bank books." After entering at some length into an examination of the charges on which the conviction was obtained, Mr. Bray arrives at the following conclusion: "And to me it is simply incredible that any unprejudiced person, examining the facts as I have stated them, can fail to acquit Sir Francis of the charge preferred against him."

It appears from the introductory remarks in the *Spectator* that after the suspension of the Consolidated Bank, "public excitement had been running high, ruined and irate stockholders had talked themselves and the public into a state of intense indignation; a victim was demanded, and in the absence of the general manager the president was selected to bear the brunt of the battle."

To us it appears by no means improbable that, considering the nature of the charges, neither the judge nor the jury were likely to be possessed of that technical knowledge of banking transactions which would enable them to decide satisfactorily the questions at issue. There was no allegation that there had been any falsification of figures, neither was it pretended that the president had given any instructions to the accountant, who testified that the returns had been made out in precisely the same way that they had always been. The contention of the prosecution was, that entries in the returns were made under wrong heads, and that if the jury were satisfied that such was the case, they must assume that the error was willful and intended to deceive. In our former article on the subject we erroneously stated that the evidence of the leading bankers went to exonerate Sir Francis on the ground that "his signing the returns was more or less a matter of form, as he was entirely dependent on his cashier and other subordinates for the correctness of the same." It appears that the bankers went much further, and testified

that the returns were made out according to the general usage of other banks, as they were proved to be according to the usage of the Consolidated Bank.

The case of the defence was substantially that the returns were correctly made out, according to the true intent and meaning of the Act requiring them; but that on the assumption that they were incorrect, the fact that the special deposits, —to which exception was taken as improperly returned—were placed in the return on which the charge was founded, precisely in the same way as similar money or deposits had been placed during a number of years, was conclusive against the charge of willful falsification. After the verdict had been rendered the counsel for Sir Francis Hincks moved that certain points of law be reserved for the full bench, and this was acceded to by the judge, so that the case may still be considered *sub judice*.

From all that we can learn, there is very general sympathy with Sir Francis Hincks in all parts of Canada, from the conviction that the prevailing excitement in Montreal was unfavorable to the exercise of that calm judgment which is so essentially necessary in such cases.

THE MONETARY QUESTION IN AUSTRIA.

THE SILVER STANDARD AND THE CREDIT CIRCULATION IN THE AUSTRO-HUNGARIAN EMPIRE. BY MAX WIRTH OF VIENNA.

[Translated from the "*Moniteur*" of Brussels, July 13, 1879, by GEORGE WALKER.]

[Concluded from the BANKER'S MAGAZINE for August, 1879.]*

In view of the injury sustained by Austro-Hungary from the fall of silver, so long as that country is under the régime of the silver standard only, the question of determining whether the preference ought to be given to the single gold standard or to the single silver standard becomes relatively unimportant. In a former article I analyzed the injury which her present monetary legislation is occasioning to Austria. I shall now consider the choice which it is expedient to make between other systems.

As the *Moniteur des Intérêts Matériels* has already taken sides on that question, I do not wish to abuse the hospitality which it has extended to me in its columns, and I shall content myself with making two observations.

A distinction is to be observed between passing from the double standard to the single standard of gold, in a country where all the channels of the circulation are filled with specie of gold and silver, and the substitution of some other stand-

* The absence of the translator in Europe has caused a delay of several months in the translation of the present article.

ard for that of silver in a country which is under a suspension of specie payments, and from which specie has been expelled by a credit circulation. In the latter case, no restraint is put upon the government. It is perfectly free to choose the system which seems best adapted to the requirements of the time. In the former case, on the contrary, it becomes a grave question how to dispose of the silver specie, since the sudden sale of a large part of the silver in circulation might involve a very serious fall in that metal.

In the particular case of Austria, the question presents itself quite differently. It has only to determine which of the two systems, between which it is obliged to choose, offers the least disadvantage and the greatest advantage; it has before it a *tabula rasa* on which to write its decision. Now, under these circumstances, and in the presence of a fall of silver such as we are now passing through, the double standard is incontestably inferior. If, in fact, the double standard were to be adopted, and the public had no hesitation in bringing both gold and silver bullion to the mint to be coined *ad libitum*, the dealers in *arbitrage* could take advantage of the low price of silver to import that metal and to convert it into money, while at the same time they exported gold. The profit which they would gain from the difference of value between silver bullion and coin of the same metal, which bears an equivalent value to gold, would lead them to follow up their operations till all the gold in circulation was exhausted, or until a re-action took place in the rise of silver. This was the experience of France between 1855 to 1865, with this difference only—that in that case it was a fall of gold and not of silver which was involved.

In such an event the government would find itself obliged to get back the gold specie exported, and to coin it over again, bearing all the expense of the operation. With the single gold standard, fluctuations of this character in the circulation, and such a speculation made out of the Treasury and of the public, by the dealers in *arbitrage*, would not be possible. There is, in fact, only one way of avoiding embarrassments of this nature: namely, the adoption by all countries of an international double standard. But in our day a cosmopolitan organization of that sort is far from being realized.

A fact, in this connection, which is conclusive, as it affects Austro-Hungary, is the suspension of the coinage of five-franc pieces in the countries of the Latin Union. The Austro-Hungarian Empire could not, without committing a grave imprudence, decide, at the present moment, to adopt the double standard, before the countries of the Latin Union had themselves adopted a definitive policy. It would be, moreover, as easy in the present state of affairs to make silver legal money, side by side with gold money, as it is difficult—having

the double standard—to abandon it for the single standard of gold. Such being the case, I am constrained to limit the plan of introducing any other monetary system than that of silver to the adoption of the gold standard pure and simple. Under existing circumstances it would make no difference whether we were to introduce the double standard or the gold standard, inasmuch as gold is now the dominant metal. Even where different systems prevail, we observe the same results to follow. Gold is equally dominant in England and the Scandinavian States where it is the only standard; in Germany where it is the nominal standard, though the double standard, in a modified form, actually exists in that country; in the United States where there is a mixed system, and in the countries of the Latin Union where, for six years, the double standard, established by law, has been limited in its operation by the suspension of silver coinage. In all these countries silver money is only the representative of gold. It is only in Austro-Hungary that silver money has, at the present moment, the same value as silver bullion; but even there, since the coinage of silver has been suspended, the value of silver money has experienced a slight advance. It is to this circumstance alone that the advantage which Italy enjoys over Austria, and which I mentioned in my former article, can be attributed. It is well known that in Italy, with about twenty-seven millions of inhabitants, and a total credit circulation of 1600 millions, the premium on gold is only about ten per cent. While in Austro-Hungary, with a population of at least thirty-seven millions, and a circulation of only 612 millions of florins, gold is at a premium of about fifteen per cent. In Italy, moreover, there is a paper circulation in notes of one-half, one and two *lire*, amounting to 100 millions of *lire*, which has driven fractional silver out of circulation; while in Austro-Hungary, on the other hand, the paper money has, for eight months past, been at par with silver, and silver coins are beginning again to circulate in the retail trade.

It is not the double standard, as such, which is thus benefitting Italy, but the gold which enters into the domestic circulation, owing to the double standard which prevails there. In view of this fact, I proposed, in a memoir which I published at the beginning of December, 1878, and of which I had given you an earlier intimation, that Austria should secure to itself the same advantages, by the immediate introduction of a system of accounting in gold, before abolishing the *cours forcé* and resuming specie payments.

As the first step to be adopted I proposed the suspension of silver coinage. Two months afterwards, that measure went into effect, under a decree of the Governments of Austria and of Hungary which recognized the necessity of adopting it.

As a second measure, I proposed the revision of the monetary law; the abolishing of the silver standard and introduction in lieu of it of the gold standard, according to the decimal system of the States of the Latin Union. This system would be advantageous to Austro-Hungary in two ways. On the one hand, it is in harmony with the new Austrian gold pieces of four and eight florins, which are the equivalents of twenty and forty-franc pieces; and on the other hand, the admission of Austria into the Latin Union would make it an association of about 110 millions of people using the same metallic circulation. The present adoption of the French system is the more worthy of consideration, from the fact that as early as 1867, Austria took preliminary steps to that end. A special commission, composed of persons distinguished in Austria and Hungary for their knowledge of finance and political economy, assembled in the month of April, 1867, to offer their advice on this question. That commission unanimously resolved: That the single gold standard ought to be introduced. They suggested as the principal coin a piece of ten florins (twenty-five francs), and another of four florins (ten francs), the monetary unit to be the florin ($2\frac{1}{2}$ francs).

The Government hesitated at that time to adopt the measures proposed; but if Austria were now to adopt the double standard, and obtain her admission into the Latin Union, she would, in my opinion, be indemnified for a large part of the losses which she has sustained from the fall of silver.

Before the fall of silver the question was much more easy to solve than at present, for the difficulties which grew out of the relations of debtors and creditors, and of finding a monetary basis which should, as far as possible, be just to both those classes, did not then exist. At the present time, it is a very grave question whether the fall of silver and its consequences ought to be borne by creditors or by debtors, or whether, as between the two, the question should not be decided by an amicable compromise.

In my former article, I stated a case in which the interests of creditors and of debtors were in conflict, in respect to the coupons on railway bonds payable in Germany; the German creditors demanding payment in gold, and the Austrian debtors insisting on their right to pay in silver. In view of the fact that Austro-Hungary, notwithstanding the fertility of its soil and its climate, and the good disposition of its people, is not a rich country in movable capital, I am of opinion that it would be better, in this case, that the creditors should bear the loss rather than the debtors. Creditors will find their compensation in the re-establishment of economic order in the circulation and in all the financial relations of the empire. I have, therefore, considered it necessary in order to effect the transition from the old monetary system to the gold standard, to adopt an average valuation of silver.

To do this is extremely difficult, by reason of the great and sudden changes which the price of silver has undergone during recent years. This difficulty furnishes some excuse to those statesmen who prefer for the present to maintain an expectant attitude. But, none the less will it be necessary, in the end, to take a definite position; and a Commission of Inquiry will be needed to fix the average price of silver which shall serve as a basis of conversion.

If, for example, such a commission were to decide upon the average price of 50d. the ounce standard, notwithstanding that the quotation has now risen to 52½d., and creditors were to complain that the average thus agreed upon was too low, it would be proper to remind them, that if it were adopted, they would at least, be guaranteed against a still greater fall of silver; for have we not already seen the actual quotation as low as 46¾? Now any unexpected circumstance might cause a new fall of silver.

By taking as a basis an average price of about 52d. the ounce, the conversion would be made for about 15 to 16 per cent.; or in other words, in order to obtain the new money, we should have to give about seven old florins of the silver standard, for six of the new gold standard.

In adopting this monetary system, without suppressing the *cours forcé*, it would not be necessary, at first, to make any change in the present coinage; all that it would be necessary to do, until the time arrives for resuming specie payments, would be to have new bank notes and new Government notes printed, representing money of the gold standard, and to substitute token coins for the paper money which has hitherto represented silver. It would be convenient, also, to alter the application to be made of the two sorts of credit currency; that is to say, we ought, in this respect, to follow the example of the Empire of Germany, taking the small token money for the Government notes, and leaving the larger token money for the Austro-Hungarian Bank. At present, the credit circulation consists of Government notes of one, five and fifty florins, and of bank tokens of fifteen, 150, and 1,000 florins. Inasmuch as it has been found in all cases, where the opportunity of attesting the fact has been afforded, that notes of small denominations remain longer in circulation than those of larger denominations, it would be better to entrust the issues of notes of fifty florins to the bank, and to reserve to the Government the issue of smaller denominations. The bank would thus be authorized to print those notes which definitively represent the gold standard; as to the Government notes, it would be unavoidable that some provisional system would have to be adopted so long as the *cours forcé* continues. Notes of one florin might be definitely replaced by silver florins, and notes of five florins and ten florins, issued by the Government as the basis of the gold

standard, should be put into circulation in sufficient quantities to replace the notes of five and fifty florins of the present system. Whenever the resumption of specie payments took place, these notes of inferior denominations would have to be replaced by gold money, and in lieu of them, the Government might issue notes of twenty or twenty-five florins in such quantities that they would continue to be a part of the general credit circulation, as is now the case in Germany and the United States. A small quantity, even, of the notes of five and ten florins might be left in circulation to enable people to remit small sums by mail as they are now in the habit of doing. It would probably be found, according to the recent experience of the United States, that a population which has been so long accustomed to the use of paper money, that those of the present generation have rarely seen a coin of either silver or gold of large denomination, will require a much smaller quantity of metallic money in order to restore the equilibrium between specie and paper, than the elder economists have supposed to be necessary. We may conclude, therefore, that the loans which Austro-Hungary has had to make for completing the occupation of Bosnia, would suffice to enable the country to abolish the *cours forcé*.

While adopting this provisional monetary system the Government might, in concert with the Bank, take all necessary measures to prepare for the definitive resumption of specie payments. It could, at its leisure, cause to be coined such a quantity of money of the new standard as would be required to fill the channels of circulation. The Bank itself, according to the theory thus adopted, would be found to be not only solvent, but with a reserve considerably greater than half of its note issue; no great sacrifice would, therefore, seem to be necessary to support the *cours forcé*. Suppose that the Government were, by means of a loan, to retire the half of its bills, or in the neighborhood of 160 millions of florins, it is nearly certain that the par of the credit circulation with gold would be established; and the market would much more readily lend the credit needed for the carrying out an economical reform of so serious and useful a character, than it has just done in assisting Austro-Hungary to cover the deficit caused by a purely political eventuality.

The alterations to be made in contracts, the adjustment of accounts, the fixing of commercial prices, both in international and wholesale trade, do not present any serious difficulties. It is not so, however, with retail traffic. This kind of trade is very slow to follow a decline of international prices. and very quick, on the other hand, to follow a rise. It has been often found that retail dealers are very ready to take advantage of any change of monetary system, which

causes an increase in the intrinsic value of small money. A similar fact has just been experienced in the change from the old system of weights and measures and the decimal system. Consumers complain of being over-reached by the retailers, who take advantage of their opportunity to make the public pay all the differences. Many persons are, therefore, apprehensive that the increase in the value of the monetary circulation of about fifteen per cent., which would result from the introduction of the gold standard, would be followed by a corresponding rise in retail prices. I share this fear only in part. It needs no argument to show that the retailers would endeavor to take advantage of the opportunity, and that for a certain time, also, they would succeed. But it is impossible that they should succeed permanently, because they would run the risk of provoking competition, especially the competition of the co-operative societies, which are, at present, so frequently complained of by the grocers in England, as well as in Germany and Austria. I do not think, therefore, that this temporary inconvenience would count for much, in comparison with the enormous advantage which commerce would experience in adopting the French monetary system.

This inconvenience has, nevertheless, appeared to one of our young economists of distinction, Dr. Theodor Hertzka, sufficiently great to induce him, in a pamphlet which has just appeared, to propose a different system.* He agrees with me as to the desirability of introducing the gold standard legally, and as to the provisional adoption of a gold system of accounts; but he proposes a different basis for the monetary system, and one which does not correspond to any of the other systems—neither to the French system, nor to the English, nor to the German. He proposes to take for a basis the approximate actual value of the silver florin, and to create a coinage of ten-florin pieces, eighty of which shall be made out of one-half a kilogramme of gold, and of five-florin pieces of which 160 shall be coined out of the same quantity of metal. The 800th part of half a kilogramme of gold would represent the new imperial florin, 116 or 117 of which, according to the state of the exchange, would be equal to ten pounds sterling. The author proposes, at the same time, to open at the Ministry of Finance, a credit of thirty millions of florins with which to retire from circulation an equal sum in silver florins, in order to make a beginning in the coinage of the new gold pieces. He estimates the stock of silver florins at 150 millions, of which ninety millions are in the reserve of the Bank. The residue would serve for fractional currency. For that purpose they would have to be reduced to bullion and recoined of an intrinsic value at least ten per cent. lower than their nominal value. This would be the token money of our gold

*Die Goldrechnung, in Oesterreich-Ungarn, Von Dr. Theodor Hertzka Wien. bei Manz, 1879.

system. The author also proposes that these new silver florins shall not be legal tender in a single payment, for a greater sum than twenty florins. The Government would be obliged to furnish the bank with gold specie in place of the ninety millions of its reserve, which now consists of silver. It would, of course, be obliged to assume any ultimate loss which might result from a fall of silver below the value fixed by the new law.

As to the course to be pursued in respect of the credit issues, M. Hertzka thinks that the existing tokens might be made use of until the resumption of specie payments.

It will be seen from the fundamental features of this plan, that M. Hertzka is especially anxious to make the immediate transition to the method of accounting, according to the gold standard as easy and as little expensive as possible, for by keeping the present note circulation in use provisionally, the only changes which would have to be made, at the outset, would be in contracts and in bookkeeping. There would be no change in the price of commodities, for everything would remain its present state; and money would be changed only in name. On the other hand, there would be more considerable expenses to be borne in preparing for the resumption of specie payments. All the silver money and all the gold money of the existing system would have to be melted down and recoined, as well as the token coins belonging to this credit circulation. Whenever specie payments were resumed, providing that effective measures were taken beforehand, the premium on gold would disappear altogether. Nevertheless, international trade will suffer from the disparity between the new gold coins and those of other nations.

While recognizing, therefore, the great facilities which the plan of M. Hertzka would offer for the moment, I should still prefer an assimilation to the French system. It is true that the adoption of the present system of the States of the Latin Union would be accompanied, during a certain period of transition, by a rise of retail prices. But such a rise could not last a great while, inasmuch as the public has, through the co-operative associations, a very simple means of compelling retail dealers to conform their prices to those of international trade, which very closely follow all changes produced in commerce.

By adopting the French system, we should not be obliged to alter the existing monetary organization; for the silver florins could serve, for the future, as token money, having an intrinsic value about fifteen per cent. less than that of gold florins. The number of gold pieces which have been coined within the last twelve years, and which are equivalent in value to ten and twenty-franc pieces, might be gradually increased, unless it was thought better to create, side by side

with them, new pieces of ten florins equivalent to twenty-five francs.

The small divisional coins of less than one florin might be retained, by establishing beforehand a change in their legal-tender capacity. For example, no one should be obliged to accept, at one time, more than two florins in the fractional coins, nor more than twenty florins in silver coins. The inconveniences of a temporary rise of retail prices would be counterbalanced by the saving of expense in recoining the silver florins. It would probably be necessary to print new token notes, as a part of the present notes would not answer after the abolition of the *cours forcé*; but the expense of this would be insignificant; and, on the other hand, we should have the prospect of seeing established a single and uniform monetary system, embracing Austro-Hungary, Italy, Switzerland, Belgium and France—a system which would offer greater facilities than the system proposed (by M. Hertzka) for transactions with Germany, Great Britain and the United States.

The Austrian Parliament has just adopted a resolution to invite the Government to make an investigation of the question, whether it is now expedient to introduce the gold standard, and to adopt beforehand the system of keeping accounts in gold. Although the resolution in the Chamber of Deputies was called out principally by M. Hertzka's pamphlet, I hope, nevertheless, that the Commission which is to be raised will place itself in accord with the resolutions of the Commission of 1867; and that it will advocate the adoption of the French system.

NOTE BY THE TRANSLATOR.

In thus giving to American readers the views on the monetary problem of one of the most learned of the Austrian economists, the translator feels himself obliged to dissent from the conclusion which M. Wirth arrives at in his final letter, as to the expediency of adopting the gold standard instead of the silver standard in Austria.

It is not, as will be seen by a perusal of the article now published, from any preference for the gold standard *per se* that M. Wirth considers it necessary to recommend its adoption. It is only because he despairs of a general bi-metallic arrangement among nations, under which both gold and silver should be put to the highest monetary uses. The translator ventures to express the opinion that it is quite too soon to give up as hopeless the expectation of a general bi-metallism. More than this he is not, at present, at liberty to say. But it is quite certain that Austria, which took a decided stand in favor of the bi-metallic system in the International Conference of 1878, will not abandon that position so long as there is any reasonable prospect of its being realized.

REFUNDING IN 1881.

A very large part of the National debt will become redeemable in 1881. Some portion of what the Treasury will then have the right to pay off will undoubtedly be met by surplus cash accruing from the revenues, but the larger portion must be thrown forward into the future by new loans. It is none too early for a public and thorough discussion of the best form for such new loans, so that there may be no hasty and crude legislation on the subject.

The special point upon which we now propose to comment is the description of money which should be contracted to be paid in the new loans, and we may as well say at the outset that we are in favor of going back to the old precedents, prior to the Civil War, and of promising nothing, for either principal or interest, except "dollars." The public creditor should be left to take the same chances as the private creditor must take, as to what may be "dollars," or in other words, lawful money, when the time arrives for him to demand either his principal or his interest, and we are opposed to promising him either gold or silver, or coin, or any other specific form of money.

In deciding what is now best and most expedient to be done, we are to consider only the actual present circumstances of the country. A decision that bonds to be made in 1881 should promise only "dollars," for either interest or principal, implies no reflection upon those who thought that the exigencies of the Civil War required the issue of bonds, promising the payment of interest specifically in "coin." That may or may not have been necessary. For ourselves, we do not think it was necessary, or even expedient, but many wise and patriotic men thought it was both. The decision of that case was determined by the peculiar circumstances which surrounded it. The case we are now to act upon presents circumstances altogether different. The nation is not now in the midst of a struggle for existence, nor has it the least occasion to look outside of its own citizens for the takers of its loans. The country is rich, its revenues are ample, it is exempt by the good fortune of its geographical position from the menace of serious external wars, and its National indebtedness is in a course of steady reduction, and has been so since the close of the Civil War, nearly fifteen years ago. Our financial situation is much stronger than that of either England or France. We have more wealth and less debt, and we have demonstrated a capacity

to reduce our debt, which neither of those nations has ever practically shown.

Both these countries make their loans payable in their own money, and they have always paid the interest on them in their own money, whatever it happened to be at the time of payment, whether coin, paper convertible into coin, or paper not convertible into coin. England has never departed from that rule, and France has never departed from it but once, and that was at the supreme moment of its late struggle with Germany, when Paris was besieged by the enemy, and when a provisional government, organized outside of the capital, was forced to make a foreign loan and to make it payable in foreign money. That was the loan of ten millions sterling negotiated with Englishmen, and known as the Morgan loan. The general policy of those countries is to make their currencies consist of the precious metals, or of paper convertible into them. England has been on that basis since 1821, and during the same period France has departed from it very rarely, and never very far. But they make no promises of coin, and everybody who buys British Consols or French *Rentes*, does it with the perfect knowledge that the pounds, or francs, in which the interest will be paid, will be the pounds or francs lawfully current at the times of payment, of whatever material they may consist, and if of paper, whether it is convertible or inconvertible.

England and France are opulent as well as powerful. They are not compelled, in making loans, to submit to conditions dictated by a distrust of them which may exist among foreigners. Their loans are subscribed for and held by their own people, who have a confidence, which is as well founded as it is patriotic, in their resources and in their justice. The Englishman, when he lends money to his own government, or to foreign governments, or to individuals, asks nothing more than to be paid in pounds, and a Frenchman is equally satisfied with a contract to be paid in francs. They both regard any depreciation in their respective National moneys below the metallic standard as a remote and improbable contingency—not necessary to be taken into account; and they both believe that such depreciation, if it should ever happen to occur, would continue for only a short time, and would never go to any disastrous extent. And even if such depreciation should occur, they would be very little sensible of it, although it might be as great a loss in reality to them as to strangers. A French holder of French *Rentes*, whose dividends may happen to be received in Bank of France notes, when that bank is not paying coin, and when the market value of its notes is slightly below that of coin, is not conscious of any loss at all. He receives something which pays his own debts without discount, and

which is the current and accepted money of the markets in which he makes his purchases.

It is true, however, of a majority of the nations creating and continuing National debts, that they must look abroad for the takers of some portion of their loans, and that they must therefore make the medium of the promised payments acceptable to foreigners. The local money of such nations is sometimes unacceptable to foreigners, because it consists of paper which is inconvertible, or which they fear will become inconvertible, into the precious metals. To the English, who are the chief takers of the loans of other countries, such loans become unacceptable if they are payable in silver, which is not used as the material of English money.

The actual currency of Russia is the paper rouble, and has been inconvertible for the larger part of the last one hundred years, and has been frequently much depreciated below the Russian metallic standard, which is silver. Russia makes its domestic loans in roubles, but being obliged to make more loans than its domestic markets will absorb, has made its foreign borrowings repayable in foreign money. The negotiation of the Russian loans has been made principally in London, and the money promised in all of them has been sterling money, with the possible exception of a loan, equal to £15,000,000, contracted in 1877, with Messrs. Mendelssohn of Berlin and the Comptoir d'Escompte of Paris, to carry on the late war with Turkey.

The entire bonded debt of Russia, exclusive of the circulating paper money, was estimated at the beginning of this year as equal to £350,000,000. The whole amount of foreign loans contracted was £146,980,000, but of these it is known that £14,850,000 of the earlier loans had been paid off at the end of 1875. It may therefore be roughly estimated that of the total bonded debt of Russia at the beginning of 1879, two-thirds was domestic debt, the proceeds of which had been received in paper roubles, and made repayable in the same currency.

The bonded debt of the Austro-Hungarian Empire amounts to 2,401 million florins, and has not been increased since 1868. After that date, Austria and Hungary have made their loans separately, each for itself and on its own credit. The Austro-Hungarian Imperial debt is divided as follows, as to the money in which the interest and principal are payable :

	<i>Millions of florins.</i>
Payable in paper.....	1,276
" " silver.....	993
" " gold.....	132
	2,401

As will be seen, rather more than half of these loans are made payable in paper. Of the separate loans of Hungary and Austria made since 1868, a larger proportion than is

given above has been made in gold, and especially in Hungary, where the domestic market for loans is comparatively limited, and where more resort to foreign capitalists becomes a matter of necessity.

In March, 1877, the direct bonded debt of India, not including railway guarantees, was £55,376,116, payable in sterling money, and an amount of rupee bonds equal to £71,865,936. The annual payments of all kinds, on direct debt, railway guarantees, pensions, etc., required to be made in London and in sterling money, were fully £15,000,000. British financial authorities seem now to agree that India, if compelled to make further loans, should make them in rupees, even at higher rates of interest, rather than take the hazards of increasing the amount of its sterling indebtedness. Thus, the London *Economist* of March 22. 1879, observed: "It obviously may be found more profitable in the end to pay the higher rate of interest and remain clear of the fluctuations of the silver market, than to pay the lower London rate and accept all the risks of fluctuations in the exchange. It is eminently desirable that the debt of India should, as far as possible, be held by the native population, and for that reason it might not be unwise to pay a little more for a loan in India than would be necessary if the money were raised here."

All paper currencies are liable, from the vicissitudes of human affairs, to become occasionally inconvertible. They would, in that event, become practically worthless, if they did not still retain, either fully or partially, the function of solving debts, so as to be in some degree current as money. They may retain the function of being an accepted tender for debts, either by force of positive law, or by a pressure of necessity and convenience as effective to that end as a legal enactment. The degree of their depreciation will depend upon many circumstances, but principally upon the extent of the demand for coin.

The objection to making the interest and principal of National debts payable in coin is, of course, the obvious one, that it will make a demand for coin and thereby raise the premium on it when paper currencies happen to be inconvertible from the occurrence of public misfortunes, and still further aggravate the depreciation of such currencies. The extent of these disastrous effects will depend upon the amount of National debt, compared with National resources, which is made payable in coin, or in foreign money, and as will have been seen, all the important borrowing nations, with the exception of the United States during and since the Civil War, have made as many of their loans repayable in domestic money as it was possible to negotiate in that form.

We have good reason to hope that the convertibility of our paper money may be maintained as long as it has been in

Great Britain, since the resumption by the Bank of England, in 1821. So long as it is maintained, it will be of no consequence to the Government, or to the holders of its bonds, whether they are paid in coin or paper. But temporary suspensions of coin payments may possibly happen, and common prudence requires that we should avoid a policy of creating coin debts, which, as we know from a recent and most unhappy experience, will aggravate all the difficulties of a state of suspension. Preparing for a contingency has no tendency to invite its occurrence, or to render its occurrence more probable. If it did, precautions would no longer be taken in human affairs. Ships would go to sea without life-boats, and houses would be built without fire-escapes. When the present Secretary of the Treasury requested Congress to authorize a suspension of the coin redemption of greenbacks, whenever the coin in the Treasury might happen to be reduced to \$50,000,000, he did not regard such a contingency as likely to happen, and nobody can deny that he has taken and is taking every precaution that it shall not happen.

We have already outstanding coin four-per-cent. bonds, to the amount of \$737,946,550, which cannot be redeemed for nearly thirty years, and coin four-and-a-half per-cent. bonds to the amount of \$250,000,000, which cannot be redeemed for nearly fifteen years. The obligations assumed in those bonds must be scrupulously fulfilled, but it is not prudent, and is wholly unnecessary, to take a further step in that direction. The refundings of 1881 can all be carried through, on the basis of new obligations payable in dollars, and if necessary and advisable, accompanied by the express declaration, that the dollars which the nation will pay, shall be the dollars which the nation at the time of payment compels private creditors to accept as lawful.

The mischief to be guarded against is an aggravation of the premium on coin, if a suspension of specie payments shall happen to occur, and it must never be forgotten that a premium on coin means the same thing as a depreciation of the paper with which purchases of coin are made. If we make our entire National debt a coin debt, we insure a vastly increased depreciation of our current paper money, whenever it happens to be inconvertible, and as private debts will in fact be paid in such paper money, we render inevitable a greater depreciation in the value of the assets of banks of all kinds, and of trust and insurance companies, and in the value of mortgages and of individual credits of every description. Without doubt, in the event of suspension of specie payments, National bonds will be worth more if they are payable in coin, but such an improvement in their value is possible only upon the condition of a corresponding impairment of the value of private obligations immeasurably exceeding them in amount.

WHEAT FROM MANITOBA.

It is now pretty generally admitted that Manitoba possesses very great advantages for the production of wheat, whether we consider the quality, the quantity raised to the acre, the cheapness of the cultivation, or the probable endurance of the natural fertility of the soil. The public mind in this country came slowly to this conclusion, in consequence of the high northern latitude of Manitoba, which gave to it a repellent and Hyperborean aspect, which it does not present to Europeans, where regions have long been densely populated far north of what is regarded as inhabitable territory on our Atlantic coast.

But the question still remains, whether the position of Manitoba in the interior of the continent, does not involve such heavy charges on transportation to Europe, as will render wheat cultivation unprofitable, no matter how cheaply, or abundantly it may be raised. On that point, some data for forming a judgment are given in a letter of William Bathgate, a merchant of Winnipeg, which we find in the Toronto *Monetary Times* of November 7.

Making the comparison between the Manitoba farms and the Red River farms in Minnesota and Dakota, Mr. Bathgate says that it now costs the Manitoba farmers twenty-five cents per bushel to get their wheat to Duluth, whereas the cost to the U. S. Red River farmers, as given by Mr. Dalrymple, the most famous one among them, is fifteen cents. The cost from Duluth to New York is stated at ten or twelve cents, which, as we suppose, is the cost by the lakes and the Erie canal. Whatever that charge may be, or whatever the charge may be from Duluth to Montreal, it is one equal and common to all wheat arriving at Duluth from whatever quarter.

The present disadvantage of ten cents per bushel against the Manitoba farmers in laying down their wheat at Duluth, is a serious one in itself, even if it is offset, as they claim that it is, by the greater cheapness of their production of wheat. But they are using Duluth as their port of shipment on Lake Superior only temporarily, and until they have their own port of shipment on Thunder Bay, between which and Manitoba the Canadian Pacific Railroad has been for some time under construction and is now well advanced. When it is completed, Mr. Bathgate insists that, not only will the present disadvantage of the Manitoba farmers be removed, but that their wheat will actually reach Lake Superior at half the cost now paid by the U. S. Red River farmers. He says: "When our railway, about 431 miles, is completed, Mr.

Brydges states that, owing to the superiority of the grade, wheat can be carried for *five cents* per bushel to the lake. It may be considered that this freight is too low. But when Mr. Mackenzie was in power, he gave instructions to carry wheat from River du Loup to Halifax, a distance of 581 miles, for $2\frac{1}{2}$ cents per bushel. Of course this rate was a loss to the road; but as it is unnecessary to carry our grain at a loss, and even allowing Mr. Brydges estimate to be too low, we will allow $7\frac{1}{2}$ cents as the rate. We then find that the Manitoba farmer has an advantage of $7\frac{1}{2}$ cents over the settler in Dakota; which on an average of twenty-five bushels amounts to \$1.88 annually on every acre of wheat exported. *And in ten years, the time in which he has to pay for his land, he is better off in Manitoba than in Dakota by \$18.80 on every acre by freight alone, as well as having nine bushels of wheat an acre advantage annually in the yield."*

Five cents per bushel for railroading a bushel of wheat 431 miles, is about one-third of a cent per mile per ton of 2,000 pounds, and is lower than any rate which has heretofore been regarded as consistent with a reasonable profit. But if five cents, or even $7\frac{1}{2}$ cents per bushel over 431 miles of the Canadian Pacific to Thunder Bay is practicable it will be found that the present rate of fifteen cents, from Red River to Duluth, a considerably shorter distance, can and will be reduced. It is, therefore, not to be presumed that the Manitoba farmers will ever have an advantage in transportation charges over the Red River farmers, but it seems probable that the existing disadvantage under which they are laboring, will be so diminished as to become inappreciable. When that shall have been brought about, it must be admitted that the Canadian Northwest, with its practically illimitable breadth of fertile soil, threatens the wheat growers of the whole world, and of the United States in particular, with a most formidable rivalry.

It is pertinent in this connection to note the vast increase which has taken place in recent years in the water-borne exports of Montreal. Its exports in 1857 were only 1,000,000 bushels of grain and 9,800 packages of butter and cheese, whereas, in 1879, to October 30, they have been 20,000,000 bushels of grain and 70,000 packages of butter and cheese, and will be much increased before navigation is closed by ice. The channel of the St. Lawrence to Montreal has already been deepened to twenty-two feet, and is expected to be deepened to twenty-five feet by the end of 1881. The development of the North American Continent is progressing with gigantic strides, and it is being observed by bankers and capitalists here and in Europe with the profoundest interest.

FRAUDULENT TRANSFERS OF STOCK.

[FROM THE ALBANY LAW JOURNAL.]

An important point of railway law was decided by the Master of the Rolls, on the 7th ult., in the case of *Reynolds vs. Cleveland Extension Mineral Railway Company*, as to the absolute right of a shareholder in a railway company incorporated by Act of Parliament, to transfer his shares to a pauper. There is no very modern reported case on this subject, and no English case as to the right of the transferee to a *mandamus* in a case of the above description. *Reynolds' case* was a motion for a *mandamus* to the company to register a transfer of 1,000 shares to him, it being admitted that all calls had been paid up, and that he was a man of no means, and to whom a consideration had been given to undertake the uncalled liability on the shares. The company objected to the transfer on the ground that Reynolds was a person of no substance, and one who would be quite unable to pay any future calls. The requisites of the Act had all been duly complied with, and the Master of the Rolls was clear that the *mandamus* must issue. He said that the right of every shareholder in a railway company to transfer his shares was absolute, subject only to this—that he must have paid any calls previously made. This right of transfer was one of the most valuable adjuncts of railway property, and no railway company could object to a transfer to a man of straw. The company were unable to suggest that there was not an out-and-out transfer, or that the deed did not show the consideration that had been paid to the plaintiff to undertake the liability.

For our own part we see no distinction between this case and that of an original purchase of shares by an insolvent. A similar question arose and was similarly decided some years ago at the Rensselaer Circuit, in this State, where a stockholder in a manufacturing corporation, suspecting a suit in the future to render him personally liable, gave away his stock to his gardener, an irresponsible person. There being nothing to show that the transfer was not absolute, the late Justice Gould held it valid. The United States Supreme Court, in April last, in *Germania National Bank vs. Case*, 19 A. L. J. 421, 422, holding that a fictitious transfer to escape liability would not avail, remarked *obiter*: "While it is true that shareholders of the stock of a corporation generally have a right to transfer their shares and thus disconnect themselves from the corporation and from any responsibility on account of it, it is equally true that there are some limits to his right. A transfer for the mere purpose of avoiding his liability to the company or its creditors is fraudulent and void, and he remains still liable. The English cases, it is admitted, give effect to such transfers, if they are made (as it is called) 'out-and-out,' that is, completely, so as to divest the transferor of all interest in the stock. But even in them it is held that if the transfer is merely colorable, or, as sometimes coarsely denominated, a sham—if in fact the transferee is a mere tool or nominee of the transferor, so that, as between themselves, there has been no real transfer, 'but in the event of the company becoming prosperous the transferor would become interested in the profits, the transfer will be held for nought and the

transferrer will be put upon the list of contributors.' *Williams' case*, L. R., 9 Eq., 225, note, where the transfer was, as in the present case, made to a clerk of the transferrer without consideration; *Payne's case* id. 223; *Kintrea's case*, L. R., 5 Ch. App. 95. See, also, *Lindley on Partn.* (2d. ed.) p. 1,352; *Chinnock's case*, 1 Johns. Eng. Ch. 714; *Hyam's case*, 1 De G., F. & J. 75; *Budd's case*, 3 id. 297. The American doctrine is even more stringent. Mr. Thompson states it thus and he is supported by the adjudicated cases; 'A transfer of shares in a failing corporation, made by the transferrer with the purpose of escaping his liability as a shareholder, to a person who, from any cause, is incapable of responding in respect to such liability, is void as to the creditors of the company and as to other shareholders, although as between the transferrer and the transferee it was out-and-out,' *Nathan vs. Whitlock*, 9 Paige 152; *McClaren vs. Franciscus*, 43 Mo. 467; *Marcy vs. Clark*, 17 Mass. 334; *Johnson vs. Laflin*, by Dillon J.; *Thompson's Nat. Bank Cases* 331; S. C. 17 Alb. L. J. 146."

Mr. Thompson however admits, §211, that the English doctrine is as above stated. In addition to the four cases above cited, he cites several other American cases, which we will examine, namely: *Paine vs. Stewart*, 33 Conn. 516; *Dauchy vs. Brown*, 24 Vt. 197, 210; *Roman vs. Fry*, 5 J. J. Marsh. 634; *Mandion vs. Fireman's Ins. Co.*, 11 Rob. (La.) 177; *Provident Savings Inst. vs. Jackson Place Skating and Bathing Rink*, 52 Mo. 557; *Miller vs. Great Republic Ins. Co.*, 50 id. 57.

Nathan vs. Whitlock, 9 Pai. 152, decides that "a solvent stockholder, who has given a stock note to a corporation for the purchase money of his stock, cannot, upon the insolvency of the company, or in contemplation of that event, even with the consent of the directors, transfer his stock to an irresponsible person, and be discharged from his liability upon substituting the note of such person for his own; such an arrangement having the effect of a withdrawal of so much of the capital of the corporation, and being a violation of the statute to prevent fraudulent bankruptcies of incorporated companies." This is not an authority for the broad proposition of the text, in a case where the stockholder has paid for his stock. Even in England the decision would have been the same, probably, for the stockholder was still liable to calls by the company.

In *McClaren vs. Franciscus*, 43 Mo. 467, the Court, as was said in *Miller vs. Great Republic Ins. Co.*, 50 id. 57, "held the stockholder liable because the transfer he had made was not complete on the books of the company. He had merely transferred his certificate of stock, and did not have the transfer entered on the books; so he was still held a stockholder as to the execution-creditors of the company." The latter case, also cited by Mr. Thompson, simply holds that "where before execution against a corporation, the stockholder, honestly and without any intention to defeat the creditors of the company, sells and transfers his stock, the mere fact that the purchaser was insolvent at the time is not sufficient to hold such stockholder still liable for the debts. The question in such cases is, whether the transfer was fraudulent and void as to creditors of the company. If the stockholders knew of the insolvency at the time of the transfer, it would be very strong evidence of fraud." The latter remark is manifestly *obiter*.

Provident Savings Institution vs. Jackson Place Skating and Bathing Rink, 52 Mo. 557, decides that a stockholder cannot escape his

liability under the former double liability clause of the Constitution of Missouri, by transferring his stock in the corporation to an insolvent, or with a view of exonerating himself from his personal responsibility. But this was founded on the two Missouri cases above cited, and on the assumption that *McClaren vs. Franciscus* decided the same doctrine, which we have seen was not the fact. The Court entered into no discussion of the principle nor examination of authorities.

In *Johnson vs. Laffin, supra*, the precise question did not arise. Laffin had paid for his stock in a National bank, and employed a broker to sell it. The broker, without Laffin's knowledge, sold it to the president of the bank, individually. The president transferred it to the bank, causing the bank to pay for it. The bank was then insolvent, but this was not known to Laffin or his broker. *Held*, that although the statute prohibited the bank from buying its own shares, yet, as Laffin sold in good faith, he was not liable in a suit by the receiver of the bank for the money received for his shares. The Court did not undertake to decide what would have happened if Laffin's transfer had been in bad faith, or with knowledge that the sale was really to the bank, although it is easy to see that the prohibition of the statute would have rendered such a transfer void. The Court do indeed say: "And on general principles there may also be an implied prohibition against the transfer of shares to a pauper or man of straw, or insolvent person, for the fraudulent purpose of escaping liability;" but adding, "but this is a matter that need not now be considered."

As we interpret *Paine vs. Stewart*, 33 Conn. 516, the question under examination was not passed upon. The syllabus correctly states the decision as follows: "Where a general banking law of a State imposed upon the stockholders of banks, which should be organized under it, individual liability to double the amount of their stock, while they continued stockholders, and one year thereafter, and P, a creditor of the bank, made demand of S, a stockholder, for the payment of his debt, the bank being insolvent, and S, requested delay, promising not to transfer his stock, but did secretly and fraudulently transfer it; *held*, in a suit brought more than a year after such transfer, that it was inoperative against P." The Court say only this upon this point: "The delay in commencing the suit was directly induced by the promise by the defendant that he would not transfer his stock and deprive the plaintiff of the rights which he then had to institute the suit. Under such circumstances the transfer was wrongful and fraudulent, and as against the plaintiff inoperative." (That is to say, the defendant was estopped by his conduct.) Citing *Middleton Bank vs. Magill*, 5 Conn. 70, which does not involve the doctrine of estoppel, and does not involve the doctrine under examination. The question of fraudulent transfer did not arise, but the question was whether an action could be maintained against transferees of stock acquiring it subsequently to the contracting of the debt, and it was held that it could not. The Court then remark: "One objection still remains to be encountered, viz.; that if a member, by transferring his interest exonerates himself from all personal liability, then the members may, at any time (in case the corporation becomes insolvent), defeat the claims of creditors, by transferring their interests to bankrupts. Were this true, the argument derived from it would be indeed formidable. But no principle is better settled than that a conveyance made with intent to defeat a creditor is void. If then the members dispose of

their interests with such intentions, the creditors may treat them as members: and of course they will remain liable to the same extent that they would have been, had they made no such conveyance. Vide *Marcy vs. Clark*, 17 Mass. 330." This is *obiter*; and besides, it probably refers to a transfer after the liability is fixed.

Marcy vs. Clark, 17 Mass. 330, contains language strongly supporting the view taken by Mr. Thompson, but we think it will be discovered to have been unnecessary to the decision. The case showed a transfer without adequate consideration and for the purpose of escaping liability. The Court remarked: "Since this statute was enacted, all who deal with such companies look, for their security, to the individual members, rather than to the joint-stock; and to suffer those members to avoid their responsibility, by parting with their stock, would be to deprive the creditor of a vested right, and of the means of satisfying his debt. For such a measure would not be resorted to, but in case of the actual or expected insolvency of the company. We cannot doubt, then, that a transfer of an interest in the stock of such corporations, not *bona fide*, but for the purpose of defeating the creditors of the company, is fraudulent and void. Otherwise the wholesome provision of the statute for the security of creditors would be unavailing, at the very time, and in the very circumstances in which it was intended to operate. Under the statute we have been considering, those who are liable must be members when the execution is levied. But the Legislature have thought that a further security was necessary; for there may be *bona fide* sales, by which the shares may be transferred from those who are able, to those who are unable, to pay debts existing at the time of the transfer, and it was reasonably thought that it was to the credit of those who were members when the debt was incurred that the creditor trusted. It was therefore provided by the statute of 1817, ch. 183, that the bodies and estates of those who were members at the time any debt accrued, as well as of those who were members when the execution issued, should be liable. So that even a *bona fide* transfer of shares will not relieve the member from any debt which accrued while he was a member of the corporation." The last sentence shows that what was said about fraudulent transfers was *obiter*, for the transferrer was liable at all hazards.

Roman vs. Fry, J. J. March. 634, is so inadequately reported that we cannot tell what really was decided. The Court said "this was an attempt" to escape individual responsibility as a stockholder, and referred, for the settlement of the principles governing the case, to *Dallam vs. Holmes*, which seems not to be reported. They continue: "If Dallam were permitted to escape by taking stock in the names of infant children, the whole object of the charter in securing the community against the insolvency of the corporation might be defeated." This intimates that it is not a case of transfer, but of original taking out of stock in the names of infants not really the owners.

What we have said of *Middleton Bank vs. Magill* is applicable to *Dauchy vs. Brown*, 24 Vt. 197, 210. That case did not involve this question; but the Court, *obiter*, after holding that a prior judgment against the corporation was necessary, in answering the argument that the purpose of the statute might be defeated by a fraudulent transfer by the stockholder pending that action, took it for granted that such a transfer could not be sustained. They said "it has been too frequently decided to be considered as an open question," but cite only *Marcy vs. Clark*, *Middleton Bank vs. Magill*,

and *Roman vs. Fry*; in none of which, as we have seen, is any such doctrine held.

It is to be remarked that none of the English cases are mentioned in any of the American.

On the other hand in *Magruder vs. Colston*, 44 Md. 349; S. C., 22 Am. Rep. 47, it was held that where National bank stock was pledged to secure a debt, with power to the pledgee to sell it on default of payment, a sale by him pursuant to the power was not voidable as a fraud on the creditors of the bank, although he sold because he believed the bank insolvent, for a nominal consideration, and in order to escape personal liability under the statute as a stockholder. This holding was adopted on the authority of *Holyoke Bank vs. Burnham*, 11 Cush. 187, and the basis of it is that the second transfer was made in execution of the agreement at the time of the original transfer, and therefore was not obnoxious to the charge of a fraud on creditors, although its leading object and purpose might have been to avoid personal liability as a stockholder. The Court expressly decline, in the latter case, to consider the question of a transfer to avoid liability, when not based upon an original contract for a re-transfer. We believe it would be difficult to distinguish the two last cases from the principal case, when the fact of the nominal consideration of the second or re-transfer is considered.

Whatever we may think of the question upon principle, it is clear that the doctrine as stated by Mr. Thompson can hardly be regarded as authoritatively settled in this country.

MR. HENRY H. GIBBS ON SILVER.

Mr. Henry Hucks Gibbs, formerly Governor of the Bank of England, and one of the British delegates to the International Monetary Conference, held at Paris in 1878, has published a small pamphlet of 39 pages, under the title of *Silver and Gold*, in which he advocates the introduction of the double standard into Great Britain. It is in the form of a letter to Edward Cazalet, the author of a book in favor of the same policy, entitled *Bimetallism and its Connection with Commerce*. Mr. Gibbs disclaims any intention of discussing the question at large, but only proposes, to use his own language, "to touch upon the objections that have been, and will be, made to the adoption of the double standard." We have only space for the subjoined extracts from Mr. Gibbs' pamphlet:

England, then has been in a state of barter with India and other silver-using countries since 1816. How has she been able to bear such an uncivilized condition of commerce? It has only been possible because it has gone on, till of late, unperceived. There has been a safety-valve against the pressure, which has prevented the explosion—a salve for the sore, which has prevented the pain being felt. France has been there with her double standard of gold and silver, preserving the equilibrium of the two metals by receiving indifferently the gold of England, and the silver of India, and acting as a clearing house between the two countries.

A certain great economist answered me the other day, that through a long course of years (I forget the precise dates) France had practically only a single standard, and could not therefore have done us this service. I reply, that the fact that one metal practically prevailed in France during a certain time is *nihil ad rem*. She had free mintage all the while for both. That her gold (or silver) was exported does not affect the question.

For sixty years, then, saved by this *deus ex machina* England has not suffered at all from this barbarous state of things; but now that the clearing house has, for a time at least, suspended its operations, the last three or four years have shown us the inconvenience under which we were suffering, and have driven us to seek a remedy. . . .

An obvious remedy would be the universal acceptance of a single metal as the medium of exchange; but you have most clearly shown the disastrous effect which would be produced by the attempt to make that quantity of gold which now serves for the needs of half the world do duty for the whole.

The existing mass of gold *would* no doubt be made to suffice; but the transition period, while the reduced quantity was in each country accommodating itself to the wants of trade, would be one of peril, panic, and disaster.

There is, then, no practical possibility of a single precious metal serving for the money needs of the whole world; but I think that the remedy which you propose would provide us with the next best thing, that is to say, with a common metallic basis, which now does, and still would, amply suffice for the needs of commerce. Roughly speaking, half the world uses gold and half uses silver. Your remedy would consist in the whole world using gold and silver.

There would be no more increase or diminution (consequent on such a measure) in the quantity of circulating medium among nations than if the whole quantity of both metals were fused into an *electrum* (as it has been called), that is to say, a compound metal of gold and silver.

The fourth objection depends on the statement that 'there will always be a preference for gold.' To this statement there is the short but decisive reply, that half the world has now a preference for silver.

The reasons alleged for the statement can also, I think, be easily disposed of. In point of fact it is *not* cheaper to transmit gold than it is to transmit silver, the freight and insurance being *ad valorem*, and the same for either. The bulk either of silver or gold is so small as to be of no moment in calculating the freight; and if there be any difference between them, silver would have the advantage, inasmuch as gold, by reason of its less bulk, value for value, is more exposed to the danger of robbery.

"A two-fold standard, once established, any great influx of silver from the mines would dangerously disturb prices."

It is unquestionable that if England had a silver as well as a gold standard, the working of new mines of silver, and the production of an additional quantity of that metal would have the result of enhancing prices; and if the quantity was very large and its production very sudden, the consequences might be severely felt.

But what if she adheres to her single standard, and the additional production be of gold instead of silver? That which has been (*e. g.* 1851 and onwards) may be again; and there can be no possible ground for saying that silver *will* be found, and gold will *not*.

But if gold be found again in extraordinary quantities, then the flood would pour over half the world—the gold-using half—and the immediate effect would be twice as great as if the flood were spread over the world, and affected equally the whole mass of currency, as it would certainly do if the gold and silver composing the mass were joined together in a bimetallic union.

I conclude therefore that this fifth objection is quite irrelevant to the question of a double standard, the danger which it suggests being at least as great under the present law as it could be under a bimetallic system of currency.

Those, who dare to advocate a two-fold measure of value, find a formidable stumbling-block at their feet in the great authority of Lord Liverpool and of the eminent men whom he quotes.

His *Treatise on the Coins of the Realm* is the foundation of our present system of money, and must be allowed to be theoretically perfect, and, if no altered circumstances are taken into account, full of practical excellence.

He proved to the satisfaction of the Government of his day:

I. That coins which were to be the measure of property should be of one metal only.

II. That that metal should be gold.

III. That the other coins should be as they now are, tokens; or, as we may call them, notes, representing parts of a sovereign, and made of metal instead of paper.

In support of the first proposition he adduces the authority of Sir William Petty, Mr. Locke, and Mr. Harris; but as he sets aside the opinion of Mr. Locke that silver should be that one metal, on the ground that circumstances had so much altered that this opinion was no longer tenable, and thinks that Locke, had he lived then, would have been of that mind also, so I venture to think it not impossible that, if Lord Liverpool had lived in this age, he might have recognized that his first proposition, excellent in theory, might carry with it in practice, under altered circumstances, inconveniences which would demand a remedy; and I think I shall prove that the main reason which he adduced in support of it has, on his own showing, disappeared.

The reasoning which was applicable to England as a single nation may be thought to be applicable, in the more developed condition of commerce, to the whole commercial world. If it was desirable that the measure of value for England should be one, and one only, so that all men who traded with one another should know exactly what it was they were to receive for their wares, so is it also now desirable that the measure of value should be one for the nations forming the whole world of commerce, who, far more than in Lord Liverpool's time, may be said to be one community. But unity of money, in the sense of causing a single metal to suffice for all, has been shown to be an impossibility, both by reason of the preference of nations for one or other of the metals now used, and of the insufficiency of either one alone to provide for the needs of all. Is it not, then our best resource to approximate as nearly as possible to unity by causing the two metals, under prescribed regulations, to perform together the service of a metallic standard for the world? In point of fact the world is already bimetallic; but it is an unregulated and haphazard bimetallicism which prevails among us; and I must believe that a due regulation of it is both possible and desirable.

I have shown that the "traffic in coins," which is the chief

inconvenience attaching, in Lord Liverpool's opinion, to a bimetallic measure of property, would be, under such regulation, impossible.

I will now show where that which Lord Liverpool sets forth as his main argument has come to be no argument at all.

His words are very remarkable. He says: "There is no circumstance that more clearly proves and illustrates the truth of this principle—That coins which are to be the principal measure of property can be made of one metal only—than the practice which (he says) exists in some foreign countries of making bills payable in bank money, that is to say, in *recepissés*, receipts or notes given by the banks in return for gold or silver bullion . . . placed by individuals in their custody;" which receipts "are regulated by and represent some one of the national coins current according to the standard of the mint," so that they have and retain an undisputed value and have come to be the fixed standard or measure according to which great payments are made.

He goes on to say that in Great Britain no such establishment has ever existed—that one such bank would not suffice, and that the establishment of many would be inconvenient—that Great Britain scarcely needs such a system, inasmuch as authorized foreign coins rarely enter it to serve as currency, and the coins of the realm are therefore necessarily the instruments of commerce, and the only legal tender whether to natives or foreigners; "and from thence," he says, "results the necessity in this country of having coins made of one metal only, which should serve as an invariable measure, &c."

He appends a note saying that it is unnecessary to advert to the Acts making Bank of England notes temporarily legal tender during suspension of cash payments, "as that is not part of our recognized monetary system."

It is hardly necessary for me to point out how entirely all this has changed.

The exact system to which Lord Liverpool refers as non-existent, is, and has long been, established in Great Britain, the notes of the Bank of England being issued practically as receipts for bullion, being legal tender and serving to make all those great payments to which he adverts, except where the use of the notes is again economised by the employment of cheques and other expedients of trade.

So then, as that system from the absence of which resulted, in Lord Liverpool's opinion "the necessity of having coins of one metal only" is fully established amongst us, I think I have shown cause for believing that the other considerations which I have mentioned might have been of sufficient weight to have led him to allow that circumstances might occur, and had now occurred, which should make it now necessary for the well-being of English commerce, that theoretically excellent as his system is, we should now in some measure depart from it."

SILVER SHIPMENTS TO CHINA.—For the first eleven months of 1879 the silver shipments from San Francisco to China (including Hong Kong) have been as follows: Bars, \$4,816,414; Mexican dollars, \$2,191,863; Trade dollars, \$546,003; Total, \$7,554,280. During the same months, the shipment was \$10,864,345 in 1878; and \$15,680,313 in 1877.

MR. SHERMAN ON THE CURRENCY.

The Secretary of the Treasury delivered an elaborate address at the Cooper Institute, in this city, October 27, 1879, on the political topics of the day. From the full and corrected report of that address we cut those portions which relate to the questions of greenbacks and silver money. They present no opinions different from those which Mr. Sherman has heretofore expressed. He has always maintained that the existing amount of greenbacks should be retained in use, and in his annual report of December, 1878, he strongly urged the prohibition of the coinage of silver dollars beyond an aggregate of \$ 50,000,000.

In his Cooper Institute address, Mr. Sherman said :

"The present volume of United States notes was issued during the war, and their issue and re-issue has been upheld by the Supreme Court. We have had a weary struggle to bring them to the standard of coin. There let us rest. I, for one, am in favor of maintaining them in circulation, supported by an ample reserve in coin, but am equally in favor of allowing all other paper money to be issued by corporations under a law free and open to all, so that the business of banking will be like any other business of private life. If experience shows that the existing law is subject to abuse, then Congress can readily, by general law, restrain them even to the extent of a tax equal to any portion of the interest on the bonds held as security for their circulating notes. But the general principles of the system of National banks cannot be greatly improved. They fill the commercial want of furnishing a safe, uniform, convenient currency, unrivalled in excellence by any banking system heretofore devised.

"Again, my fellow-citizens, by an Act passed in 1864, in the darkest period of the war, when General Grant was in the Wilderness, when General Sherman was before Atlanta, then it was that the people of the United States placed upon the public records a limit to the amount of United States notes to be issued, and decreed that it should never exceed the sum of four hundred million dollars. That is now a part of the law of the land, and it was done to check the depreciation of the United States notes, and is one of the bases and corner-stones which prevent a further depreciation of these notes; and from that time they began to rise in value. The law restricting the issue of those notes cannot be violated without violating the public honor, and a mandate of the Supreme Court would arrest any attempt to issue new notes in a time of profound peace, especially now when the country is blessed with the best currency it has ever had or ever will have."

THE SILVER QUESTION.

"Now, gentlemen, there is a great deal said about the silver dollar, and it was a subject of some embarrassment with Congress during the preparation for resumption. I believe with Hamilton and Jefferson that the free coinage of both gold and silver is the true policy of the Government, but the essential prerequisite of free coinage is that the coin ratio shall be as near as practicable equal to the market value of the two metals at the time of coinage. This was the rule adopted at the beginning of the Government, when the coinage was fixed in exact conformity with the market ratio :

that is, that fifteen ounces of silver were equal to one ounce of gold. Subsequently, when the price of silver had somewhat fallen, and when gold had become practically demonetized, the ratio was changed to sixteen ounces of silver to one ounce of gold. And now, if the market value of sixteen ounces of silver were equal to one ounce of gold, there would be little, if any, objection to the free coinage of silver; but, by a series of events not necessary to state, $412\frac{1}{2}$ grains of standard silver are only equal to eighty-eight cents in gold, and, therefore, free coinage of silver now would necessarily demonetize gold, and thus reduce us to the single silver standard. To this I am utterly opposed.

"What then does public policy clearly require? Either—

"*First*—That upon the present ratio the coinage shall be limited to an amount of silver coin that can be maintained by its necessary use at par with gold without respect to its market value; or—

"*Second*—That, by an arrangement with commercial nations, a ratio between the two metals may be fixed at which all nations will receive and coin both gold and silver; or—

"*Third*—To put in the silver dollar enough silver to make it equal to the gold dollar. The gold dollar of 25.8 grains has been the standard coin of this country for forty years, and it would be an act of insane folly to now change that standard to meet the demagogism of the hour. France, though it has suspended the coining of silver, is now greatly embarrassed by having in the vaults of the Bank of France more than half its coin reserve in silver coin, and we should not foolishly involve ourselves in the same embarrassment. We should issue no dollar that is not equal to the gold standard, or, if we do, it should be redeemed in the gold dollar whenever demanded. The interest of laboring men, above all others, is to have a fixed standard of value for the rich and the poor, for the bondholder and the noteholder; to have no money in circulation except that which is good as coin; to make no distinction between moneys, but to maintain all at the same purchasing power. We now, under the law, are coining 2,000,000 silver dollars a month. Of these, \$11,765,000 are in circulation, and \$32,052,750 are in the Treasury. It is manifest that we have already reached the limit to which this coinage should be carried."

JAPAN.

The first woolen mill in Japan was formally opened September 27, at Senji, by the home and finance ministers. The machinery was procured from Europe. One of the ministers said: "The demand for woolen cloth increases day by day and month after month. The material is not manufactured by our own workmen, but is supplied from abroad; and in consequence the Government purchased the necessary machinery in Europe, and engaged foreign workmen. The woolen mill is now complete, and I declare it open. This is the first manufactory of this kind that has been opened in Japan. As it was difficult for any individual to establish such a factory, the Government decided to take the matter in hand and show a good example to the people. Should the institution be a success, and individuals in imitation of it establish similar works, the idea will have proved a valuable one."

CURRENT EVENTS AND COMMENTS.

SEPTEMBER TRADE.

During the month of September, the balance of foreign trade in our favor was \$20,620,087, but the excess of imports over exports of gold and silver was \$27,130,587. So far as these figures go, they tend to prove that more securities were sent out of the country during September, than were paid off or purchased abroad.

GREENBACKS IN THE UNITED STATES TREASURY.

The greenbacks in the United States Treasury, November 1, 1879, amounted to \$37,522,567, but the Treasury was then indebted for a greater amount of greenback trustee funds, as follows:

Held for certificates of deposits.....	\$20,195,000
" " five-per-cent. fund of banks.....	15,742,887
" " redemption of notes of failed and liquidating banks.....	13,596,863
	<u>\$49,534,750</u>

The larger part of the nominal deficiency is probably not a real deficiency. Of the notes of failed and liquidating banks, for the redemption of which greenbacks are held, possibly half are destroyed and will never appear. But, if the whole nominal deficiency was real, the Treasury had the following currency funds to meet it:

National bank notes.....	\$3,658,171
Deposits in National banks.....	12,379,586
Exchange on New York and San Francisco.....	1,145,500

The Secretary seems to be fully complying with the law of May, 1878, which forbids any accumulation of greenbacks, by commanding that as fast as they come into the Treasury they shall be "reissued, paid-out, and kept in circulation." It is for the interest of the Government that they should be kept in circulation, rather than gold or silver, because all destructions and losses of greenback money inure to its benefit.

SILVER IN THE UNITED STATES TREASURY.

The figures of the silver in the United States Treasury are:

	Oct. 1, 1879.	Nov. 1, 1879.
Standard silver dollars.....	31,599,870	32,322,634
Fractional silver coin.....	16,814,308	17,755,986
Silver bullion.....	4,557,504	3,537,224

There were appearances that the accumulation of fractional silver coin had reached its maximum October 1, but it turns out that the increase during October was \$941,678. But it is better to have an accumulation of it in the Treasury, than to have a glut of it in circulation.

The silver certificates actually outstanding were, on the 1st of October, \$1,176,720, and on the 1st of November, \$1,640,371. The increase of silver dollars owned by the Treasury, during October, was therefore from \$30,423,150 to \$30,632,263.

THE CALLED BONDS.

At the end of October, the following called bonds remained outstanding:

5-20s of 1862.....	\$ 399,800	..	5-20s of 1867.....	\$ 6,199,500
" " 1864.....	71,250	..	" " 1868.....	2,211,100
" " 1865 (first issue).....	125,350	..	10-40s of 1864.....	12,471,900
" " " (second issue).....	891,250	..		

These bonds were called in the above order, and some considerable proportion of the first four classes may be set down as probably lost.

It is said that \$7,000,000 of the called 10-40s, which have not been drawing interest for many weeks, are the property of National banks, and are held by the Treasury as security for circulation. Some of these banks may be hesitating as to whether they will continue in business. Others may be hoping that they can buy fours cheaper by waiting.

SILVER STATISTICS.

As reported by the Bureau of Statistics, the imports of silver during the first nine months of 1879 were \$10,911,769, and the exports were \$17,545,001. To the imports there is to be added an unknown quantity brought by emigrants and not reported at the custom houses. The silver imports are classified as follows:

Bullion.....	\$ 1,565,631
American coin.....	4,882,562
Foreign coin.....	4,463,578

\$ 10,911,769

The bullion is principally from Mexico, and the foreign coin consists principally of Mexican dollars. It is known that some parcels of trade dollars have been imported, but the number of such dollars is not separately given in the statement of the American silver coins imported. The great bulk of these coins is known to consist of the fractional silver, which has been flowing into the country for some time from Mexico, Central America, South America and the West India Islands. This flow is diminishing. For the two months, August and September, it was only \$537,164, or at less than half the average rate of the preceding seven months.

The silver exports are classified as follows:

American bullion.....	\$ 11,477,093
Foreign bullion.....	1,466,932
Foreign coins.....	3,750,700
Trade dollars.....	548,881
Other American coins.....	301,395

\$ 17,545,001

GOLD.

Reports of gold in the Big Horn Mountains, west of the Black Hills, were made before the war with the Indians under Sitting Bull. They are now renewed. The *Deadwood Pioneer*, of October 24, says: "A private letter from Mr. George Graven, a well-known resident of Deadwood, states that he and Mr. John Landon, also well known here in the Hills, have struck good quartz in the Big Horn mountains, about seventy miles from Fort McKinney. They say that they have a wide vein of gold ore, from which they have had seven samples assayed, the highest assay being \$62.01 to the ton, and the lowest \$24.80. The vein has been traced for three miles and has the same appearance the entire distance."

THE MINES.

The returns of the Pacific Coast mines, the reports of which are made in San Francisco, continue to show a falling off as compared with last year. An improvement in this respect is not to be looked for until the bonanzas, which are generally believed to exist in the northern end of the Comstock lode, become productive. In the meantime, the increased yield in Colorado makes up, nearly, or wholly, for the deficiency on the Pacific Coast.

The official reports of nine gold mines on the Pacific Coast, for September, show that they produced during the month, \$411,600. Reports from twenty silver mines show that the metal produced during the same time was worth \$853,200. The mixed metal mines, produced, in gold, \$232,300; silver, \$336,300; total, \$568,600. The total product of all the above mines during September of last year was \$2,359,000, and for this year, \$1,833,400. For the first nine months of the present year, thirty-seven mines on the coast produced \$18,186,000. Last year thirty-four mines produced \$31,596,100.

LEADVILLE.

The returns of the smelters at Leadville during the last week in October, give the following results:

Tons of ore treated, 2,958½; tons of bullion produced, 596½; ounces of silver, 246,659; coin value, \$273,788.51; ounces of gold, 5½; coin value, \$110; grand total, \$273,898.51.

What is given in this statement as the "coin value," is the market value when sold for coin. The mint value, after it is coined, is greater. Some persons estimate the silver yield of the Leadville region during 1880 as high as \$40,000,000.

POTTERIES.

We clip the following from one of our exchanges: "A pottery firm in Staffordshire, England, have decided to remove their seat of manufacture across the water with a view of locating in Philadelphia. Arrangements are now being made to close up the home works, and the workmen are preparing to settle in a new land. The party will, in all probability, arrive here before Christmas. Several other owners of potteries are considering the desirability of permanently settling in the United States."

CANADIAN EXPORTS.

The following is an official statement for the month of August, 1879, of the export from Canada of articles of Canadian growth and production:

Products of mines	\$119,268
" " fisheries	603,993
" " forests	1,786,457
Animals and their product	1,610,526
Agricultural products	459,763
Manufactures	253,772
Miscellaneous	29,967

\$4,883,746

There is, in addition, a large export from Canada of United States cattle and agricultural products, reaching the ocean *via* the St. Lawrence. In the statements frequently published of shipments from Montreal, this distinction between what comes from Canada and what comes from this country, is not made. Such statements give a very erroneous idea of Canadian productions.

In the statement copied above, it will be seen that the value of exported Canadian animals and their products, which of course include dairy products, is nearly equal to the value of the exported products of Canadian forests. This illustrates the immense capacities of Canada as a grazing country, and proves that these capacities are even now made good use of, to say nothing of the progress which is being constantly made in that respect.

BRITISH AGRICULTURE.

According to the report of the Statistical Department of the British Board of Trade, the area of land under wheat in the United Kingdom was:

In 1869.....	3,982,000 acres
" 1879.....	3,056,000 "
Decrease.....	926,000 "

At the same time, the returns show an increase between 1869 and 1879 of 1,637,000 in the total number of acres under cultivation, including those devoted to wheat. The report states that a greater part of this apparent increase is only nominal, being due to more correct returns. But it insists, nevertheless, that there has been some actual increase, and that a "considerable portion is really land that is being gradually reclaimed from mountain, moor, or bog, several instances being specially noted by the Inland Revenue officers as having occurred during the past year."

SCOTTISH LAND RENTS.

A letter written by a Scottish land owner, and published in the *London Times* says: "At Springkell, a tenant of mine, whose family have resided on the estate for nearly 300 years, and who would next year have completed his second lease of fifteen years, requested me to let him give up this year, being desirous to go to New Zealand next spring. I somewhat hesitated, doubting my ability to relet the farm at this time; but I did consent. I immediately had five offers for the farm, all on the estate, and all offering a rise of from five to ten per cent. I accepted one who offered above seven per cent., as having the larger capital, and let it to him on a lease of nineteen years, much disappointing the other offerers. The farm is one of 184 acres, and the new rent is £182 10s., or within a fraction of 20s. an acre, which in my locality is a most satisfactory rent. Thirty years ago, the rent was £130; now it is £182 10s."

IRISH TENANT RIGHTS.

The following testimony of Mr. Handcock, the land agent of Lord Lurgan, given recently before a Commission of Inquiry, throws light upon the manner in which what is called the tenant-right in the Province of Ulster, Ireland, is practically enforced:

The landlords are compelled to recognize tenant-right, as in several cases in this neighborhood where they have refused to allow tenant-right the in-coming tenant's house has been burnt, his cattle houghed, and his crops trodden down by night. The disallowance of tenant-right, so far as I know, is always attended with outrage. A landlord cannot even resume possession to himself without paying for it. In fact it is one of the sacred rights of the country, which cannot be touched with impunity, and if systematic efforts were made among the proprietors of Ulster to invade tenant-right I do not believe there is a force at the disposal of the Horse Guards sufficient to keep the peace of the province.

A correspondent of the *London Times* of September 13, by way of attempting to show that Irish rents are not excessive, says,

in respect to three fields containing together thirteen acres and held at will at a rent of £ 22. besides the payment by the tenants of poor rates and county rates, the interest of the tenants was sold twelve or eighteen months ago, and realized £ 1,150. He adds:

"I know that on the same estate the tenant-right of a farm of some seventy acres, smartly rented and taxed, lately brought over £ 1,700, and the tenant-right of another thirty-two acres, subject to £ 31 a year and taxes, brought over £ 1,000."

LUMBER.

The boards and scantling received at Albany to November 8 by the canals, were:

1878.....279,651,200 feet 1879..... 290,524,100 feet

At Chicago, to November 8 of this year, the receipts of lumber have been 1,311 millions feet, and the shipments 688 millions, against receipts to same date of last year of 1,007 millions feet and shipments of 533 millions feet.

KANSAS.

The reports of the State Board of Agriculture in Kansas were published annually for the years 1872 to 1876, both inclusive. Owing to a change of legislative sessions, the board has now published a biennial report, covering the agricultural results of the two years 1877 and 1878. It is a very elaborate work of 632 pages, with separate maps of all the counties, and embodying the detailed statistics, not only of the agriculture, but of nearly all the great interests of the State. It is an exceedingly valuable book, not only for the citizens of Kansas and for persons contemplating emigration to it, but for statisticians and all others who are watching the development of this country.

The harvest of 1878 placed Kansas at the head of the wheat-growing States of the Union for that year. Its production of that grain, which was only 260,455 bushels in 1866, was as follows during the last four years:

	Bushels.		Bushels.
1875.....	12,700,000	..	1877..... 14,316,000
1876.....	16,510,000	..	1878..... 32,315,358

But the board observe that "The people of Kansas have a keen eye to the future, and do not propose to be left in an impoverished condition when wheat is no longer king," and that they are therefore paying great attention to the increase and improvement of live stock. The figures of the increase from 1875 to 1878 justify that statement:

	Number in 1875.		Number in 1878.
Horses.....	207,376	..	274,450
Mules and asses.....	24,964	..	40,564
Milch cows.....	225,028	..	286,241
Other cattle.....	478,295	..	586,002
Sheep.....	106,224	..	243,760
Swine.....	292,658	..	1,195,044

The quantities of some of the crops of 1877 are as follows:

Rye.....bushels.....	2,525,054	..	Sweet potatoes, bushels.....	201,423
Corn.....	103,497,831	..	Castor beans, ".....	578,356
Barley.....	1,875,323	..	Cotton, pounds.....	101,595
Oats.....	12,768,488	..	Hemp, ".....	1,657,564
Buckwheat.....	57,974	..	Tobacco, ".....	530,839
Irish potatoes..	3,119,084	..		

ST. PAUL AND MONTREAL.

The project of the St. Paul interests to construct a direct railroad to Montreal, *via* Sault Ste. Marie, continues to attract attention. The objection that it will pass, for the larger part of its course, through a new and undeveloped region, does not strike us as having necessarily much weight. The question in such cases is, not whether a country is already much developed, but of what development it is capable, if properly opened to immigration.

The new scheme seems to be approved, after discussion, in Montreal. The Toronto *Monetary Times*, October 31, says:

The Montreal Board of Trade have been considering what steps it would be advisable to take with regard to the opening up of a more direct route to the North-West. The routes under consideration were from Hochelaga to Ottawa, and thence *via* Pembroke and Lake Nipissing to Sault Ste. Marie, and on the other hand by the Grand Trunk new route now existing between St. Paul and Montreal. The general opinion of the meeting was that it would be best in the interests of Montreal, as a shipping port, and her merchants, that there should be competing lines, for, if the St. Lawrence route attracted the produce of the North-Western States there would be more traffic than the Grand Trunk could manage with the one line of rails, and with two competing lines the danger of overcharging for freight would be avoided. It was resolved to memorialize the Government on the importance of at once completing the Pacific Railway connection to Sault Ste. Marie.

MANITOBA.

The following paragraphs from Canadian papers indicate valuable mineral discoveries in Manitoba: "Mr. McCallum, Dominion Land Surveyor, is reported on his way east returning from Manitoba, and brings with him specimens of gold and silver found in the vicinity of Rat Portage, on the Canada Pacific Railway. Immense beds of coal have been discovered on the River Assiniboine, about sixty miles south of the Grand Valley, and a company has secured four thousand five hundred acres of land there. One thousand tons will be brought to Winnipeg this winter."

MANCHESTER TRADE.

The cotton circular of Smith, Edwards & Co., of Liverpool, November 1, says:

The very important rise of silver and Eastern exchange is a matter of congratulation to Manchester; since the decision of the German Government was taken to sell no more silver, the market has assumed a much stronger attitude; the good crops made in India this year will cause a much larger export of produce, and this is causing, by anticipation, a rise of exchange. If Germany, as now seems probable, responds to the wish of America to enter a second Monetary Congress to try and arrange a bimetallic system even apart from England, there will be a steady upward tendency in silver, and this very tendency will make it much easier to realize the aims of the Congress. There can be no doubt that the depression of Manchester the last few years was greatly aggravated by the fall of silver, and consequently we should expect the reverse process to benefit its trade correspondingly.

Very many Englishmen hold the opinion expressed in the last sentence quoted above, but not a few of them see the absurdity of it. Manchester is affected by the gold price of cotton cloths. The gold price of silver is of no more consequence to them than the gold price of copper, chicory, or rice. No doubt, when they sell their cloths in India they are obliged to give more rupees for a pound sterling than

formerly. But if fewer rupees would purchase a pound sterling, they would get less rupees for their cloths. The same principle governs their trade with India which governs their trade with the Russians who use paper roubles, and with the Italians whose paper money is also depreciated, and which formerly governed their trade with the United States when the greenback was inconvertible and below par.

FRENCH PRICES IN 1878.

According to a system which has prevailed in France for several years, the Government published, during 1878, monthly statements of the money value of exports and imports, on the basis of the prices of 1877. The actual prices of 1878 have since been determined by a Commission sitting at the Ministry of Commerce, and comprising members of the largest firms in every branch of trade, and the Government has now published a statement of the money value of the exports and imports of 1878, as reported by this Commission. As thus re-valued, the price of imports is less by 6.38 per cent., and the price of exports is less by 5.6 per cent., than the prices of 1877. In all commercial countries, 1878 was a year of extremely low prices, measured in gold, or in currencies kept on a par with gold.

FRENCH CITIES.

The population within the present limits of Paris, was as follows, at the dates named :

1831.....	861,436	..	1856.....	1,538,613
1836.....	1,002,603	..	1861.....	1,696,141
1841.....	1,059,825	..	1866.....	1,825,274
1846.....	1,226,980	..	1872.....	1,851,792
1851.....	1,277,064	..	1876.....	1,986,548

L'Economiste Francaise says it is now more than two millions, and is perhaps 2,100,000.

The other cities in France containing now more than 100,000 inhabitants each, are Lyons, Marseilles, Bordeaux, Lille, Toulouse, St. Etienne, Nantes, and Rouen. Their aggregate population, stated in thousands, was as follows, at the dates named :

	Thousands,	..		Thousands.
1789.....	505	..	1866.....	1,410
1821.....	604	..	1872.....	1,444
1836.....	755	..	1876.....	1,524
1851.....	804	..		

In the whole period, the population of these cities trebled, whereas, during the same period the general population of France did not quite double. In these cities, the years of advance by "leaps and bounds" was between 1851 and 1866. If it had occurred in England, it would have been credited to free trade. But as it occurred in France, it must be credited to the gold discoveries in California and Australia, which everywhere stimulated trade and industry, increased wealth and multiplied urban populations.

EGYPT.

France and England are reported to have assented to the demand of Germany and Austria, that the Rothschild loan on the estates of the Khedive shall be subject to prior liens to the amount of £ 1,400,000, in which Austrians and Germans are interested. In return for this compliance, Austria and Germany withdraw their objections to English and French control over Egyptian finances. The division of the fund is therefore amicably arranged.

THE LENDING OF CREDIT BY A NATIONAL BANK.

We give below, in full, two very important decisions which have been delivered by Judge BOND, of the U. S. Circuit Court, Western District of Virginia.

The cases were exhaustively argued by Hon. W. J. Robertson, of Charlottesville, and Messrs. R. J. Kean, of Lynchburg, and Wm. A. Fisher, for plaintiffs, and by Messrs. Southall, Duke and Duke, of Charlottesville, and Hon. Charles Case, of Washington, for defendants, during the fall term of 1878.

UNITED STATES CIRCUIT COURT, WESTERN DISTRICT OF VIRGINIA, AT LYNCHBURG—FALL TERM, 1879.

[REPORTED FOR THE BANKER'S MAGAZINE.]

I. *J. & W. Seligman & Co. vs. Charlottesville National Bank.*

1. A National bank, upon the deposit of collateral security with it, has no power to guarantee the obligation of the person making such deposit.
2. A National bank may lend money on personal security, but not its credit.
3. The incidental powers granted to National banks are not the incidental powers given generally to all banking institutions; but only such as are incidental to banks allowed to do such things as are prescribed by the statute.

In covenant.

The facts of the case are set out, as far as they are material, in the decision of the Court rendered by BOND, J.

The declaration in this cause sets out that J. & W. Seligman & Co., of New York, are bankers; that on the 14th day of May, 1875, B. C. Flanagan & Son made a proposition to the Charlottesville National Bank, in writing, to this effect: In consideration of the guarantee of a letter of credit to the extent say of (£ 5,000) five thousand pounds sterling, to be issued by J. & W. Seligman & Co., of New York, we propose to deposit with the Charlottesville National Bank business paper to the extent of \$ 35,000. For such amounts of said letter of credit as we may use we propose the bank shall discount of said paper, at nine per cent., a sufficient amount to cover the amount used by us, holding the balance as collateral security for same; the bank to receive the money under the letter of credit which is used in the discount aforesaid. It is further agreed that we will take the risk as to any fluctuations in gold, so that the difference in rate of interest between that charged us and that paid by the bank shall not be less than at the rate of two per cent. per annum in favor of the bank, the bank having the benefit of any fluctuations which may increase their profit.

The proposition was accepted by the bank by the following resolution of its board:

Resolved, That the President and Cashier be and they are hereby authorized, in accordance with the proposition submitted by B. C. Flanagan & Son, to guarantee to Messrs. J. & W. Seligman & Co. drafts drawn under their letter of credit in favor of B. C. Flanagan & Son to the extent of £ 5,000, on the deposit with the bank of business paper, by Flanagan & Son, as collateral security to the extent of \$ 35,000.

The plaintiffs aver that in consideration of this acceptance of Flanagan & Son's proposition by the bank, they gave to Flanagan & Son a letter of credit for £ 5,000, as follows:

No. 1,023.

NEW YORK, May 25, 1875.

Messrs. Seligman Bros., London.

SIRS:—We herewith beg to open with you a credit in favor of Messrs. B. C. Flanagan & Son, of Charlottesville, Va., for £ 5,000, of which they will avail themselves of, either in their own drafts or the drafts of such parties as they may accredit with you, at four months after sight. You will please honor said drafts to the above amount, advising us promptly of maturity. J. & W. SELIGMAN & Co.

Flanagan & Son deposited the \$35,000 business paper with the bank, and the bank gave its written guarantee to Messrs. J. & W. Seligman & Co., as follows :

In consideration of one dollar, to us in hand paid, the receipt of which is hereby acknowledged, we guarantee to Messrs. J. & W. Seligman & Co., the prompt and punctual payment of all sums and amounts due them under their letter of credit No. 1,023, for five thousand pounds sterling, on the part of Messrs. Flanagan & Son, and we hereby hold ourselves liable for the prompt and complete payment of all amounts that may so become due to them, and for the exact fulfillment of all the conditions mentioned in the annexed receipt :

“NEW YORK, MAY, 25, 1875.

“Bills receivable amounting to \$35,089 16-100 have been deposited with the Charlottesville National Bank by B. C. Flanagan & Son, as collateral security for the within-mentioned credit, in accordance with the resolution of the Board of Directors adopted in full Board on 14th May, 1875.”

Which guarantee and receipts are signed by the President and Cashier of the bank. And the declaration further shows that Flanagan & Son gave plaintiffs the following receipt :

NEW YORK, May 25, '75.

GENTLEMEN:—We have received to-day your letter of credit for £5,000 on London in our favor, dated to-day, and in consideration thereof we hereby agree that whenever advised of a draft having been drawn under said credit we will accept your draft, or reimburse you upon your notifying us of the date when due, for the amount of said bills, payable in New York, twenty-one days before the maturity of the bill in London, or their equivalent in cash. We will allow you two per cent. banker's commission on the amount of drafts made under the above credit, together with bill stamps, postage, etc., and deposit with you the following collaterals, which we authorize you to dispose of at your discretion, in the event of our non-compliance with the above terms.

We further authorize you to cancel this letter of credit at any time to the extent it shall not have been acted upon when notice of revocation is received by the user.

B. C. FLANAGAN & SON.

Drafts were drawn against the letter of credit, in accordance with the agreement, which were ultimately paid by plaintiffs, Flanagan having failed to accept and pay the twenty-one day drafts spoken of in the receipt. The bank failed and was placed in the hands of a receiver by the Comptroller of the Currency, and the plaintiffs allege that it is liable upon its above written guarantee for the amount of Flanagan & Son's draft remaining unpaid and held by them.

To this declaration there is a demurrer; all errors in pleading are waived, and the question presented is, whether, upon the facts above set forth, the plaintiffs are entitled to recover.

The case is free from many difficulties that have arisen in like cases. It is not a contest against the corporation itself, pleading a want of power to make a contract from which it has derived no benefit, but which caused loss to others, such a defense having been justly held by many Courts to be as odious as the plea of the statute of limitations on the part of an individual debtor; but it is a contest between creditors claiming the same fund, where each party has the just right to contest the claim of the other in every legal manner.

Nor is there any question of notice to parties, upon which many decisions in other bank cases depend. Here the transaction is in writing chiefly, and stands between the original parties to-day as it did the day it was made. Under these circumstances we are to determine whether or not a National bank is authorized by the statute creating it to guarantee the paper of a customer for his accommodation; for this is the real transaction set forth in the declaration. We will admit for the sake of the argument what plaintiffs' counsel have urged at bar, that a bank may borrow money to aid its customers; but here the bank got no money; none of the money procured by the letter of credit was to go to it. All the bank had to expect was the profit it was to make from the discount it received from the collaterals placed in its hands, to secure it from loss by reason of the pledge of its credit to plaintiffs.

The Flanagans were to give their own drafts to take up those drawn against the letter. They agreed what commission the plaintiffs were to charge. The bank had nothing to do with the transaction, except to see, in the event of the failure of the Flanagans, that the plaintiffs were secure against loss.

What a National bank is authorized to do is defined by the statute, of which it is the creature. The section of the statute applicable here is 5,136 of the Revised Statutes. By that section it is authorized to exercise all such powers as are incidental to banking, by discounting and negotiating promissory notes, bills of exchange, and other evidences of debt. But certainly there is no discounting of promissory notes set forth in the declaration.

The cause of action is the written guarantee of the bank. To discount a note is to deduct the interest in *presenti* and pay over in money the face value of the note, less the amount deducted, to the holder. Here the bank parted with no money. To negotiate a promissory note is either to buy or sell it; and so with a bill of exchange. Here the bank neither bought nor sold any bills of exchange. It agreed to guarantee Flanagan's purchase of them from plaintiffs. By the same section the bank is allowed to lend money upon personal security; but it must be money that it loans, not its credit. Upon the deposit of the collaterals with the defendant by Flanagan, it loaned its credit to him to be used with plaintiffs.

It is alleged, however, that the bank, by reason of the powers granted to it, incidental to banking, could enter into this contract. But the incidental powers given are not the incidental powers given generally to all banking institutions; but only such as are incidental to banks allowed to do such things as are prescribed by the statute—such acts as are incidental to discounting and negotiating promissory notes and bills of exchange and the loan of money on personal security, and the other acts of banking mentioned in the statute. We cannot see how this transaction can be brought within the powers of the bank granted by statute, and the demurrer must be sustained.

II. *Johnston Brothers & Co. vs. Charlottesville National Bank.*

1. Where a party knowingly takes as collateral security drafts of a National bank, drawn for the accommodation of a customer, he cannot recover in a suit against the bank in the hands of a receiver.

2. A National bank has no authority to lend its credit on personal security.

In assumptis.

The facts of the case appear in the finding and decision of the Court, rendered by

BOND, J.—This cause having been submitted to the Court by writing, duly executed and filed, waiving the intervention of a jury, as well upon the facts as upon the law, and having been argued by counsel, the Court doth find the facts to be as follows:

Johnston Brothers & Co., the plaintiffs, claim to recover against the defendant, the Charlottesville National Bank, upon five bills of exchange in their declaration mentioned. The partners constituting the firm of Johnston Brothers & Co. are citizens of the State of Maryland, and are bankers in the city of Baltimore.

The defendant bank was, on the 16th of April, 1875, a banking association and body corporate, carrying on the business of banking at Charlottesville, in the State of Virginia, under the provisions of the act of Congress known as the National Bank Act. N. H. Massie was a director and president of the defendant bank. B. C. Flanagan, of the firm of B. C. Flanagan & Son, was also a director, and W. W. Flanagan, also of that firm, was a director and cashier of the bank. Each continued his official relations to the bank until its failure, which occurred about the 28th of October, 1875, when the bank went into the hands of a receiver, in whose hands it now remains.

Prior to the 13th day of April, 1875, the bank had, at sundry times, discounted paper for the Flanagans to an amount aggregating more than \$50,000, which paper at the date first above mentioned had not matured, but much of this paper had been re-discounted for the use of the bank of Charlottesville by other banks in New York and Baltimore. Flanagan & Son were in straightened circumstances on the 13th day of April, 1875, and though in possession of sundry and numerous bills receivable, they were drawn payable upon such long time that they were available only as collaterals and not for the purpose of

present discount in bank. They also had certain bonds designated as Jordan Alum Springs bonds. The Flanagans applied to the defendant bank for a loan of \$25,000, but the bank declined to make such a loan, because it was out of funds to do so. On the 13th of April, 1875, Flanagan & Son applied to the plaintiffs for a loan of \$25,000, stating they might have got it from the defendant bank, but it was not in funds. The plaintiffs required them to submit their proposition in writing, which they did in the words following:

We propose to borrow \$25,000 until next fall, say November 20th, and to pledge as collateral for same, say \$30,000 bills receivable, \$25,000 Jordan Alum Springs ten-per-cent. bonds. The bills receivable above are given to us for guano and provisions furnished merchants by us, and in many cases are secured to us by a pledge as collateral of planter liens, and indorsed by Flanagan, Abell & Co. The Springs bonds are secured by a first mortgage on all the property, both real and personal. The cost of said property is \$15,000, and the amount of the mortgage is \$60,000. The bonds bear ten per cent. J. Ran. Tucker and John B. Minor are trustees, and the mortgage can be foreclosed on failure to pay interest. We will give our note for same and interest, but will wish any notes which are held as collateral, and maturing before maturity of above loan, to be credited on same, with rebate of interest. As an alternative, if preferred by you, we believe, by depositing the Springs bonds with the Charlottesville National Bank, we can give its indorsement. It is proper, however, to state, the proposition is contingent on the bank's willingness to indorse, which has not been submitted to the directors thereof.

The plaintiffs then took the written proposition under advisement, promising to give notice of its acceptance or non-acceptance in due time, and, accordingly, on the 14th of April, 1875, the plaintiffs addressed to Flanagan & Son the following letter :

BALTIMORE, April 14th, 1875.

Messrs. B. C. Flanagan & Son, Charlottesville, Va.,

DEAR SIRS:—In reply to the memorandum handed us yesterday we have to say, that we will advance you twenty thousand dollars on the following collaterals: Forty thousand dollars of bills receivable from new and fresh sales of this season (no renewals of old paper to be included), and four drafts of five thousand dollars each of the Charlottesville National Bank, on the Citizens' National Bank of this city, payable on the 30th of November next, "acceptance waived," said drafts to be received by us in lieu of the Jordan Alum Springs bonds, which are to be deposited by you with the bank as security for these drafts as above. You forgot to mention in your memorandum the rate of interest and commissions you are willing to pay. If *this* be made *satisfactory* we will make the advance as herein stated. Perhaps you had better come down in person to conclude the arrangement.

Respectfully,

JOHNSTON BROTHERS & CO.

Upon receipt of this letter, on the 16th day of April, 1875, B. C. Flanagan requested Massie, the president of the Charlottesville Bank, to sign and issue the drafts that they might use them as collateral security, in part, for the loan from plaintiffs, with which request Massie, the president, on the 16th of April, 1875, complied, without submitting the matter at any time to the board of directors of the bank; but he required that Flanagan & Son should submit to him a written proposition for the loan, which they did in the following words :

To N. H. MASSIE, President Charlottesville National Bank :

We are greatly in want of certain accommodations to extend some liabilities of our firm until next autumn, and if we can procure them through the aid of this bank will be enabled then to meet them without, we are persuaded, any doubt; and are able to cover the amount by collateral security in the shape of good business paper not maturing early enough for our present purposes, but of unquestionable solvency and reliability. It is, of course, not worth our while to say to you that our liability in many different ways to the bank, incurred through a course of years in the two banks before their consolidation, partly as principal and partly as indorser, we being ourselves, individually, the owner of a very large part of the stocks of both banks, is of such an amount that even the most temporary disaster to us would seriously inconvenience the present bank, even to use no stronger language. What we ask now is aid to the extent of five drafts extending till November, amounting in the aggregate to twenty-five thousand dollars.

Having obtained the bills of exchange, Flanagan & Son, on the 17th of April, called on the plaintiffs at Baltimore, and obtained from them the loan of \$25,000, giving the plaintiffs their promissory note, payable on the 30th of November then next, for the amount of the loan, and interest added, at the rate of eighteen *per centum per annum*, amounting to the sum of \$27,912.50; and, as collateral security, indorsed and delivered to the plaintiffs said five bills of exchange, and transferred bills receivable to the amount of \$26,106.24, which last amount they increased to \$46,000 in a month thereafter.

The plaintiffs were aware at the time they received them that at the time of drawing those bills the bank had no funds with which to make discounts, and that, however obtained from Massie, they were to be used by Flanagan & Sons as collateral security for the loan made by them.

The plaintiffs were not aware of the arrangements made with Massie by Flanagan & Son to obtain the five bills, except so far as is above stated, and by the correspondence between Flanagan and the plaintiffs, and in the application of the 13th of April, 1875, made by Flanagan & Son for a loan.

On the 16th day of April, 1875, the Citizens' National Bank of Baltimore, upon which the five drafts were drawn, was, and had been, the correspondent bank and reserve redemption agent of the Charlottesville National Bank, keeping two accounts with it: one general account as its correspondent, and another account exclusively pertaining to its redemption agency; and the reserve fund of the Charlottesville Bank remaining in the Citizens' Bank. On the 16th of April, the date of the drafts, there was to the credit of the Charlottesville Bank in the Citizens' Bank, on its reserve account, a balance of \$15,000, but at the same time the Charlottesville Bank owed the Citizens' Bank, upon general account, \$14,088.84, which indebtedness was increased on the 17th of April, 1873, to \$15,337.35; the reserve account remaining as it was.

The bills of exchange were drawn by the Bank of Charlottesville on the Citizens' National Bank of Baltimore, each payable to the order of B. C. Flanagan & Son; the first payable on the 20th of November "fixed"; the second and third were drawn payable on the 25th and 30th days of November "fixed"; and the fourth and fifth were drawn payable on the 6th and 10th days of December "fixed;" and each of said bills was drawn and expressed "acceptance waived."

The word "fixed" in said bills means without grace. Neither of the bills was paid at maturity though presented, and due notice of protest was sent to drawer and indorser. When the money was obtained from the plaintiffs by the Flanagans, it was deposited in the Bank of Charlottesville subject to the order of Flanagan & Son. Neither of said bills was drawn against money actually on deposit to the credit of the Bank of Charlottesville in the Citizens' Bank, nor upon any money thereafter to become due from the Citizens' Bank to the Bank of Charlottesville, upon the maturity of said bills. It was expected by the plaintiffs, and the Charlottesville Bank and Flanagan & Son, that the latter would protect the drawer from any liability upon the bill, by paying their note given to the plaintiffs, as above stated, when the same matured.

And the Court finds, further, that it is not in the ordinary course of business, or usual with National banks, to draw time bills of exchange upon each other, without grace, acceptance waived.

And the Court finds as matter of law, that upon these facts the issuing of the bills of exchange in question was not a discount, because the Bank of Charlottesville had no funds with which to discount paper presented for discount; but that it was merely a loan of the bank's credit to Flanagan & Son. And it further finds that the plaintiffs, knowing the said drafts or bills of exchange were issued to the Flanagans, as collateral security, and that they were drawn for that purpose, it makes no difference whether the same were given to Flanagan & Son for a note deposited by them with the bank at the time, secured by the collateral security or not; the said drafts were but the accommodation paper of the Bank of Charlottesville, and as such were void in the hands of the plaintiffs, who took them with such knowledge of their character.

And the judgment is given for the defendant with his cost.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. RIGHT OF SET-OFF AGAINST A CHECK-HOLDER.

A, B and C sign a note, as follows: "We, jointly and severally, each as principal," &c.; note given November 30, 1878, for three months, for \$40. The note is past due, and at different times A, B and C (individuals, not a firm) have been called on to pay the note, who make excuses, but don't pay. There has been no suit commenced against either A, B or C. Now, D gives his check to C for \$32.63, on the bank holding the note in question, which check C presents at the counter, properly indorsed, and demands payment. The cashier takes said check, and shows C the note in question, and asks him to pay it. C refuses, and says he shall never pay it. The cashier then informs C that he shall have to keep the check and apply it on said note. C objects, and demands either the check or money. The cashier refuses to comply, and indorses amount of the check on said note. 1. Was the cashier justified in doing as he did, and can he hold the amount? 2. If C should bring suit to recover amount of check, would an attachment of said check or money in the hands of the cashier, by the bank, before C gives the bank any notice of a suit, help the cashier?

REPLY.—We have seen no decision which exactly covers this case; and therefore, with some hesitation, express the opinion that, in strictness of law, the cashier was not justified in doing as he did, and that he is personally liable to C in an action of tort for the wrongful conversion of the check; in which case of course, an attachment by the bank of the check in his hands, as a debt due from him to C, cannot be made. When C presented the check over the counter, he handed it to the cashier for payment in money only, and gave the cashier no authority to apply the amount of it to an entirely different purpose, to wit, towards the payment of his note held by the bank. When he found what the cashier proposed to do with the proceeds of the check, we think he had a right to demand it back, and it is for the refusal to return that the cashier is liable. There was no right of set-off between the bank and C, as between the bank and one of its depositors, and we do not see how any such set-off could be enforced by the act of the cashier without C's consent.

II. NATIONAL BANKS AND MORTGAGE NOTES.

Has a National bank the right to take, as collateral security to the note of a mortgagee, an assignment of a mortgage held by him; and is a mortgage so assigned a good security in the hands of the bank?

I understand there are recent decisions to that effect.

REPLY.—The case referred to is *National Bank vs. Mathews*, 98 U. S. 621, which decides that, although it may be illegal for a National bank to take a mortgage security for a present loan, nevertheless its illegal act will not prevent the bank from enforcing the security.

The facts of the case were like those stated in the inquiry, except that the mortgage was made in the form of a deed of trust to a trustee for the

party first loaning the money, who afterwards assigned his equitable interest under the deed to the bank, but this was treated as though it were a direct assignment of the mortgage to the bank. The Court say:

"Where it is a simple question of authority to contract, arising either on a question of regularity of organization, or of power conferred by the charter, a party who has had the benefit of the agreement cannot be permitted in an action founded upon it to question its validity. It would be in the highest degree inequitable and unjust to permit a defendant to repudiate a contract the benefit of which he retains. We cannot believe it was meant that stockholders, and perhaps depositors and other creditors, should be punished and the borrower rewarded by giving success to this defence whenever the offensive fact shall occur. The impending danger of a judgment of ouster and dissolution was, we think, the check, and none other, contemplated by Congress. That has been always the punishment prescribed for the wanton violation of a charter, and it may be made to follow whenever the proper public authority shall see fit to invoke its application. A private person cannot directly, or indirectly, usurp the functions of the Government."

It may not be out of place to add that the Bank Act gives the Comptroller of the Currency ample powers to obtain in the courts of the United States, a decree of forfeiture of its franchises, &c., against any bank which violates the provisions of the law in this manner.

III.—THE TWENTY-NINTH OF FEBRUARY.

We see in the *BANKER'S MAGAZINE* it is stated as Indiana law, that the 28th and 29th of February in leap year are computed as one day. This statement is correct as formerly ruled by our Supreme Court; but in a late case—the *Vincennes National Bank* against *Helphenstine*, not yet published, the Supreme Court overruled the former cases, in so far as the computation under the code is concerned, and from the opinion in that case, it is pretty evident that the old ruling will not be adhered to in cases of commercial paper; but the law in that State will be harmonized with the law-merchant as understood in the other States.

We publish the above letter from a correspondent in Indiana, in regard to an inquiry in our last number. With reference to the case mentioned, we need only say, that it is not practicable for us to be familiar with the *unreported* cases decided in different States; and we are glad to learn that the courts of Indiana are about to adopt a more sensible rule.

IV. MISSING INDORSEMENTS.

In a reply in your November number to an inquiry regarding a "missing indorsement," you say: "As between A and B, B's indorsement is only a mere receipt which A has no right to demand." I am not prepared to say this is not good law, but I certainly think it would be very *bad business practice* to pay notes without having the indorsement of the party to whom they may be drawn, and I cannot but think that the law would support the drawer of a note in demanding the indorsement of payee. I would like to have a little more light on that subject.

REPLY.—Our correspondent will find, in *Daniel on Negotiable Instruments*, § 573. *et seq.*, authority for the general correctness of the reply referred to. The remark quoted was intended to apply to the case where paper payable or indorsed to the order of B is presented for payment by B *himself*. Then it is

undoubtedly true that B's indorsement would be no more than a receipt; and we think it well settled, upon strict principles of law, that if the payee or indorsee of paper, so become payable to order, presents it for payment, the party liable has no right to say, "I will pay if you will indorse the paper, and not otherwise." It is enough if the payee or indorsee is ready to deliver up the paper, and no more can be required of him. The only statement to the contrary, which we have seen, is in *Story on Promissory Notes*, 7th Ed., § 452, and, we think, is based entirely upon a rule prevailing in England, founded upon a statute which has no application in this country. See notes upon that section, and § 106. Mr. Morse in his book on banking says, what we know to be a fact, that it is customary for the payee or indorsee of a check, when presenting it to the bank for payment, to indorse it upon request; and that in England it is customary for the bearer of a check payable to bearer to indorse when presenting it for payment. We have not been able to find, however, that it has ever been decided that the common law rule about indorsing has ever been changed by custom, and we therefore think it must still prevail. The question is, after all, rather a fancy one, because it is the rarest thing in the world for persons to refuse to give receipts, or for payees or indorsees to refuse to indorse commercial paper when requested to under such circumstances. Sometimes, however, a case arises, like that stated in the inquiry, where a party being obliged to act, must know what strict law authorizes and requires him to do, and then it may be a matter of some importance. For example, if this bank, in ignorance of its rights, had neglected to demand payment and protest the note when it fell due, it would have been liable for any loss that might thereby have accrued to the payee of the note. It is also undoubtedly true, and perhaps should have been stated in the reply referred to, that, when the payee or indorsee of commercial paper indorses the paper and puts it into the hands of his agent to collect, such indorsement, as between the indorser and the party paying, is something more than a receipt, because it makes the paper payable to bearer, transfers the title in it to the agent, and is conclusive evidence of his authority to collect. It is also true that a payment of unindorsed paper made not to the payee or indorsee personally, but to a person claiming to be his agent, is made at the risk of the payer (*Doubleday vs. Kress*, 50 N. Y., 410). When, therefore, paper is presented by such person, we agree that it is "bad business practice" to pay without the indorsement of payee or indorsee, because the payer thereby becomes responsible for the actual or apparent authority of the agent, of which an indorsement would be conclusive evidence, and runs the risk of the pretended agent's solvency, in case it turns out that a fraud has been practiced. It is equally "bad practice" to pay upon a forged indorsement, which has much the same result. It is certainly the best "practice" to ask for an indorsement in all cases, just as it is to ask for receipts for all bills paid, and for precisely the same reason, namely, to preserve the best evidence of payment to the party entitled. And as the vast majority of commercial paper is presented for payment by agents, with the indorsement of their principals, such indorsement has come to be regarded as *essential*, as it is valuable, to the party making payment; but we think the strict rights of the parties are as we have stated.

V. COMPUTATION OF TIME IN NEGOTIABLE PAPER.

From the cashier of a country bank, the inquiry was recently made of me when a note dated 30th September, payable one month after date, became due. My reply was on the 30th of October, (leaving out the three days' grace). In the same connection, I went on to say that a note dated 30th or 31st October, payable one month after date, in each case fell due on the same date, viz:—30th November, and that a note dated 28th February, payable one month after date, became due 28th and 31st of March. I have received a second letter from the inquirer, stating that he dissents from my opinion, and thinks that a note dated 30th September, payable one month after date, will mature 31st October, (omitting three days' grace). He furthermore said that he "wrote all around," and found that Banks differed. Please give us your views and authorities.

REPLY.—Our correspondent is right, and his inquiring friend was wrong. This question is perfectly well settled, and ought to be as familiar as the alphabet to every banker. A note, dated September 30, payable one month after date, is due without grace on October 30, and with grace, November 2. See *Story on Promissory Notes*, § 213, *et seq.*

BOOK NOTICES.

Banking Reform. An essay on Prominent Banking Dangers and the Remedies they Demand. By ALEXANDER JOHNSTONE WILSON. London: Longmans, Green & Co., 1879.

English books on banking usually belong to one of two classes; they treat of banking phenomena and facts as if the British banking system were perfect, or, at least, were unlikely to receive any early improvements and changes of a radical nature; or else they go to an opposite extreme and advocate innovations repugnant to the conservative character of capitalists and bankers who are proverbially timid; and who, if in other countries, they are averse to sudden changes of system, are most positively and resolutely so in England. Mr. Wilson's book belongs wholly to neither of these two classes of banking literature. It is full of facts and suggestive statistics, and does justice to the good points of the English and Scotch systems of banking; but it also lays bare the defects of those systems with an unsparing copiousness of detail, and points out practical remedies for most of the evils it discloses. Indeed, the book may be regarded as a sequel to Mr. Bagehot's *Lombard Street*, which was published in 1873, before the bank failures in Great Britain had called the attention of Parliament and the country to the absolute necessity of banking reforms, which Mr. Bagehot and other leaders of financial opinion had often demonstrated to be advisable, but had despaired of the practical realization of them until after the lapse of a considerable period. Their views were well expressed by Mr. Bagehot in the conclusion of his *Lombard Street*. He says that the banking system must remain as it was in England because there was "no manner of use in proposing to alter it. A system of credit which has slowly grown up as years went on, which has suited itself to the course of business, which has forced itself on

the habits of men, will not be altered because theorists disapprove of it, or because books have been written against it. You might as well or better try to alter the English monarchy and substitute a republic, as to alter the present constitution of the English money market, founded on the Bank of England, and substitute for it a system in which each bank should keep its own reserve. There is no force to be found adequate to so vast a reconstruction and so vast a destruction, and therefore it is useless proposing them. . . . Nothing but a revolution would effect it, and there is nothing to cause a revolution. This being so there is nothing for it but to make the best of our banking system, and to work it in the best way that it is capable of. We can only use palliatives, and the point is to get the best palliative we can. I have endeavored to show why it seems to me that the palliatives that I have proposed are the best at our disposal."

Mr. Bagehot expressed the opinions which were generally held six years ago, both here and in England, as to the impossibility of doing much to correct the notorious evils and to avert the imminent perils which beset the British banking system. Those evils and dangers have come much closer, and their menace has been more fully realized during the six years which have elapsed since Mr. Bagehot's book was written.

Mr. Wilson, in the book before us, has collected a great number of facts to illustrate the banking situation in England, and as we have said he endeavors to keep the middle path in proposing expedients and remedies, and to avoid on the one side dangerous innovations, and on the other a timid reverence for existing abuses which have nothing but age and long use to recommend them. He makes frequent reference to Mr. Knox's reports of our National banking system, and if he had more thoroughly mastered the volumes for 1877 and 1878, Mr. Wilson would have avoided some errors into which he has fallen, and he might in other respects have given more practical value to his suggestions for reforming the English system.

In August, 1878, Mr. Wilson published in the *Fortnightly Review*, a paper on the English joint-stock banks which attracted much attention, and is reprinted in the present volume. It is followed by six chapters on the recent bank failures in England and on the lessons which these disasters suggest. Unlike most English writers on bank failures and their prevention, Mr. Wilson has consulted the bankers and bank officers in London, and his suggestions have to a considerable extent the sanction of the most enlightened among them. The remedies he proposes to engraft upon the British banking system are not numerous, and they have been proved and tested by experience in other countries. Mr. Wilson would borrow from France and Germany some of their safeguards against fictitious commercial bills. From this country he would borrow, with some modifications, our system of bank examiners, and of frequent publicity of bank statements. He insists that the owners of bank shares in England should not be released from their existing liability to the noteholders and other creditors of the banks, until some of these safeguards can give the public the advantage of protection against the dangers of bad banking. On the whole, Mr. Wilson's book, notwithstanding its defects, most of which will doubtless be corrected in subsequent editions, may be regarded as one of the most useful and interesting books on English banking which has appeared for some years past.

Bi-Metalism in England and Abroad. An answer to a letter from Henry Hucks Gibbs, Esq. By HENRY CERNUSCI. London: P. S. King, 1879.

In this pamphlet M. Cernuschi takes no new ground, but while he merely reiterates his old and well-known view—that the relative value of gold and silver would be made perfectly steady, if the leading commercial nations would fully mint both metals at a common ratio, he fortifies it with new illustrations and arguments, and makes it interesting and attractive by his always clear and brilliant style.

The pamphlet of M. Cernuschi, like that of Mr. Gibbs, loses some of its interest in this country, where “the battle of the standards” is contested, at any rate on one side, with very little reference to the international use of money, and almost exclusively upon points connected with its employment as a measure of domestic values, and as the medium of the payment of domestic debts. The great body of the American supporters of silver coinage regard the action of Europe in respect to that metal as of little consequence. There are many others, however, who would be the supporters of such a coinage, if they could be assured that European co-operation would make it available in European commerce.

CURRENCY TRANSPORTATION CHARGES.

The following circular relative to the charges for transportation of National bank notes unfit for circulation, is issued by the Treasury Department:

WASHINGTON, November 28, 1879.—The charges for the transportation to the Treasurer of the United States of National bank notes clearly unfit for circulation received by him, on and after December 1, 1879, for redemption under section 3 of the act of June 20, 1874 (18 Statutes 123), in sums of \$1,000 or any multiple thereof, will be defrayed out of the five per cent. redemption fund, and included in the assessment on the several banks of issue at the close of the fiscal year. In order that the charges may be so defrayed the packages must consist exclusively of National bank notes clearly unfit for circulation, and must have the word “unfit” conspicuously written or printed on the face of the wrapper, in addition to the other particulars required by the regulations. If the package be not so marked, or contain any proportion, however small, of notes fit for circulation, or of other than those of National banks, the charges at Government contract rates on the entire remittance will be deducted from the proceeds. All notes not having the “charter number” of the bank of issue imprinted on them will be regarded as unfit for circulation.

Approved: JAMES GILFILLAN,
Treasurer of the United States.
JOHN SHERMAN, *Secretary of the Treasury.*

THE BANK OF SPAIN.—A Madrid correspondent states that the management of the Bank of Spain is giving rise to adverse criticism from the journals of all opinions. By a law passed in 1874 according certain privileges to the bank, it was required on the other hand to adopt a single kind of note which should circulate throughout Spain, each of the branches having at that moment its own special note. As, however, the carriage of specie at that moment presented some danger, the execution of the measure was deferred until the end of the Civil War. Peace has now been established for four years, but no attempt has been made to carry out the law. The notes continue to have only a local circulation; even those of the Madrid central office are not received as current money outside the capital, and are charged a commission for exchange. The inconvenience is very great for travelers in the provinces.

ANNUAL REPORT OF THE COMPTROLLER OF THE CURRENCY.

We give, from advance sheets, the main portion of the annual report of the Hon. John Jay Knox, Comptroller of the Currency:

The total number of National banks organized from the establishment of the National banking system, February 25, 1863, to November 1 of the present year, is 2,438. Of these 307 have gone into voluntary liquidation by the vote of shareholders owning two-thirds of their respective capitals, and 81 have been placed in the hands of receivers, for the purpose of closing up their affairs, leaving 2,050 in operation at the date last named.

Included in the aggregate number organized are ten National gold banks, seven of which, still in operation, are located in the State of California. These banks, redeem their circulating notes in gold coin and in the city of San Francisco, and at their own counters. They have an aggregate capital of \$4,000,000, and a total circulation of \$1,534,000, but are entitled to receive circulating notes in amount equal to eighty per cent. of their capital, upon the deposit with the U. S. Treasurer of the requisite amount of bonds as security therefor. Within the past year one of this class of banks has gone into voluntary liquidation, and reorganized as an ordinary National bank, receiving circulating notes at the rate of ninety per cent. of its capital, and redeeming them at the Treasury Department and at its own counter, and it is probable that the others will also re-organize, so soon as the necessary legislative authority shall be obtained to enable them to do so without first going into liquidation.

Since my last annual report thirty-eight banks have been organized, with an aggregate authorized capital of \$3,595,000, to which \$2,390,440 in circulating notes have been issued. Thirty-eight banks, with an aggregate capital of \$4,450,000, have voluntarily discontinued business within the same period, and eight banks having a total capital of \$1,030,000, have failed. The insolvent banks include two, with a capital of \$700,000, which failed after having previously gone into voluntary liquidation.

	Oct. 2, 1871.	Oct. 3, 1872.	Sept. 12, 1873.	Oct. 2, 1874.	Oct. 1, 1875.	Oct. 2, 1876.	Oct. 1, 1877.	Oct. 1, 1878.	Oct. 2, 1879.
	1,767 banks.	1,919 banks.	1,976 banks.	2,004 banks.	2,087 banks.	2,089 banks.	2,080 banks.	2,053 banks.	2,048 banks.
<i>Resources.</i>	<i>Mill'ns.</i>	<i>Mill'ns.</i>	<i>Mill'ns.</i>	<i>Mill'ns.</i>	<i>Mill'ns.</i>	<i>Mill'ns.</i>	<i>Mill'ns.</i>	<i>Mill'ns.</i>	<i>Mill'ns.</i>
Loans.....	831.6	877.2	944.2	954.4	984.7	931.3	891.9	834.0	878.5
Bonds for circ.....	364.5	382.0	388.3	383.3	370.3	337.2	336.8	347.6	357.3
Other U. S. bds.	45.8	27.6	23.6	28.0	28.1	47.8	45.0	94.7	71.2
“ stocks, bds.	24.5	23.5	23.7	27.8	33.5	34.4	34.5	36.9	39.7
Due fr. other bks.	143.2	128.2	149.5	134.8	144.7	146.9	129.9	138.9	167.3
Real estate.....	30.1	32.3	34.7	38.1	42.4	43.1	45.2	46.7	47.8
Specie.....	13.2	10.2	19.9	21.2	8.1	21.4	22.7	30.7	42.2
Legal-ten. notes.	107.0	102.1	92.4	80.0	76.5	84.2	66.9	64.4	69.2
Nat'l-b'k notes.	14.3	15.8	16.1	18.5	18.5	15.9	15.6	16.9	16.7
Cl. House exch.	115.2	125.0	100.3	109.7	87.9	100.0	74.5	82.4	113.0
U. S. cert. of dep	—	6.7	20.6	42.8	48.8	29.2	33.4	32.7	26.8
Due fr. U. S. Tr.	—	—	—	20.3	19.6	16.7	16.0	26.5	17.0
Other resources.	41.2	25.2	17.3	18.3	19.1	19.1	28.7	24.9	22.1
Totals....	1,730.6	1,755.8	1,830.6	1,877.2	1,882.2	1,827.2	1,741.1	1,767.3	1,868.8
<i>Liabilities.</i>									
Capital stock....	458.3	479.6	491.0	493.8	504.8	499.8	479.5	456.2	454.1
Surplus fund....	101.1	110.3	120.3	129.0	134.4	132.2	122.8	116.9	114.8
Undivided prof.	42.0	46.6	54.5	51.5	53.0	46.4	44.5	40.9	41.3
Circulation.....	317.4	335.1	340.3	334.2	319.1	292.2	291.9	301.9	313.8
Due to deposit'rs	631.4	628.9	640.0	683.8	679.4	666.2	630.4	668.4	736.9
Due to other bks.	171.9	143.8	173.0	175.8	179.7	179.8	161.6	165.1	201.2
Other liabilities..	8.5	11.5	11.5	9.1	11.8	10.6	10.4	7.9	6.7
Totals..	1,730.6	1,755.8	1,830.6	1,877.2	1,882.2	1,827.2	1,741.1	1,767.3	1,868.8

The preceding table exhibits the resources and liabilities of the National banks during the last nine years at nearly corresponding dates for each year :

The following table exhibits the resources and liabilities of the banks on the 2d day of October, 1879, the returns from New York City, from Boston, Philadelphia, Baltimore, from the other reserve cities, and from the remaining banks of the country, being tabulated separately :

	<i>New York City.</i>	<i>Boston, Philada. and Balto.</i>	<i>*Other reserve cities.</i>	<i>Country banks.</i>	<i>Aggregate.</i>
	<i>47 banks.</i>	<i>99 banks.</i>	<i>82 banks.</i>	<i>1,820 banks.</i>	<i>2,048 banks.</i>
<i>Resources.</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Loans and discounts.....	—	—	—	435,154,810	875,013,107
On U. S. bonds on demand.....	8,286,525	2,017,226	4,360,523	—	—
On other stocks, bonds, etc.....	78,062,085	22,605,795	11,445,079	—	—
On single name paper without other security.....	22,491,926	13,136,911	7,150,239	—	—
All other loans.....	87,011,366	118,267,128	65,023,494	—	—
Over-drafts.....	125,073	86,341	349,810	2,928,766	3,489,990
Bonds for circulation.....	25,745,500	53,147,300	25,650,800	252,769,700	357,313,300
Bonds for deposits.....	4,671,650	550,000	3,404,500	9,578,500	18,204,650
U. S. bonds on hand.....	10,140,900	9,066,250	5,953,000	27,816,450	52,976,600
Other stocks and bonds.....	8,843,712	3,704,614	2,634,916	24,464,174	39,647,416
Due from reserve agents.....	—	19,190,543	16,530,117	71,292,887	107,013,547
Due from other National banks.....	10,957,673	10,012,432	6,284,310	16,438,529	46,692,994
Due from other b'ks and b'kers.....	2,245,184	992,478	3,339,131	7,053,979	13,630,772
Real estate, furn. and fixtures.....	9,883,679	7,005,672	4,559,515	26,368,308	47,817,170
Current expenses.....	953,465	732,041	714,102	3,711,648	6,111,256
Premiums.....	827,972	683,149	334,362	2,486,937	4,332,420
Checks and other cash items.....	1,969,660	972,523	888,807	7,475,143	11,306,133
Exchange for clearing house.....	93,487,352	14,781,348	4,696,265	—	112,964,965
Bills of other National banks.....	1,467,887	2,524,131	1,845,771	10,869,761	16,707,550
Fractional currency.....	55,672	35,023	53,965	251,405	396,065
Specie.....	19,349,868	6,979,727	4,369,176	11,474,961	42,173,732
Legal-tender notes.....	19,738,584	8,293,515	11,526,789	29,644,558	69,203,446
U. S. certificates of deposit.....	12,900,000	9,560,090	3,575,000	735,000	26,770,000
Five-per-cent. redemption fund.....	1,131,721	2,371,148	1,095,277	11,177,819	15,775,965
Due from U. S. Treasury.....	492,650	81,561	88,256	583,963	1,246,370
Totals.....	420,840,104	306,796,846	185,873,204	955,277,294	1,868,787,448
<i>Liabilities.</i>					
Capital stock.....	50,750,000	77,556,260	37,795,500	287,965,605	454,067,365
Surplus fund.....	16,006,435	19,869,063	10,461,717	68,449,296	114,786,529
Undivided profits.....	9,006,912	4,085,356	3,715,637	24,403,030	41,300,942
National bank notes outstanding.....	22,328,624	46,283,414	22,017,051	223,157,273	313,786,362
State bank notes outstanding.....	53,251	67,044	—	196,566	316,861
Dividends unpaid.....	202,727	778,241	153,546	1,532,916	2,667,430
Individual deposits.....	213,354,222	117,446,336	72,709,006	316,228,065	719,737,569
U. S. deposits.....	3,877,135	340,613	1,796,866	5,004,246	11,018,863
Dep. of U. S. disbursing officers.....	157,193	6,746	949,799	2,355,865	3,469,600
Due to National banks.....	81,915,319	32,048,687	21,240,841	13,995,410	149,200,257
Due to other banks and bankers.....	23,098,279	6,891,020	13,734,193	8,298,961	52,022,453
Notes and bills re-discounted.....	—	182,766	266,680	1,755,569	2,205,015
Bills payable.....	—	1,241,300	1,012,310	1,934,592	4,208,202
Totals.....	420,840,104	306,796,846	185,873,204	955,277,294	1,868,787,448

* The reserve cities, in addition to New York, Boston, Philadelphia, and Baltimore, are Albany, Pittsburgh, Washington, New Orleans, Louisville, Cincinnati, Cleveland, Chicago, Detroit, Milwaukee, Saint Louis, and San Francisco.

Section 333 of the Revised Statutes of the United States requires the Comptroller to present annually to Congress a statement of the condition of the banks and Savings banks organized under State laws. Returns of capital and deposits are made by these institutions and by private bankers, semi-annually, to the Commissioner of Internal Revenue for purposes of taxation. From these returns the following table has been compiled in this office, exhibiting, in concise form, by geographical divisions, the total average capital and deposits of all the State and Savings banks and private bankers of the country for the six months ending May 31, 1879 :

Geographical divisions.	State banks and Trust Companies.			Private bankers.			Savings banks				
	No.	Cap.	Dep.	No.	Cap.	Dep.	with capital.		without capital.		
		Millions.			Millions.		Millions.		No.	Dep.	
New England States.....	40	7.10	14.39	70	3.72	3.32	—	—	—	426	366.46
Middle States.....	239	40.72	124.64	853	34.54	54.53	6	0.51	2.44	182	350.95
Southern States.....	251	27.43	38.60	237	5.04	11.80	3	0.86	0.83	3	1.69
Western States and Territories.	475	52.02	85.44	1,474	25.85	70.18	20	2.85	32.80	33	27.96
United States.....	1,005	127.27	257.07	2,634	69.75	139.91	29	4.22	36.07	644	747.06

The capital of the 2,048 National banks in operation on June 14, 1879, as will be seen by a subsequent table, was \$455,244,415, not including surplus, which amounted at that date to more than \$114,000,000, while the average capital of all the State banks, private bankers, and Savings banks for the six months ending May 31 previous, was but \$201,241,484, which amount is considerably less than one-half that of the National banks. The net deposits of the National banks were \$713,403,639, and the average deposits of all other banks, including Savings banks, were \$1,180,122,835. The average deposits for the same period of the 644 Savings banks having no capital stock, which are included in the above aggregate, were \$747,062,057.

The table below exhibits the aggregate average capital and deposits for the six months ending May 31, 1879, of all classes of banks other than National, and the capital and deposits of the National banks on June 14, following :

Geographical Divisions.	State banks, savings banks, private bankers, &c.			National Banks.			Total.		
	No.	Capit.	De-	No.	Capit.	De-	No.	Capit.	De-
		Millions.			Millions.			Millions.	
New England States.....	536	10.83	384.17	544	164.43	126.72	1,080	175.26	510.89
Middle States.....	1,280	75.77	532.56	640	170.21	393.12	1,920	245.98	925.68
Southern States.....	494	33.92	47.02	176	30.40	37.93	670	64.32	84.95
Western States and Territories.	2,002	80.72	216.37	688	90.20	155.03	2,690	170.92	372.00
United States.....	4,312	201.24	1,180.12	2,048	455.24	713.40	6,360	656.48	1,893.52

From this table it will be seen that the total number of banks and bankers in the country at the dates named was 6,360, with a total banking capital of \$656,485,899, and total deposits of \$1,893,526,474.

The following table exhibits, for corresponding dates in each of the last four years, the aggregate amounts of the capital and deposits of each of the classes of banks given in the foregoing tables :

Years.	National banks.			State banks, private bankers, etc.			Savings banks with capital.			Savings banks without capital.			Total.		
	Number.	Capital. Millions.	Deposits. Millions.	Number.	Capital. Millions.	Deposits. Millions.	Number.	Capital. Millions.	Deposits. Millions.	Number.	Deposits. Millions.	Number.	Capital. Millions.	Deposits. Millions.	
1876	2,091	500.4	713.5	3,803	214.0	480.0	26	5.0	37.2	691	844.6	6,611	719.4	2,075.3	
1877	2,078	481.0	768.2	3,799	218.6	470.5	26	4.9	38.2	676	843.2	6,579	704.5	2,120.1	
1878	2,056	470.4	677.2	3,709	202.2	413.3	23	3.2	26.2	668	803.3	6,456	675.8	1,920.0	
1879	2,048	455.3	713.4	3,639	197.0	397.0	29	4.2	36.1	644	747.1	6,360	656.5	1,893.5	

The aggregate capital of the various classes of banks shown by the foregoing table has diminished from \$719,400,000 in 1876, to \$656,500,000 in 1879, and the aggregate deposits have fallen off from \$2,075,300,000 in 1876, to \$1,893,500,000 in 1879—a reduction of \$62,900,000 in capital and \$181,800,000 in deposits during the last four years. The National banking capital has diminished \$45,100,000, but the deposits of the National banks are almost precisely the same that they were in 1876. Savings banks with capital show a reduction of about one million in capital and the same amount in deposits. The capital and deposits of State banks and private bankers are less by seventeen millions and eighty-three millions, respectively. The greatest reduction, however, is in the deposits of Savings banks without capital, which have diminished \$97,500,000.

REFUNDING THE PUBLIC DEBT.

The great war debt of the United States was contracted in less than four and a half years. In 1835 the country was entirely out of debt, and in January 1, 1861, the whole debt of the Union amounted to but \$66,243,721. During the next six months it increased at the rate of about four millions a month, being, on the first day of July, 1861, \$90,580,873. During the next year it increased at the rate of more than thirty-six millions per month, and at the close of the fiscal year ending July 1, 1862, it had reached \$524,176,412. At the end of the succeeding year it was considerably more than twice that amount, being on July 1, 1863, \$1,119,772,138. During the following year it increased nearly seven hundred millions, reaching, on July 1, 1864, the sum of \$1,815,784,370. During the next nine months, to the close of the war, April 1, 1865, the debt increased at the rate of about two millions a day, or sixty millions a month, and for the five months next thereafter, at the rate of about three millions per day, or ninety millions a month, reaching its maximum* on August 31, 1865, at which date it amounted to \$2,845,907,626,† and was composed of the following items:

Funded debt †.....	\$1,109,568,191.80
Matured debt.....	1,503,020.09
Temporary loans.....	107,148,713.16
Certificates of indebtedness.....	85,093,000.00
Five-per-cent. legal-tender notes.....	33,954,230.00
Compound-interest legal-tender notes.....	217,024,160.00
Seven-thirty notes.....	830,000,000.00
United States notes (legal tenders).....	433,160,569.00
Fractional currency.....	20,344,742.51
Suspended requisitions uncalled for.....	2,111,000.00
Total.....	\$2,845,907,626.56

This table shows an aggregate of more than one thousand two hundred and seventy-five millions of temporary obligations of the Government, of which eight hundred and thirty millions bore interest at 7.30 per cent. annually.‡

This immense amount of temporary obligations was funded within the three years which followed the close of the war, and the skill and good judgment displayed in so doing can only be fully appreciated by those who are familiar with the difficulties and delicate conditions under which this work was accomplished.

The temporary loans, certificates of indebtedness, seven-thirty notes, and all the other items of the debt, except the legal-tender notes and fractional currency, which have been largely reduced, have either been paid, have matured and ceased to bear interest, or have been funded into five-twenty six per cents, of which more than one thousand six hundred millions (\$1,602,698,950) were issued.

The acts of July 14, 1870, and January 20, 1871, authorized the issue of bonds for the purpose of refunding the five-twenty six per cents. The former act authorized the issue of fifteen hundred millions in bonds; two hundred

* Report of Secretary McCulloch, 1867, p. iv; 1868, p. xli.

† Less cash in the Treasury, \$88,218,055.

‡ This item includes \$1,258,000 of bonds issued to Pacific Railroads.

At that date one thousand seven hundred and twenty-five millions of the public debt bore an average interest of 6.62 per cent. Finance Report, 1865, p. 23.

millions of which were to be five per cents. payable ten years after date, at the pleasure of the United States; three hundred millions of four and a half per cents. payable in fifteen years; and one thousand millions payable in thirty years from the date of their issue, and bearing interest at the rate of four per cent. per annum. The act provided that these bonds should not be sold for less than their par value in coin, and that the proceeds should be applied to the redemption of the five-twenty bonds. The latter act increased the amount of the five-per-cent. bonds to five hundred millions, and provided that the whole amount of bonds issued should not exceed the amount originally authorized; and the subsequent act of January 25, 1879, authorized the refunding or exchanging of any other of the five or six per cent. bonds which were redeemable at the pleasure of the Government.

The whole amount of the funded debt on the first of January, 1871, was \$1,935,342,700, of which \$1,437,097,300 consisted of five-twenty six-per-cent. bonds, and \$498,245,400 of ten-forty five-per-cent. bonds. On the first day of August, 1871, nearly sixty-six millions (\$65,775,550) of new five-per-cent. bonds had been subscribed for, chiefly by the National banks. During the same month an agreement was entered into by the Secretary* with Jay Cooke & Co. for the sale of the remaining two hundred millions of said bonds, and in the month of January, 1873, similar arrangements were made for the sale of a large additional amount.† The remainder of the five hundred millions (\$178,548,300) was sold during the next three years, the Secretary of the Treasury stating, in his report of December 6, 1875,‡ that he had "the pleasure of announcing to Congress that the funding of five hundred millions six-per-cent. bonds into those bearing five-per-cent. interest has been accomplished."

On August 24, 1876, a new contract was made by the Secretary§ with A. Belmont & Co. and associates, for the sale of the three hundred millions of four-and-a-half-per-cent. bonds authorized. In this contract the Secretary reserved the right to terminate it by giving ten days' notice to the contractors, and under the contract, calls were made prior to March 4, 1877, for the redemption of one hundred millions of six per cents. In May, 1877, the present Secretary, availing himself of the privilege secured in the contract, gave notice that he would limit the sale of four and a half per cents to two hundred millions, and additional subscriptions were rapidly made until that amount was taken. The avails of one hundred and eighty-five millions of these bonds were applied to the redemption of five-twenties, the remaining fifteen millions being held for resumption purposes. On the 9th of June, 1877, a contract was made with a syndicate for the sale, at par, in coin, of the four-per-cent. bonds authorized to be issued by the refunding act, with the right to terminate the contract at any time after December 31, 1877, by giving ten days' notice to the contracting parties.¶ In 1877, seventy-five millions of the four per cents were sold, and in 1878, more than one hundred and twenty-eight millions (\$128,685,450). During the first four months of 1879, \$497,247,750 additional fours were disposed of, of which more than one hundred and forty-nine millions were sold at a premium of one-half of one per cent. Of this amount, one hundred and twenty-one millions were taken by the First National Bank of New York and associates, and the remainder by other National banks. These, with the sales of forty millions of refunding certificates, completed the refunding of all the bonds of the United States which were redeemable.

The sales of United States bonds since 1871, under the refunding acts, have been five hundred millions of fives, one hundred and eighty-five millions of four and a halfs, and \$710,345,950 of four per cents; in all, more than one thousand three hundred and ninety-five millions of dollars. There have also been sold for resumption purposes, since March 1, 1877, under the authority of the resumption act of January 14, 1875, twenty-five millions of fours, and sixty-five millions of four and a half-percents; fifty millions of the latter being at a premium of one and a half per cent.

* Secretary Boutwell's Report, 1871, p. xvii.

† Secretary Richardson's Report for 1873, p. ix.

‡ Secretary Bristow's Report, 1875, p. xii.

§ Secretary Morrill's Report, 1876, p. xi.

¶ Secretary Sherman's Report for 1877, p. 8.

The reduction of the interest-bearing debt of the United States, from its highest point, on August 31, 1865, to November 1, 1879, is \$583,886,594, of which amount \$105,160,900 has been accomplished since the refunding operations were commenced on May 1, 1871.

At its highest point the annual interest on the debt was \$150,977,697, while it is now \$83,773,778 only. There has, therefore, been a total reduction in this charge of \$67,203,919 annually.

The total annual reduction of interest under these refunding operations, accomplished since March, 1877, is \$14,297,177, while the saving on this account, growing out of the operations of the present year alone, is nearly nine million (\$8,803,707), and the total annual saving in all the refunding operations of the Government since 1871, is nearly twenty millions (\$19,907,607). These funding transactions are believed to be without parallel in financial history.

The public debt of England in January, 1793, amounted to \$1,191,145,000. At that date began the great expenditures caused by the wars of the French revolution and of Napoleon, extending from 1793 to 1816. Between these dates, stock and annuities to the amount of \$3,881,000,000 was placed on the market at rates of interest varying from three to five per cent. The average rate of discount at which the stock was sold was 33 per cent., and the average rate of interest paid on the money actually raised by the sale was 5.15 per cent.

After a long interval of peace, the Irish famine in 1847, and the Crimean war and Indian mutiny, from 1854 to 1856, caused another addition to the public debt. In the years 1847, 1855 and 1856, three-per-cent. interest-bearing stock to the amount of one hundred and seventy millions of dollars was issued, and sold at a discount of 10.94 per cent., while the average rate of interest paid on the money raised by the sale was 3.4 per cent.

The three great French loans in 1870, 1871 and 1872, of nearly fifteen hundred and ninety-two millions of dollars, realized twelve hundred and seventy-three millions of dollars only. The first loan was at the rate of three per cent., and realized to investors nearly five per cent., while the two subsequent and larger loans were sold at 82.50 and 84.50 per cent., which was about equivalent to six-per-cent. bonds at par.

The following table exhibits the classification of the unmatured interest-bearing bonded debt of the United States on August 31, 1865, when it reached its maximum, and on the first day of July annually thereafter, together with the amount outstanding on November 1 of the present year.

Date.	6 per cent. bonds.	5 per cent. bonds.	4½ per cent. bonds.	4 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	—	—	1,789,451,100
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	—	1,697,888,500
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
Nov. 1, 1879	283,681,350	508,440,350	250,000,000	740,845,950	1,782,967,650

The refunding of the National debt commenced in 1871, at which time the National banks held nearly four hundred millions of the five and six-per-cent. bonds, and from that date to the present time they have held more than one-fifth of the interest-bearing debt of the United States. A large portion of the bonds held by them in 1871, bore interest at the rate of six per cent. This class of bonds has since been greatly reduced, and is now less than one-sixth of all the bonds pledged for circulation, while more than one-third of

the amount consists of bonds bearing interest at four per cent. This will bonds owned by the banks, including those pledged as security for circulation be seen from the following table, which exhibits the amounts and classes of and for public deposits on the first day of July of each year since 1865, and upon November 1 of the present year :

Date.	U. S. bonds held as security for circulation.					U. S. bonds held for other purposes at nearest date	Grand total.
	6 per cent. bonds.	5 per cent. bonds.	4½ per cent. bonds.	4 per cent. bonds.	Total.		
July 1	\$	\$	\$	\$	\$	\$	\$
1865	170,382,500	65,572,600	—	—	235,959,100	155,785,750	391,744,850
1866	241,083,500	86,226,850	—	—	327,310,350	121,152,950	448,463,300
1867	251,430,400	89,177,100	—	—	340,607,500	84,002,650	424,610,150
1868	250,726,050	90,768,950	—	—	341,495,000	80,922,500	422,418,400
1869	255,190,350	87,661,250	—	—	342,851,600	55,102,000	397,953,600
1870	247,355,350	94,923,200	—	—	342,278,550	43,980,600	386,259,150
1871	220,497,750	139,387,800	—	—	359,885,550	39,450,800	399,336,350
1872	173,251,450	207,189,250	—	—	380,440,700	31,868,200	412,308,900
1873	160,923,500	229,487,050	—	—	390,410,550	25,724,400	416,134,950
1874	154,370,700	236,800,500	—	—	391,171,200	25,347,100	416,518,300
1875	139,955,100	239,359,400	—	—	376,314,500	26,900,200	403,214,700
1876	109,313,450	232,081,300	—	—	341,394,750	45,170,300	386,565,050
1877	87,690,300	206,651,050	44,372,250	—	338,713,600	47,315,050	386,028,650
1878	82,421,200	199,514,550	48,448,650	19,162,000	349,546,400	68,850,900	418,397,300
1879	56,942,800	144,616,300	35,016,550	118,538,950	354,254,600	76,603,520	430,858,120
1879*	59,315,450	131,301,600	34,866,950	138,318,400	363,802,400	71,181,250	434,983,650

* Nov. 1, 1879.

It is certain that if the National banking system had not existed, and United States notes had been issued in place of bank notes, the refunding operations here described and the consequent large reduction of interest upon the public debt would not have been possible.

The Secretary of the Treasury, in his report for 1862, said that among the advantages which would arise from the establishment of a National banking system; would be the fact that the bonds of the Government would be required for banking purposes; a steady market would be established, and their negotiation greatly facilitated; a uniformity of price for the bonds would be maintained at a rate above that of funds of equal credit, but not available as security for circulation. "It is not easy to appreciate the full benefits of such conditions to a government obliged to borrow;" it will "reconcile, as far as practicable, the interests of existing institutions with those of the whole people;" and will supply "a firm anchorage to the union of the States."

There is no doubt that these expectations have been more than realized, and that the credit of the United States and its ability to borrow money at low rates of interest have been greatly enhanced, by placing its bonds in large amounts in the possession of the leading monetary institutions of nearly every city and village in the Union.

The wisdom of Secretary Chase and of others, who, in 1862, advocated the establishment of a National banking system, was long since recognized by those who understood the principles which should govern a sound system of currency and banking; but, in the light of the extraordinary financial operations of the Government during the present year, the wisdom and the economy of the system, both for the Government and the people, is now more apparent than ever.

The Government has still outstanding \$273,681,350 in six per cents, and \$508,440,350 in five per cents, all of which will mature in 1881. The refunding of these bonds into four per cents will save \$10,558,030 in interest annually. The credit of the Government is now such that it is not improbable that long before the maturity of the fours the present debt may be refunded into three-and-a-half-per-cent. bonds, which is one-half of one per cent more than the rate of the English consols, thereby saving to the Government a large additional amount of interest.

RESUMPTION.

The act of January 14, 1875, required the Secretary of the Treasury, on and after January 1, 1879, to redeem "in coin the United States legal-tendre 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 fifty dollars." At the time of the passage of this act the leading industries and general business of the country were greatly depressed. The agricultural classes were largely in debt, and the failures of mercantile establishments and manufacturing corporations in the three years previous represented more than \$500,000,000. During the succeeding years an era of economy supervened, agricultural products greatly increased, and the balance of trade was turned largely in our favor, the excess of exports over imports for the fiscal year 1876 being more than seventy-nine millions, in 1877 more than one hundred and fifty-one millions, in 1878 exceeding two hundred and fifty-seven millions, and for the year ending September 30 last, more than two hundred and ninety-four millions. For 1878 the excess was, it will be seen, more than three times as great as that of 1876, and more than two-thirds greater than that of 1877.*

The resumption act not only fixed the day of resumption, but authorized the Secretary, in order to prepare and provide therefor, to use any surplus revenues not otherwise appropriated, and to issue, sell, and dispose of, at not less than par in coin, any of the bonds of the United States described in the act of July 14, 1875. Under this act, the Secretary, in 1877, sold at par in coin fifteen millions of four and a half and twenty-five millions of fours, and in April, 1878, he sold fifty millions of four and a half per cents at a premium of one and a half per cent. The coin in the Treasury continually increased, so that on the day of resumption the Secretary held one hundred and thirty-five millions (\$135,382,639) of gold coin and bullion, and, in addition, over thirty millions (\$30,557,533) in silver coin, the gold coin alone being equal to more than forty per cent of the United States notes then outstanding.

The banks in the cities of New York and Boston strengthened the hands of the Government by their action in October, 1878, an account of which will be found in my report for that year. The Assistant Treasurer of the United States at New York became a member of the clearing house, thus facilitating the business of the banks with the Government, and the banks agreed to receive United States notes, not only for their ordinary balances, but in payment of the interest upon the public debt and of other coin obligations of the Government. The banks of the country, at the date of resumption, held more than one-third of the outstanding treasury notes; but they had so much confidence in the ability of the Secretary to maintain resumption that none were presented by them for redemption. The people also, who held more than three hundred millions of the issues of the National banks, which issues were based upon the bonds of the nation, preferred such notes to coin itself. There was, therefore, no demand for payment of the notes of the Government, and the gold coin in the Treasury, which amounted to one hundred and thirty-five millions on the day of resumption, increased more than thirty-six millions in the next ten months; the amount held on the first day of November, 1879, exceeding one hundred and seventy-one millions.

The Comptroller has for a series of years presented in his reports the following table, showing the amount of treasury notes and of National bank notes outstanding at the dates named therein, with the currency price of gold and the gold price of currency at the same dates:

* Excess of exports in fiscal year 1876, \$79,643,481; in 1877, \$151,152,094; in 1878, \$257,814,234; during the calendar year, \$305,279,590; and during the fiscal year 1879, \$264,661,666.

Date.	United States issues.			Notes of National banks including gold notes.	Aggregate.	Currency price of \$100 gold.	Gold price of \$100 currency.
	Legal-tender notes.	Old demand notes.	Fractional currency.				
Aug. 31, 1865	\$ 432,757,604	\$ 402,965	\$ 26,344,742	\$ 176,213,955	\$ 635,719,266	\$ 144.25	\$ 69.32
Jan. 1, 1866	425,839,319	392,070	26,000,420	298,588,419	750,820,228	144.50	69.20
Jan. 1, 1867	380,276,160	221,682	28,732,812	299,846,206	709,076,860	133.00	75.18
Jan. 1, 1868	356,000,000	159,127	31,597,583	299,747,509	687,504,279	133.25	75.04
Jan. 1, 1869	355,892,975	128,098	34,215,715	299,629,322	689,866,110	135.00	74.07
Jan. 1, 1870	356,000,000	113,098	39,762,664	299,904,729	695,779,791	120.00	83.33
Jan. 1, 1871	356,000,000	101,086	39,995,089	306,307,672	702,403,847	110.75	90.29
Jan. 1, 1872	357,500,000	92,801	40,767,877	328,465,431	726,826,109	109.50	91.32
Jan. 1, 1873	358,557,907	84,387	45,722,061	344,582,812	748,947,167	112.00	89.28
Jan. 1, 1874	378,401,702	79,637	48,544,792	350,848,236	777,874,367	110.25	90.70
Jan. 1, 1875	382,000,000	72,317	46,390,598	354,128,250	782,591,165	112.50	88.89
Jan. 1, 1876	371,827,220	60,642	44,147,072	346,479,756	762,523,690	112.75	88.69
Jan. 1, 1877	366,055,084	65,462	26,348,206	321,595,606	714,064,358	107.00	93.46
Jan. 1, 1878	349,943,776	63,532	17,764,109	321,672,505	689,443,922	102.87	97.21
Jan. 1, 1879	346,681,016	62,035	16,108,159	323,791,674	686,642,884	100.00	100.00
Nov. 1, 1879	346,681,016	61,365	15,710,960	337,181,418	699,634,759	100.00	100.00

On July 1, 1864, one hundred dollars in gold was worth \$250 in treasury notes; on August 31, 1865, the day when the public debt was at its maximum, it was worth more than \$144; and on January 1, 1870, \$120; since which time the Treasury and the National bank notes have gradually increased in value, until the beginning of the present year, when they each reached the same purchasing power as gold coin. This may be seen by the following table, which gives the average value of the standard gold dollar in legal-tender paper dollars during the month of July in each year from 1864 to 1878, and also on January 1 of the present year:

1864	1865	1866	1867	1868	1869	1870	1871	1872	1873	1874	1875	1876	1877	1878	1879
Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.
258.1	142.1	151.6	139.4	142.7	136.1	116.8	112.4	114.3	115.7	110.0	114.8	112.1	105.8	100.6	100.0

During the last ten years the average amount of coin held in the Treasury has been about ninety millions, while the average amount held in the reserves of the banks, which was largely composed of special deposits, and subject to special check of the depositor, was about twenty-five millions. During this whole period, gold coin has been used by the banks, as a reserve, in comparatively small amounts, and by the people, only in the payment of customs duties and in the purchase of foreign exchange. If it was used for other home purposes, it was first converted into paper money; but since the day of resumption the treasury note and the National bank note have been generally preferred in business transactions to coin itself.

The old forms of tables, giving the amount and kinds of currency in circulation, are now obsolete, and must be superseded by new ones, which shall include not only the paper currency but also the coin of the country. The total amount of the circulating medium cannot, for this reason, be hereafter accurately given, such total being affected by estimates of the amount of coin in the country. The latter amount is estimated by the Director of the Mint to have been four hundred and twenty-seven millions on the first day of November in this year, of which amount one hundred and twenty-one millions was in silver coin. If this estimate is correct, the circulating medium on that date was composed as follows:

Treasury notes outstanding.....	\$ 346,681,016
National bank notes outstanding.....	337,181,418
Gold in the treasury, less certificates held by the banks...	157,960,193
Silver in the Treasury.....	50,078,620
Coin in the banks, (October 2).....	42,173,731
Estimated amount of coin held by the people.....	231,478,515
Total.....	\$ 1,165,553,493

The estimated total currency of the country on November 1, thus appears to have been more than eleven hundred and sixty-five millions, which amount is at least three hundred and eighty millions in excess of the highest point reached between the suspension and the resumption of specie payment.

It was generally supposed that upon the day of resumption the amount of available currency would be immediately increased by the addition to its volume of the coin of the country; but it is now evident that this expectation has not been realized. The Treasury owns nearly one hundred and fifty-eight millions of gold coin and bullion, a large portion of which is a basis for the redemption of the treasury notes outstanding, and fifty millions of standard silver dollars and subsidiary coinage, none of which can properly be included in the aggregate circulation. The average gold coin held by the National banks as a reserve during the three years ending January 1, 1879, was about thirty millions. The coin in circulation upon the Pacific coast, in the State of Texas, and in the mountain districts of the country, amounting to say forty millions, as well as the subsidiary silver coin outstanding, amounting to thirty millions, had been continually in circulation previous to the present year. Deducting these amounts from the total, there would remain but about one hundred and twenty millions of currency in excess of previous years. Of this excess a large amount has probably been for many years hoarded by the people, now estimated to number forty-nine millions, and if so, does not enter into circulation in any greater degree than before resumption. The hoarders of coin and of small savings are a timid class, who do not easily part with their treasure. The amount of coin and currency in actual circulation at the present time may not, therefore, be greatly in excess of the average amount during the last five years.

It is probable that at no time since the date of suspension has so large an amount of currency been needed for the legitimate purposes of business as during the present year. The harvests have been unprecedentedly large, while the value of agricultural products, owing to the short crops of other nations and the consequent demand for our products abroad, has greatly increased. There has also been a rise in wages, in the value of manufactured goods, in provisions, and in the prices of iron and other commodities.

If this statement is correct, it will explain the scarcity of currency in the City of New York during the last three months, and the consequent demand for additional issues; the amount of National bank notes issued from September 1 to November 26 being nine millions, which is more than the increase for the ten months preceding. It will also explain why the banks in New York City have grudgingly presented for payment their legal-tender certificates, and have been obliged to designate one of their number as a depository for gold, on which clearing-house certificates are issued and used in settling their exchanges.

Notwithstanding the large increase of specie in the country during the past year, the amount held by the banks has by no means increased in proportion. The amount held on October 1, 1878, was \$30,688,606; on the 1st day of January, 1879, \$41,499,757; and on the 2d of October last, \$42,173,732—showing an increase on that day of less than seven hundred thousand dollars since the date of resumption. The more recent returns, however, of the National banks in the City of New York to the Clearing House, show a further increase of \$27,633,032 of specie and a loss in legal-tender notes of \$16,578,284, for the week ending November 22. The amount of cash reserve now required to be held by all of the banks is less than ninety-four millions, as will be seen by the following table, which gives the amount held and required for the banks in the City of New York, in the reserve cities, and for the other banks, separately, at the dates named:

NEW YORK CITY.

	October 1, 1878.	January 1, 1879.	October 2, 1879.
Specie.....	\$13,294,602	\$18,161,093	\$19,349,868
Legal-tender notes.....	14,893,468	16,351,562	19,738,584
United States certificates of deposit.....	21,660,000	18,695,000	12,900,000
Amount held.....	49,848,070	53,207,655	51,988,452
Amount required.....	46,374,285	46,011,118	51,408,068

OTHER RESERVE CITIES.

	October 1, 1878.	January 1, 1879.	October 2, 1879.
Specie.....	\$ 9,405,014	\$ 11,760,521	\$ 11,348,908
Legal-tender notes.....	19,413,438	21,811,373	19,819,262
United States certificates of deposit.....	10,035,000	9,185,000	13,135,000
Amount held.....	38,853,452	42,756,894	44,303,185
Amount required.....	23,492,748	23,496,840	26,952,810

STATES AND TERRITORIES.

Specie.....	7,988,990	11,578,143	11,474,961
Legal-tender notes.....	30,064,665	32,374,428	29,628,096
United States certificates of deposit.....	995,000	1,035,000	735,000
Amount held.....	39,048,655	44,987,571	41,838,057
Amount required.....	13,738,718	13,807,826	15,419,246

UNITED STATES.

Specie.....	30,688,606	41,499,757	42,173,732
Legal-tender notes.....	64,371,571	70,537,363	69,185,968
United States certificates of deposit.....	32,690,000	28,915,000	26,770,000
Amount held.....	\$ 127,750,177	\$ 140,952,120	\$ 138,129,694
Amount required.....	83,605,751	83,315,784	93,780,124

From this statement it will be seen that the banks outside of the large cities held on October 2, \$11,474,961 of specie, which nearly equals three-fourths of the full amount of cash reserve which they are required to hold, while the banks in New York and in the other principal cities held in specie considerably less than one-half of their legal cash reserve.

The Comptroller urgently recommends that all the National banks shall take advantage of the present influx of gold to accumulate in their vaults an amount equal to the total cash reserve required by law. He indulges the hope that the reports of another year may show them to be possessed of at least \$100,000,000 of gold coin. If this coin, which is still flowing into the Treasury, shall also be largely accumulated by the banks, it will be more likely to become diffused among the people. This would certainly be the case if the smaller denominations of notes were withdrawn from circulation, which might perhaps be done without inconvenience if postal orders were issued in small amounts, and at a minimum cost, at every post-office.

The addition of coin to the circulation should have the effect to reduce the amount of paper money, if in excess of the wants of business, and send homeward for redemption the legal tender and the National bank notes. If the legal-tender notes accumulate in the Treasury, they cannot again be issued, except upon requisitions of the Government; and the accumulation of such notes has a tendency to induce extravagant appropriations and expenditures by Congress. The law, as it now stands, requires that the Secretary shall keep in circulation the legal-tender notes, which is not practicable, and their accumulation by him will lead to a constant agitation of the subject in Congress and among the people, which discussions will encourage speculation, and disturb the current of legitimate business. With the influx of specie it is important that such a paper currency shall be in circulation as can be easily retired, if in excess. A currency is needed which will act automatically, and as a regulator, like the governor in machinery, or the balance wheel in the chronometer. The best currency is that one which will most readily adapt itself to the needs of business, and its relative cost should not be taken into consideration, for the best money is always the cheapest in the end.

This principle was recognized by those who reluctantly recommended and voted for the legislation which authorized the issue of treasury notes as a temporary measure; and a review of the debates in Congress, while that measure was pending before it, will show that the principal objection to the bill was acknowledged, both by those who favored and those who opposed its passage, to be, that the Government circulating note did not have the chief attributes of a perfect currency, and that its issue would tend to disturb values, and thus derange

the commerce and business of the country. "The Treasury note represents no business capital, and its volume is controlled, not by the demands of business and the wants of the country, but by the views and action of political parties, and of Congress. The National bank note, on the other hand, is based upon eight hundred and thirty millions of bills receivable, and an equally large amount of other assets, a large proportion of which is readily convertible into money. The deposits and balances of the banks amount to more than six hundred millions, and their circulating notes are promptly redeemed, with but little expense to the holders, through the use of their assets, which represent their capital, surplus, and deposits. If more notes are issued to the banks than are necessary for the requirements of business they can be easily retired. If a larger amount is desired, they can be readily obtained upon application in the manner provided by law."*

Secretary Chase, in his report for 1862, just previous to the passage of the national bank act, said :

"The recommendations, now submitted, of the limited issue of United States notes as a wise expedient for the present time, and as an occasional expedient in future times, and of the organization of banking associations to supply circulation secured by National bonds and convertible always into United States notes, and, after resumption of specie payments, into coin, are prompted by no favor to excessive issues of any description of credit moneys.

"On the contrary, it is the Secretary's firm belief that by no other path can the resumption of specie payments be so surely reached and so certainly maintained. United States notes, receivable for bonds bearing a secure specie interest, are next best to notes convertible into coin. The circulation of banking associations organized under a general act of Congress, secured by such bonds, can be most surely and safely maintained at the point of certain convertibility into coin. If temporarily these associations redeem their issues with United States notes, resumption of specie payments will not thereby be delayed or endangered, but hastened and secured; for just as soon as victory shall restore peace, the ample revenue, already secured by wise legislation, will enable the Government, through advantageous purchases of specie, to replace at once large amounts, and, at no distant day, the whole of this circulation by coin, without detriment to any interest, but on the contrary, with great and manifest benefit to all interests.

"The Secretary recommends, therefore, no mere paper-money scheme, but, on the contrary, a series of measures looking to a safe and gradual return to gold and silver as the only permanent basis, standard and measure of values recognized by the Constitution.

"No country possesses the true elements of a higher credit; no country, in ordinary times, can maintain a higher standard of currency and payment than the United States."

Resumption has made the dollar of the same value at home and abroad. The refunding of the debt has placed idle funds in the hands of such holders as have declined to reinvest in the four per cents. The good harvests, the shipment of produce, the large annual production of gold and silver from the mines, and the importation of gold which still continues will certainly make money abundant, and have already stimulated speculation to an unhealthy degree, and will be likely to do so in the future. Not long hence, the specie which has so long been hoarded, or which has hitherto been used only in payment to the Government of duties on imports, or in the purchase of foreign exchange, will be brought into general use. The effect of the present increasing and prospective redundancy of the currency* is manifest in the transactions of the stock board during the last three months, which are said to be the largest on record, one-fourth of which are estimated to have been based upon stocks which pay no dividends. The increase in the market value of many classes of bonds which have heretofore been considered almost worthless, has brought upon the market a flood of shares of mining and of other corporations, many of them fictitious. The necessities of life, as well as articles of luxury, have sympathized in the upward move-

*Comptroller's report for 1878, p. xxii.

*The total amount of specie imported from January 1, 1879, to November 15, is \$75,512,392, of which \$65,124,200 has arrived since August 1. The production of precious metals for the fiscal year 1879 are estimated by the Director of the Mint at \$79,711,990, of which \$38,899,858 is gold, and \$40,812,132 is silver.

ment, and their prices, if not already too high, are likely soon to rise beyond a reasonable limit.

The influx and accumulation of a large amount of specie may thus result in injury instead of benefit. The payment by the French nation to Germany of five thousand millions of francs brought about an unhealthy rise of prices and deranged the business of the German Empire; while France, notwithstanding the prompt liquidation of its enormous obligation, speedily recovered its wonted prosperity. In England, also, immediately after resumption, a similar financial revolution was experienced. Leone Levi, in a late address,* refers to the subject as follows:

"Soon after the war ended, the Bank of England was ready to resume cash payments, and, with an increasing demand for produce and manufactures, commerce immediately revived. For a time the alternation of revival and depression continued; but from 1820 to 1824 trade was in a prosperous condition; the crops were abundant, and with an addition in the amount of bullion in the Bank of England, from £1,746,000 in February, 1820, to £6,092,000 in February, 1824, and a large addition to its deposits of from £5,000,000 in 1820, to £11,000,000 in 1824, speculation began to set in earnest. Other circumstances contributed to this end. Government came forward in 1823 with a measure for the reduction of the rate of interest from five to four per cent upon consols to the amount of £135,000,000, and in 1824 for the reduction of four to three per cent. on £80,000,000. The acknowledgment of the South American Republic introduced a new kind of commerce in loans and mining in foreign countries. A large number of companies were started for railroads, mining, canals, insurance, banking, gas, &c., six hundred and twenty-four in number, requiring a nominal capital of £372,000,000, for which, however, no more than £17,600,000 were actually advanced, and prices of all commodities, and of securities of all kinds, rose enormously, but the fall was as precipitous as the rise was unjustified, and to unbounded credit and confidence there soon succeeded a general distrust, during which the best securities could not be converted and goods were rendered unsalable."

History repeats itself; and the experience of England, and of Germany, and our own experience in former days, seems not unlikely again to be repeated in this country.

A currency which will adapt itself to the existing circumstances is particularly needed at the present time, and it will be the province of Congress to watch carefully the indications of an excess of paper money, and to prevent by proper legislation the mischief and danger of a redundant and non-elastic currency.

*Lecture on Commercial Crises, delivered at King's College, London, by Professor Leone Levi. *BANKER'S MAGAZINE*, New York, vol. xiii, p. 43.

THE ASSISTANT TREASURER OF THE UNITED STATES at New York says, in his report of the business transacted at his office:

"In connection with the refunding of the public debt the following statement will show the receipt and delivery of United States bonds and cash in depository account with the following National banks:

National Park Bank, N. Y.....	\$ 380,000
New York National Exchange Bank, N. Y.....	801,000
First National Bank, Newburyport, Mass.....	920,000
First National Bank, Memphis, Tenn.....	1,200,000
Pacific National Bank, Boston.....	2,550,000
Chemical National Bank, N. Y.....	3,794,600
Chase National Bank, N. Y.....	18,321,400
Second National Bank, N. Y.....	31,703,550
Hanover National Bank, N. Y.....	179,509,000
Continental National Bank, N. Y.....	214,865,850
National Bank of the State of New York, N. Y.....	207,743,700
Bank of New York N. B. A., N. Y.....	373,400,050
National Bank of Commerce, N. Y.....	401,677,750
First National Bank, N. Y.....	1,153,771,200
Total.....	\$2,650,638,100

REPORT OF THE DIRECTOR OF THE MINT.

The report of the Hon. Horatio C. Burchard, Director of the Mint, shows the operations of the United States Mints and Assay Offices during the fiscal year which ended June 30th, 1879. During the year the total deposits of gold and silver—including silver purchases—amounted to \$71,179,654, of which \$42,254,156 were gold, and \$28,925,497 were silver. Of the above amounts \$38,549,705 gold and \$26,934,728 silver were of domestic production; \$937,751 gold and \$208,609 of silver were of plate and other manufactured articles. The coinage during the year amounted to \$68,312,692, and consisted of 2,759,427 pieces of gold, of the value of \$40,986,912, and 27,228,850 pieces of silver. During the last fiscal year there has been a larger coinage of eagles, half eagles, and quarter eagles than in any preceding year during a period of sixteen years. The coinage of eagles and half eagles will be continued until the demand is satisfied. The silver coinage has been almost exclusively of standard silver dollars, of which \$27,227,500 were coined during the year, and the total coinage to November 1st, 1879, has been \$45,206,200. There was no coinage of trade dollars or subsidiary coins, except the striking of specimen pieces or proof-sets at the Philadelphia Mint.

The gain arising on the coinage of silver during the fiscal year ended June 30th, 1879, was \$3,287,446. The profits on the minor coinage from July 1st, 1878, to June 30th, 1879, were \$31,292. Owing to the general increased business activity in the country an unusual heavy demand has been created for the minor coins, and the Mint at Philadelphia has been called upon to furnish one-cent pieces in excess of its capacity for striking this denomination of coin.

The production of the precious metals in the United States in 1879 was much less than that of the preceding year. It has resulted from the diminished yield of the mines of the Comstock Lode. Although the production of Nevada will be large and continuous for many years, it does not appear probable that the mines of that State will make such enormous contributions to the mineral wealth of the country as they have in previous years. This decrease has been in part compensated by the results of the more thorough exploration of the mining regions of the Rocky Mountains, especially in Central and Southern Colorado. The production of that State was at least \$6,000,000 greater in the last than in the preceding year, and will probably furnish an undiminished, if not increasing, amount of silver in the future. After careful inquiry and consideration of the yield of different localities and mines in the United States, the Director estimates the total production of the precious metals in the country for the fiscal year 1879 at \$79,712,000, of which \$38,900,000 was gold and 40,812,000 silver.

From all information it is safely assumed that the annual consumption in the United States of precious metals, in all forms for manufacturing purposes, now averages \$7,000,000 of gold and \$5,000,000 of silver. The total amount of gold coin in the country on June 30 last, is estimated at \$286,490,698, and of silver, \$112,050,985, the gain in the past six years being \$151,490,698 gold, and \$107,050,985 silver. Since the close of the last fiscal year, and up to November 1, the imports of coin and bullion and the domestic coinage have increased these amounts to \$305,750,497 gold and \$121,456,355 silver, a total of \$427,206,852, or about \$9 per capita of coin. It is estimated, should the flow of gold continue from foreign countries, the metallic circulation of the country at the end of the present fiscal year will have swollen to over \$600,000,000. The report discusses at great length the monetary statistics of foreign countries, and states that the world's production of gold has declined in the past few years from \$131,000,000 in 1853 to \$86,000,000 in 1879.

In closing his report, Mr. Burchard reviews the present monetary situation as follows: "In conclusion, this may be asserted with reasonable confidence and fairly stated as the present monetary situation. As general prices have not ad-

vanced above those of 50 years ago, the annual supply of the precious metals, although increased five-fold, is not excessive, nor more than sufficient to satisfy the world's present needs for coinage and manufactures. The larger production has been absorbed and required by the growing wealth, commerce, and population of civilized nations, and has not inflated prices by depreciating the value of money. Probably one-half of the gold and one-third of the silver annually obtained from the mines is consumed in manufactures and arts, and from one-third to one-half of the silver and the remainder of the gold is appropriated, and under present legislation will be required for coinage in Europe and America, while the vast populations of India and China will continue to absorb the surplus of silver, as heretofore during the century, in varying amounts, from \$20,000,000 to \$40,000,000."

He thinks, however, that there would be danger, if the silver still remaining in Europe (principally in France) should be demonetized. On this point, he says: "Should the \$600,000,000 of silver coins now permitted to circulate as full legal tender in Europe be demonetized, consequences will follow more disastrous to the stability of silver and all monetary values than have attended its partial exclusion from European circulation and its immediate further depreciation would pour the whole supply upon nations willing to receive and use it as money. Silver would become almost their exclusive circulation."

"The United States could not, single-handed among commercial nations, with no European co-operation or allies, sustain the value of silver from the inevitable fall. The true policy of this country is such conservative action as will tend to bring the values of gold and silver to their former relations, upholding the one and preventing the appreciation of the other until it can be determined whether commercial nations are willing that both metals should be yoked for equal monetary service."

An interesting and valuable part of the present Mint Report, is its discussion of the much vexed question of the amounts of gold and silver consumed in this country, in the arts, and for plate and ornaments, and not including what is made use of for coinage purposes.

Mr. Burchard finds that during the last six years there have been prepared and issued from the New York Assay Office for manufacturing purposes, fine bars of gold of the value of \$21,879,040, or an annual average of \$3,646,506, and fine bars of silver of the value of \$22,250,283, or an annual average of \$3,708,380. He assumes, conjecturally, that three-fourths of the gold and silver of domestic production used in the arts, are obtained from the N. Y. Assay Office, and on that basis the annual consumption from all sources would be \$4,458,104 of gold, and \$4,854,527. Of this estimate—that only one-fourth of the consumption is supplied from all sources outside of the N. Y. Assay Office, he says:

"This is a moderate estimate, including as it does, all supplies from private sources and refineries, and bars issued by the coinage Mints and by the other Assay offices. Fully one-half of the total bullion product of the country is posted and refined by private enterprise, and a considerable portion of the gold and silver used by manufacturers comes from such refineries."

Mr. Burchard made an effort to get at the total consumption (including coin melted down) in another way, which he describes as follows:

"I have attempted to secure further statistics of the consumption in the United States, by addressing circular letters to all manufacturers, whose addresses I could obtain, who consume gold or silver in the preparation of chemicals, and in the manufacture of jewelry, watch cases, and other solid or plated wares. The circular referred to requested that they would specify the various forms of the metals used, whether United States coin, foreign coin and old manufacturers' articles reworked or bullion. The replies that have been received, while incomplete as to the total consumption, are valuable in exhibiting the proportion of the different specified forms used, and also show that the gross amount would be in excess of estimates previously made."

FOREIGN COMMERCE OF THE UNITED STATES. EXPORTS AND IMPORTS.

The annual report of General Joseph Nimmo, Jr., Chief of the Bureau of Statistics, shows that the total specie value of the imports and exports of the United States in 1878-79 was larger than ever before, except in 1873 and 1874. The value of the exports of domestic merchandise from the United States was greater than during any previous fiscal year in the history of the country.

From 1863 to 1873 the value of imports of merchandise into the United States largely exceeded the value of the exports of merchandise; the excess ranging from \$39,371,368 in 1863 to \$182,417,491 in 1872. During the years ended June 30, 1876, 1877, 1878, and 1879, however, the value of exports of merchandise from the United States has greatly exceeded the value of the imports, the excess increasing rapidly from year to year. The imports of merchandise fell from \$642,136,210 during 1873 to \$437,951,532 during 1878.

The excess of exports during the last four years has amounted to \$753,271,475. The specie value of the exports has exhibited a steady and rapid increase since the year 1868. The value of domestic exports during the year ended June 30, 1869, amounted to only \$275,166,697, but during the year ended June 30, 1879, to \$698,340,790.

The following table exhibits the excess in specie value of exports over imports, or of imports over exports, as the case may have been in the several years named, including both merchandise and specie :

<i>Year ended June 30.</i>	<i>Excess of exports.</i>	<i>Excess of imports.</i>	<i>Year ended June 30.</i>	<i>Excess of exports.</i>	<i>Excess of imports.</i>
1860	\$37,956,042	—	1870	—	\$11,450,153
1861	—	\$86,305,240	1871	—	231,542
1862	21,786,412	—	1872	—	116,283,646
1863	15,201,138	—	1873	—	56,528,651
1864	—	65,328,366	1874	\$57,052,197	—
1865	—	14,883,123	1875	51,668,700	—
1866	—	10,608,565	1876	120,213,102	—
1867	—	62,457,058	1877	166,539,917	—
1868	4,112,193	—	1878	261,733,045	—
1869	—	94,058,178	1879	269,363,107	—

The following summary table shows the increase in the value of the exports of the articles named during the fiscal year 1879, as compared with the exports of the same articles during the fiscal years 1868 and 1878 :

<i>Commodities.</i>	<i>Exports.</i>		
	1868.	1878.	1879.
Agricultural implements.....	\$673,381	\$2,575,198	\$2,933,388
Animals, living.....	733,395	5,844,653	11,487,754
Bread and breadstuffs.....	69,024,059	181,777,841	210,355,528
Coal.....	1,516,220	2,359,467	2,319,398
Copper and brass, and manufactures of, not including copper ore.....	496,329	2,909,357	3,031,924
Cotton manufactures of.....	4,871,054	11,438,660	10,853,950
Fruits of all kinds.....	406,512	1,378,106	1,916,382
Iron and steel and manufactures of, exclu- sive of firearms, but including scales and balances, sewing-machines and fire-engines	5,491,306	13,784,007	12,766,294
Leather of all kinds.....	607,105	7,093,020	6,800,070
Mineral oil (illuminating).....	19,752,143	41,513,676	35,990,862
Provisions.....	30,436,642	123,556,323	116,858,650
Sugar, refined.....	313,378	4,508,148	6,164,024
Tallow.....	2,540,227	6,695,377	6,934,940
Total.....	\$136,861,751	\$405,433,828	\$428,422,164

The increase in the value of the exports of certain of these articles has been attended by a considerable fall in their market price.

During the year ended June 30, 1879, the exports of domestic merchandise to the British Isles amounted to \$346,485,891 and constituted fifty per cent. of the total value of exports of domestic merchandise. The value of these exports fell from \$383,606,911 during the year ended June 30, 1878 to \$346,485,881 during the year ended June 30, 1879, a decrease of \$37,121,030. The principal falling off was in cotton, wheat, corn, and lard, but the quantity of each of these articles was about the same as during the preceding fiscal year.

The value of the exports to France increased from \$52,489,918 to \$88,194,041 during the same period, an increase of \$33,904,123. The increase consisted mainly of wheat.

There was a very considerable increase in the value of exports to Russia, Spain, and the Hawaiian Islands.

The exports of bread and breadstuffs during each of the last two years have exceeded the value of the exports of any other commodity. This is especially noticeable from the fact that, during every preceding year since 1821, except during the war period (1861 to 1865) the value of the exports of raw cotton exceeded that of any other commodity. From 1821 to 1860 the exports of raw cotton constituted fifty-three per cent. of the total value of exports; and 1866 to 1877, inclusive, forty-eight per cent. During the last two fiscal years, they amounted to about twenty-five per cent. of the total value of the exports.

The decrease in the value of the imports of certain commodities since 1873 is exhibited in the following summary statement:

COMMODITIES.	<i>Values of principal commodities im- ported during the years ending June 30—</i>		
	1873. \$	1878. \$	1879. \$
Watches and watch-movements and materials.	3,274,825 .	812,582 .	920,599
TEXTILES:			
Cotton manufactures of, not including hosiery, shirts, and drawers.....	29,752,116	14,398,791 .	14,930,975
Flax, manufactures of.....	20,428,391	14,413,600 .	14,693,842
Silk, manufactures of.....	29,890,035	19,837,972 .	24,013,398
Clothing, including hosiery, shirts and drawers of cotton and wool.....	8,496,993	6,540,587 .	6,560,456
Wool, and manufactures of, unmanufactured..	20,433,938	8,363,015 .	5,034,555
Carpets.....	4,388,257	398,389 .	367,105
Dress goods.....	19,447,797	12,055,866 .	12,436,861
Other manufactures of, not including hosiery, shirts, and drawers.....	26,626,721	12,193,037 .	11,158,030
<i>Total textiles.....</i>	<i>159,464,248</i>	<i>88,201,197 .</i>	<i>89,195,222</i>
IRON AND STEEL, and manufactures of:			
Pig iron.....	7,203,769	1,250,057 .	1,924,128
Bar, boiler, band, hoop, scroll and sheet iron..	7,477,556	1,627,052 .	1,378,976
• Anchors, cables, chains, castings, hardware, machinery, old and scrap iron.....	9,416,293	920,790 .	845,366
Railroad bars or rails.....	19,740,702	530 .	78,257
Steel ingots, bars, sheets and wire.....	4,155,234	1,220,037 .	1,281,942
Firearms, files, cutlery, saws and tools.....	4,093,097	1,629,061 .	1,846,626
All other manufactures of.....	7,221,801	2,410,105 .	2,091,853
<i>Total iron and steel.....</i>	<i>59,308,452</i>	<i>9,057,632 .</i>	<i>9,447,148</i>
Copper and manufactures of, not including copper ore.....	3,687,096	371,518 .	294,707
Lead and manufactures of.....	3,247,153	361,894 .	64,340
Leather of all kinds.....	6,766,202	3,784,729 .	3,667,564
India rubber and gutta percha, manufact's of..	900,187	242,564 .	174,137
Tea.....	24,466,170	15,660,168 .	14,577,618
<i>Grand total.....</i>	<i>261,114,333</i>	<i>118,492,284 .</i>	<i>118,341,335</i>

The excess of the value of American exports in the trade with Great Britain amounted during the year ended June 30, 1879, to \$240,289,627. The value

of the exports to the United Kingdom during the year appears to have been more than three times as great as the value of the imports therefrom.

The tonnage of the United States on the 30th of June, 1879, was as follows: sailing vessels, 2,993,429 tons; steam vessels, 1,176,172 tons; total tonnage, 4,169,601. There was an increase of 948,342 tons in sailing vessels as compared with that of the previous year, and an increase of 8,494 tons in steam vessels. The employment of tonnage on the 30th of June, 1879, is shown as follows: In the foreign trade, 1,451,505 tons; in the coastwise trade, 2,598,183 tons; in the cod fisheries, 79,885 tons; in the whale fisheries, 40,028 tons; total tonnage, 4,169,601. During the last fiscal year the shipping engaged in the foreign trade decreased 137,843 tons; the shipping engaged in the coastwise trade increased 101,013 tons.

The vessels built during the year ended June 30, 1879, amounted to 193,030 tons, as against 235,504 tons built during the preceding year. The quantity of iron vessels built in this country during the last five years amounted to only 97,872 tons, whereas, the iron shipbuilding of Great Britain during the last five years reported amounted to 193,710 tons. The iron vessels built in the United States amounted to 26,960 tons during the year ended June 30, 1878, and to 22,007 tons during the year ended June 30, 1879. There has been very little iron sail tonnage built in this country, and none since the year 1871.

The following table shows the proportion, not by weight or quantity, but by value, of the imports and exports carried in American vessels; in each of the fiscal years named:

1856	. 75.2	..	1864	. 27.5	..	1872	. 29.1
1857	. 70.5	..	1865	. 27.7	..	1873	. 26.4
1858	. 73.7	..	1866	. 32.2	..	1874	. 27.2
1859	. 66.9	..	1867	. 33.9	..	1875	. 26.2
1860	. 66.5	..	1868	. 35.1	..	1876	. 27.7
1861	. 65.2	..	1869	. 33.1	..	1877	. 26.9
1862	. 50	..	1870	. 35.6	..	1878	. 26.3
1863	. 41.4	..	1871	. 31.8	..	1879	. 23

Of the total tonnage entered at ports of the United States during the year ended June 30, 1879, 49.11 per cent. entered at the port of New York, 8.26 per cent. at Boston, 9.55 per cent. at Philadelphia, and 9.98 per cent. at Baltimore. The tonnage entered at these four ports during that year amounted to 10,489,660 tons, and constituted 76.19 per cent. of the total tonnage entered at seaports of the United States.

THE POST OFFICE DEPARTMENT.—From the report of the Auditor of the Treasury for the Post Office Department, for the fiscal year ended June 30, 1879, it appears that the total revenues of the Post Office Department were \$30,041,982, an increase of \$764,465 over the preceding year. The expenses were \$33,073,437, being \$1,091,647 less than the previous year. Of this amount, \$795,612 was saved by the law changing the basis of postmasters' compensation from commissions on stamps sold to commissions on stamps cancelled, and the remainder by a reduction of the compensation paid to railroads. The State returning the largest revenue was New York, the amount being \$7,10,3105.

The principal expenditures were for compensation of postmasters, \$7,182,239; clerks in post offices, \$3,413,295; letter carriers, \$1,947,706; railroad transportation, \$9,100,706; Star service, \$5,537,245; steamboat, \$665,107; foreign mail transportation, \$203,917.

The gross revenue at the free delivery post offices was \$13,066,470, and gross expenses, including \$1,942,264 for carriers, etc., were \$5,133,657, leaving a net revenue from these offices of \$7,932,813. The Auditor's report shows that the number of domestic money orders issued was 6,372,243, amounting to \$88,254,541.

BANKING AND FINANCIAL ITEMS.

Notice.—The **BANKER'S ALMANAC AND REGISTER** for 1880 is now in preparation, and will appear at the usual time in January. The prospectus will be found at the beginning of this number. A list of Attorneys throughout the United States, carefully selected upon the highest recommendations, is a new feature in the forthcoming volume.

Bankers are requested to forward to this office, as promptly as possible, any information of further changes which should be made in the new lists.

The price of the work is to be Three Dollars for the semi-annual issue, and Two Dollars for a single volume.

Orders for **Cards** of Banks and Bankers will now be received.

MR. WALKER'S MISSION.—Since the return of Mr. Geo. Walker from Europe, where he went last summer as a confidential agent of the State Department, in connection with the project of another international monetary conference, the newspapers have given varying accounts as to the success of his mission. His report has been made to the State Department, but until Mr. Evarts has sent that report to Congress, or has given it to the press, Mr. Walker does not feel justified in disclosing what it contains. But those who have had the pleasure of conversing with him on the subject are impressed with the idea, that he is confident that something has been effected towards bringing about an international concert in respect to the coinage of silver.

TRADE MARKS.—Application has been made to the Commissioner of Patents for the return of fees paid for the registration of trade-marks, but he decides that he cannot refund without legislation to that effect by Congress.

The U. S. Supreme Court has recently decided that the laws of Congress in relation to trade-marks have no warrant in the Constitution. That trade-marks are neither inventions which can be protected, nor the original works of authors which can be copyrighted. That even if Congress could protect trade-marks in respect to inter-State commerce, the present laws cannot be sustained because they apply to commerce confined within the boundaries of a single State. The Court, however, carefully excludes from the decision the cases in which trade-marks are regulated by treaty with foreign powers.

CALIFORNIA.—The new Constitution of California makes the directors of corporations personally responsible to both stockholders and creditors for all losses resulting from the embezzlements and defalcations of subordinate officers. It is upon stockholders that such losses ordinarily fall. To avoid liability to stockholders, the directors of some corporations are asking them to sign a paper releasing it. It is set out in such papers that the consideration of this release is the consent of persons to serve as directors, who would decline to serve if the agreement was not given. On the face of it, and technically, this is a sufficient legal consideration, but the courts may hold that such agreements are void as being against public policy as determined by the California Constitution.

FOREIGN MAILS.—The annual report of the Superintendent of Foreign Mails shows that the total amount paid during the year to the different lines of ocean mail steamers, for the transportation of mails to foreign countries, was \$226,961, of which 28,053 was paid on account of the British Post Office, for the Atlantic transportation of British closed mails from New York to England.

SAN FRANCISCO.—Real estate in San Francisco is reported to be recovering somewhat from its long depression. During the month of October, there were 172 sales, aggregating \$839,824. Good mortgages are getting scarcer and more in demand. On that point the *Real Estate Circular* of Thomas Magee, reviewing the business of October, says:

"It has not for years been more difficult than it is at present to obtain good mortgages. The Savings banks have found it impossible for the past three months to loan out as much money as they desired, satisfactorily, on such securities. Plenty of private capitalists have also been trying to obtain good city mortgages during the past few months; but, having been generally unsuccessful, they are now looking for desirable, productive purchases. Money is still plenty at the Hibernia Bank at eight per cent., which is, as we stated last month, really only six per cent. to the borrower; there was a fair demand for money at that bank last month; it loaned \$242,759 and released \$65,110. The rates at the German Bank are from eight to nine per cent.; it loaned only \$47,750 in October, and released \$83,000. Money is plenty at the Savings Union, yet it let only \$32,310 in October, while it released only \$40,750. The French Bank loaned \$40,500 last month, and released \$5,000. The total number of mortgages given in October was 203, of the value of \$820,398, while 174 releases were recorded, amounting to \$900,010. The releases, therefore, exceeded the mortgages by \$79,612."

Under the new constitution of California, the mortgagor is relieved from taxes on that part of the value of his estate which belongs to the mortgagee. The tax on that part is paid by the mortgagee himself, and if the tax is two per cent., a lender at eight receives only six per cent. net of taxes.

COLORADO.—Advices from Leadville are to the effect that the Arkansas Valley route is closed against railroad building, by the controversy between the Atchison & Topeka road and the Denver & Rio Grande road, and that Leadville will not have railroad communication with the outside world before next August. One consequence is said to be, that smelting charges at Leadville are so high as to cause more or less postponement of the getting out of the ores.

ILLINOIS.—The United States Grand Jury at Chicago has returned into Court an indictment against Henry Greenebaum, for embezzling the funds of the German National Bank. The bill as originally endorsed on the indictment was \$10,000, but when Greenebaum was brought into court, Judge Blodgett increased it to \$15,000. The indictment is a weighty document and is made up of twenty-one charges or counts.

LOUISIANA.—The Liquidating Commissioners of the Louisiana Savings Bank have filed suits on November 3, in the Fifth District Court:

Against E. C. Palmer et al., the board of directors of said bank, claiming \$500,000 for mismanagement of said company and other illegal acts committed. Against E. C. Palmer et al., claiming \$28,000 illegally drawn from the bank by Palmer, and charged to profit and loss. Against Edward Conery, a director, for \$47,000 illegally withdrawn from said bank. Also suits for various amounts due for unpaid stocks.

Palmer, the late President, was arrested on November 12th, and released on bail of \$30,000.

MISSOURI.—The reported killing of Jesse James, the noted bank robber, is doubted. His body has not yet been found, though parties have thoroughly searched Southwestern Missouri. The opioion prevails along the Kansas and Missouri line that the desperado still lives and will turn up one of these days as the chief actor in another bank or express robbery. The people of that region are familiar with his career. He has resorted to such artifices before for the purpose of blinding the officers to his whereabouts. It is not an uncommon thing for him to mysteriously disappear. The probability is that the story of his death was patched up and circulated by Shepherd, at the request of James himself. There is no evidence of the killing except the statement of the bushwhackers.

NEW JERSEY.—The First National Bank of Hackensack has been seriously embarrassed by the failure of its president, Charles H. Voorhis. A meeting of the stockholders was held to consider the question of going into liquidation. Of the 1,000 shares of capital stock 945 were represented. All the votes were cast in favor of closing the bank. Mr. Abram Collard, of Jersey City, and a director of the bank, was appointed liquidator. An advisory committee, to act with Mr. Collard and the bank trustees, was appointed, consisting of J. S. Christy, Edward F. C. Young, President of the First National Bank of Jersey City; C. N. Jordan, Cashier Third National Bank of New York; John Swinburn, Cashier First National Bank of Paterson, and Robert Baylis, President of the Market National Bank of New York. The advisory committee was empowered to examine the bank books whenever it saw fit. It is deemed certain that a considerable amount can be saved to the stockholders by this method of winding up, instead of having a receiver. Whatever loss there may be falls on the stockholders. The depositors, it is expected, will receive their money within the month of December. Mr. Voorhis was also President of the Hackensack Savings Bank and was Treasurer of the Hackensack Water Company.

PENNSYLVANIA.—The creditors of the estate of Jay Cooke & Co., bankers, are likely to receive dollar for dollar on their claims if not more, instead of only perhaps the small per centage which would have been realized, had they put the firm into absolute bankruptcy.

The creditors have already received fifty-one per cent. of their claims, as follows: in cash ten per cent; in Northern Pacific, preferred at 16½, thirteen ⅔; in Oregon Steam Navigation Co. fourteen; in preferred stock St. Paul and Duluth one ⅔; scrip dividends, cash estimate, twelve; total fifty-one. This result is of course partly due to the advance in the current prices of stocks.

The first dividend of five per cent. was paid in January, 1875, and a distribution in kind made on the following basis:

Thirty-five per cent. on Northern Pacific bonds at seventy cents on the dollar. Fourteen per cent. of Oregon Steam Navigation Company's stock at forty dollars per share. Six per cent. of Lake Superior and Mississippi Railroad Company's ten-per-cent. income bonds at forty per cent.

The second distribution, with the second cash payment of five per cent. was made in the fall of 1878 on the following basis: Preferred stock of Northern Pacific Railroad Company, one and a half shares for every \$1,000 of claims. Preferred stock of the St. Paul and Duluth Railroad Company, three-quarters of a share for every \$1,000 of claims. Common stock of the St. Paul and Duluth Railroad Company, one and a quarter shares for every \$1,000 of claims.

The receiver has now on hand enough assets to realize for the creditors a dividend of two and a half per cent. on their claims and make a distribution in scrip on the basis of ten per cent on each claim. There will still remain a large amount of valuable stock and a lot of real estate, including Jay Cooke's residence, which is said to have cost \$1,000,000.

A GOOD OPERATION.—The municipal corporations now consolidated into the City of Philadelphia paid for 100,000 shares in the Pennsylvania \$5,000,000. The number of shares was expanded, by dividends and bonuses, to 140,550, of which 81,406 have been sold for \$4,749,653. In addition, the city has received \$8,745,628 in cash dividends. On the whole, the city has received the cost of the shares, with simple interest at six per cent., and \$3,178,281 more, and still has 50,149 shares, which have cost nothing, and can be sold at their par value of \$50.

ALGERIAN TRADE WITH THE UNITED STATES.—Mr. Jourdan, United States Commercial Agent at Algiers, reports as follows: Petroleum is the leading import from America; in return, iron ore is exported in considerable quantities. About twenty vessels in the last six months, with cargoes of iron ore, have cleared for New York, Philadelphia, Baltimore, Galveston, New Orleans, and Perth Amboy. The aggregate quantity is stated at 58,000 tons; value, \$160,000. Vegetable hair to the value of \$25,000 was exported to New York from Algiers. The petroleum imported during the last six months is valued at \$60,000.

MONTREAL.—The shipping season has closed. Of cattle, there were shipped 23,000, all of Canadian growth, as compared with 18,655 last year, of which 9,072 were from Chicago. The number of sheep shipped last year was 42,000; this year 75,000, of which all except 2,500 were of Canadian growth.

CROPS ABROAD.—Mr. Bailey, United States Consul-General at Shanghai, China, in dispatch to the Department of State, reports that the cotton crop in that district will not be more than half the average yield. This will probably make an unusual demand in China and Japan for cotton goods.

The United States Consul at Odessa reports to the Department of State that the wheat crop of Russia will fall far short of the usual harvest.

The Irish Local Government Board made special report to the Imperial Government, in the early part of November, respecting the state of affairs in Ireland. The report says the potato crop is everywhere deficient and inferior, and this combined with the absence of peat fuel, owing to rain, are regarded as the leading causes of the distress which is expected to culminate during the winter and spring, and that pauperism is greatly increasing, especially in Ulster.

WHEAT.—In France, the wheat crop of 1879 is estimated at 77,000,000 hectoliters, being 23,000,000 hectoliters less than an average crop. The wine crop is poor in quality, and estimated at only 25,000,000 hectoliters, against 48,720,553 last year, and 57,000,000 in 1877. In the yield of the sugar there is a deficiency of from twenty-five to forty per cent., as compared with last year, and there is nowhere more than half of an average crop.

The *Mark Lane Express*, November 19, says: "The recent uncontradicted estimate of this year's crop shows that it will be necessary to import 18,000,000 quarters of foreign wheat. Doubtless, with every allowance for possible exaggerations, the crop is desperately bad.

It is claimed that Manitoba wheat can be profitably raised and landed in Liverpool at \$ 3.50 per quarter.

A dispatch (November 21) from South Australia, where the wheat harvesting has commenced, says, that the northern district of that colony will furnish 375,000 tons for export.

According to estimates made by the United States Agricultural Bureau, our wheat crop will be 26,000,000 bushels, and the corn crop 200,000,000 bushels greater this year than last. As to the cotton crop, the Bureau estimates the average yield per acre at 176 pounds of lint this year, as against 196 pounds last, but estimates the area planted at two per cent, more than it was last year. It therefore computes the reduction of crops as compared with 1878, as equal to 290,000 bales of 450 lbs. each.

MEXICAN COMMERCE.—The United States Consul at Guaymas, Mexico, presents some statistics of trade between Mexico and the United States. The only regular line of steamers between that port and San Francisco receives a subsidy of \$ 2,000 a round trip from the Mexican Government. The gold and silver mines appear to have fallen off in productiveness. Four new companies from the United States will soon commence working the mines; three of these are from Chicago. Restrictive laws embarrass foreign operations; the tariff, however, permits the free entry of mining machinery. The present aspect of affairs in Sonora is not flattering, and no improvement, in the judgment of the Consul, can be expected until railways and telegraphs connect the chief towns with the United States.

FRANCE.—A plan is about to be carried into effect for deepening the river Seine, by which vessels drawing nine feet of water will be enabled to reach the eastern extremity of Paris. The work will cost \$ 36,000,000 francs.

Mr. Gould, United States Consul at Marseilles, reports that the attempts to introduce anthracite coal into France from the United States have not been successful. First, American coal cannot be sold in France, after paying duties of \$ 1.04 a ton, so cheaply as English and French coal. American vessels require ballast to, but not from, the United States, so coal cannot be brought to France as ballast, as some have supposed. Second, the prejudices of the people of Europe are all in favor of bituminous coal, and their dwellings and shops are all adapted to its use.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from November No., page 399.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2438	First National Bank..... Monroeville, OHIO.	O. W. Head..... H. P. Stentz.	\$ 50,000	\$ 50,000
2439	Hamilton National Bank.... Fort Wayne, IND.	Charles McCulloch..... John Mohr, Jr.	200,000	—

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from November No., page 399.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
ARK...	Hot Springs....	Hot Springs Bank & Sav. Dep. Co. John B. Roe, Pr. Van L. Runyan, Cas.	Kountze Brothers.
COL....	Rosita.....	Merchants & Miners' Bank.	Kountze Brothers.
ILL....	Peoria.....	Kingman, Blossom & Co..	Metropolitan National Bank.
IND....	Fort Wayne....	Hamilton National Bank.. \$ 200,000 Charles McCulloch, Pr. John Mohr, Jr., Cas.	First National Bank.
MINN...	Pipestone.....	Pipestone County Bank.... Charles C. Goodnow, Pr. James E. Craig, Cas.	Corbin Banking Co.
MO....	Kansas City....	Merchants' National Bank.. \$ 250,000 F. L. Underwood, Pr. J. M. Coburn, Cas.	Jesup, Paton & Co.
N. Y. ..	Rochester.....	William J. Ashley.....	Dakin & Co.
OHIO...	Monroeville....	First National Bank..... \$ 50,000 O. W. Head, Pr. H. P. Stentz, Cas.	Third National Bank.
PENN...	Lineville Station. }	Linesville Savings Bank... G. W. Baldwin, Pr. R. W. Baldwin, Cas.	Chase National Bank.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from November No., page 400.)

	Bank and Place.	Elected.	In place of
—CAL....	Mono County Bank, Bodie.....	Robert Barton, Pr.....	O. H. LaGrange.
COL....	Rocky Mountain Nat'l Bank, } Central City }	Joshua S. Reynolds, Pr..	H. M. Teller.
" ..	Merchants' N. B., Georgetown. }	T. H. Potter, Cas.....	J. S. Reynolds.
IND....	People's Bank, Portland.....	Joshua S. Reynolds, Cas. J. Reynolds.	W. C. Johnson.
" ..	Washington N. B., Washington.	Walter M. Haynes, Pr.....	M. L. Brett.
KANSAS.	Riley County Bank, Manhattan.	John N. Breen, Pr.....	S. French.
KY....	Logan County Nat'l Bank, } Russellville }	William T. Elliott, Pr..	W. F. Browder.
" ..	Cape Cod Nat'l B'k, Harwich..	Hugh Barclay, Jr., Pr..	H. Barclay, Jr.
MASS. ..	Rockport Nat'l B'k, Rockport..	Wilbur F. Barclay, Cas..	J. H. Baker.
MICH...	Nat'l Pemberton B'k, Lawrence.	Eli Gott, Cas.....	H. H. Paul.
MO....	Farmers' Bank of Cameron.....	Prince S. Crowell, Pr....	J. M. Coburn.
NEB....	State Bank, Crete.....	Louis DeSteiger, Pr.....	H. A. McCartney.*
" ..	First National Bank, Fremont..	George D. Stevens, Cas..	J. P. Clarey.
N. J....	First Nat'l Bank, Hackensack..	Manley Rogers, Cas.....	E. H. Rogers.
" ..	Vineland Nat'l Bank, Vineland.	Isaac D. Demarest, Pr... C. H. Voorhis.	T. H. Vinter.
N. Y. ..	National Bank of Port Jervis..	Willis T. Virgil, Cas....	H. H. Farnum.
PENN...	Workingmen's S. B., Allegheny.	Charles St. John, Pr....	G. L. Walter.

* Deceased.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from November No., page 400.)

N. Y. CITY.....	A. M. Kidder & Co. ; C. W. McLennan, Jr., withdraws.
CAL ... Alameda.....	Bank of Alameda ; now First National Bank.
CONN .. West Killingly.	Post Office, Danielsonville.
GA..... Savannah.....	Blun & Demere ; now Henry Blun.
IND Fort Wayne....	Hamilton Bank ; now Hamilton Nat'l Bank. Same officers.
" .. Salem.....	National Bank of Salem ; now B'k of Salem. Same cashier.
IOWA.. Casey	Bank of Casey (William Ivers) and Exchange Bank (Burns & McFarland) ; now Savage & Crawford.
KANSAS. Peabody.....	Whitehill & Morse ; now Whitehill, Morse & Weidlein.
LA..... New Orleans...	Townsend & Lyman ; now G. Townsend.
MICH... Otsego	Edsell & Peck ; now W. C. Edsell & Son.
OHIO... Monroeville....	Exchange B'k (Davis, Crim & Stentz) ; now First Nat'l B'k
PENN... Philadelphia...	Bioren & Co. ; dissolved. New firm. Same style.
TEXAS. Belton.....	Miller Brothers ; now L. Burr & Co.
PR.QUE Montreal.....	Exchange Bank of Canada ; resumed business Nov. 3.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from November No., page 400.)

IND.... Newport.....	Vermillion County Bank ; closed.
IOWA... McGregor.....	Clayton County Savings Bank ; winding up.
N. J.... Hackensack....	First National Bank ; in liquidation.
N. Y.... Randolph	A. J. Dow & Son ; dissolved. Now Dow & Co., Bradford, Pa.

FRENCH SAVINGS BANK DEPOSITORS.—The recent report of the Minister of Agriculture and Commerce, on Savings banks, gives the following statistics as to the social condition of the depositors who commenced in 1877 :

Occupation.	Number of depositors.	Sums deposited. Francs.	Average per occupation. Francs.
Workmen	108,353	22,775,020	110.19
Servants.....	49,684	8,739,826	175.83
Clerks.....	17,205	3,362,105	195.89
Soldiers and sailors.....	8,397	1,421,946	169.34
Sundry.....	109,462	29,368,867	268.30
Under age (both sexes) ..	146,537	11,606,892	79.82
Benefit societies.....	493	270,861	672.11
Total	440,101	77,655,517	176.45

As compared with 1876, there was an increase in servants of 325, or at the rate of .66 per cent. ; clerks, 628, or at the rate of 3.78 per cent. ; soldiers and sailors, 511, or at the rate of 6.48 per cent. ; sundries, 6,161, or at the rate of 5.96 per cent. ; under age, 1,627, or at the rate of 1.12 per cent. ; benefit societies, 90, or at the rate of 28.75 per cent. ; but a decrease under the head of workmen of 6,405, or 5.58 per cent., showing that the depressed state of trade and labor had begun to make itself felt first of all in the lower stratum of society. The returns for 1878 will probably indicate the upward movement of the depression into the ranks which were better off.—*London Times, September 18.*

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

INTEREST BEARING DEBT.

	Oct. 1, 1879.	Nov. 1, 1879.
Bonds at six per cent.....	\$ 283,681,350	\$ 283,681,350
Bonds at five per cent.....	508,440,350	508,440,350
Bonds at four-and-a-half per cent.....	250,000,000	250,000,000
Bonds at four per cent.....	737,157,050	737,946,550
Refunding certificates.....	3,688,900	2,899,400
Navy pension fund.....	14,000,000	14,000,000
Total principal.....	<u>\$ 1,796,967,650</u>	<u>\$ 1,796,967,650</u>
Interest.....	21,132,705	19,862,412
DEBT ON WHICH INTEREST HAS CEASED.....	29,674,720	23,079,035
Interest.....	1,358,799	1,192,471

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes.....	\$ 346,742,416	\$ 346,742,381
Certificates of deposit.....	31,215,000	22,405,000
Fractional currency.....	15,747,503	15,710,959
Gold and silver certificates.....	19,132,750	20,726,850
Total principal.....	<u>\$ 412,837,679</u>	<u>\$ 405,585,190</u>
Unclaimed Pacific Railroad interest.....	9,577	7,597
Total debt.....	<u>\$ 2,239,480,049</u>	<u>\$ 2,225,631,876</u>
Interest.....	22,501,082	21,062,481
TOTAL DEBT, principal and interest.....	<u>\$ 2,261,981,131</u>	<u>\$ 2,246,694,357</u>
Total Cash in the Treasury.....	234,778,679	229,844,811
Debt, less Cash in the Treasury at date.....	<u>\$ 2,027,202,452</u>	<u>\$ 2,016,849,545</u>
Decrease of debt during the month.....	2,563,751	10,352,906
Decrease of debt since June 30, 1879.....	4,803	10,357,710

CURRENT LIABILITIES.

Interest due and unpaid.....	\$ 4,189,523	\$ 3,348,795
Debt on which interest has ceased.....	29,674,720	23,079,035
Interest thereon.....	1,358,799	1,192,471
Gold and silver certificates.....	19,132,750	20,726,850
U. S. notes held to redeem certificates of deposit..	31,215,000	22,405,000
Cash balance available at date.....	149,207,886	159,092,659
	<u>\$ 234,778,679</u>	<u>\$ 229,844,811</u>

AVAILABLE ASSETS.

Cash in the Treasury.....	<u>\$ 234,778,679</u>	<u>\$ 229,844,811</u>
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BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES.

Principal outstanding.....	\$ 64,623,512	\$ 64,623,512
Interest accrued and not yet paid.....	969,352	1,292,470
Interest paid by the United States.....	43,712,450	43,712,450
Interest repaid by transportation of mails, etc.....	12,848,480	12,849,065
Balance of interest paid by the United States....	30,863,969	30,863,385

NOTES ON THE MONEY MARKET.

NEW YORK, NOVEMBER 26, 1879.

Exchange on London at sixty days' sight, 4.80½ a 4.81 in gold.

Several important movements have been developed during the month and money on call has commanded high rates in Wall street, because of the violent activity of the speculative excitement which was abruptly checked last week. Mercantile borrowers, however, have obtained accommodation at ordinary rates, and as there is but little indication of a speedy renewal of the Stock Exchange speculation on its recent scale of expansion, part of the capital thus withdrawn from other uses in the loan market, will probably return to the ordinary channels and seek to invest itself in the legitimate business of the country. The reserves of the banks have attracted much attention from several causes. The drain of greenbacks to the interior has been very large, in consequence of the general impulse given to agricultural and manufacturing industry by the recuperation which followed resumption, and by the heavy demand for breadstuffs and other produce for exportation to Europe. This drain of greenbacks has been accompanied by a compensative influx of specie from abroad which has been attracted to the bank vaults, though not to a sufficient extent to prevent the aggregate reserves from falling below the minimum twenty-five per cent. exacted by the law. The Comptroller of the Currency has called the attention of the banks to the deficiency in their reserves as required by the statute, and the surplus reserve has again begun to accumulate in the banks. Subjoined are the Clearing-House averages at New York for several weeks past.

1879.	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.	Defi- ciency.	Excess of Reserve.
	\$	\$	\$	\$	\$	\$	\$
Oct. 25.	269,433,300	27,682,600	30,151,700	22,448,700	231,668,000	82,700	—
Nov. 1.	271,238,600	29,675,300	28,615,900	22,600,500	234,412,000	311,800	—
" 8.	270,076,800	33,823,800	23,486,900	22,341,500	231,927,700	671,225	—
" 15.	268,538,800	42,992,800	22,595,800	22,475,700	239,201,200	—	5,788,300
" 22.	276,194,400	50,006,700	18,985,200	22,550,400	250,297,300	—	6,417,575

The Boston bank statement for the same period is as follows:

1879.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Oct. 27.....	\$ 130,491,300	\$ 3,246,300	\$ 4,528,800	\$ 48,907,100	\$ 28,372,700
Nov. 3.....	132,056,100	3,215,000	4,480,500	49,152,400	28,557,300
" 10.....	133,491,100	3,245,400	4,370,200	51,108,100	29,041,000
" 17.....	132,427,100	3,300,800	3,892,800	51,724,400	29,311,100
" 24.....	131,932,200	3,347,200	3,546,700	50,769,100	29,554,300

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

1879.	Loans.	Reserve.	Deposits.	Circulation.
Oct. 27.....	\$ 66,274,801	\$ 15,639,404	\$ 54,586,084	\$ 11,878,284
Nov. 3.....	66,337,415	15,185,160	54,187,203	11,885,099
" 10.....	66,680,258	14,851,359	53,561,843	11,875,366
" 17.....	65,977,180	14,616,247	52,696,016	11,871,778
" 24.....	65,302,671	14,491,491	52,342,764	11,890,480

The Stock Exchange has been agitated to an extent which has scarcely ever been surpassed, even in the most violent periods of the speculations fostered by the early issues of paper money during the war. For several months past a gradual advance has been stimulated in a certain class of securities at the Stock Exchange which had but little intrinsic value, but which the banks were beginning to regard with some favor as supplementary collateral for Stock Exchange loans. This unmerited favor was soon abused and the speculation culminated last week in a disastrous collapse which spread more widely than its origin justified, and seems in some respects to have surprised even its promoters. Opinions differ as to the causes and probable course of the depression which has settled down upon the speculative arena in Wall street. Its good effects are, however, unquestioned in one point of view, namely, that it has liberated our banks from certain dangers which might have become fruitful sources of mischief if they had not been exposed and either brought to an end, or placed under more salutary control. Some foreign capitalists and bankers are reported to be on a visit to this country, to give effect to the increasing disposition in Europe to invest in American securities. The fall in quotations at the Stock Exchange, if it is not followed by too violent and early a reaction, may facilitate negotiations for the purchase abroad of some of our best and most eligible bonds and stocks, Government bonds close firm and in demand. State stocks are quiet. Railroad bonds irregular, and railroad shares feverish. Subjoined are our usual quotations :

QUOTATIONS :	Oct. 24.	Oct. 31.	Nov. 7.	Nov. 14.	Nov. 25
U. S. 5-20s, 1867 Coup.	102½ ..	102½ ..	102½ ..	102½ ..	102½
U. S. 10-40s Coup.....	101¾ ..	101¾ ..	101¾ ..	101¾ ..	101¾
West. Union Tel. Co..	100¾ ..	105 ..	103¾ ..	107½ ..	104½
N. Y. C. & Hudson R.	126¾ ..	129¾ ..	128 ..	130¾ ..	129½
Lake Shore.....	97¾ ..	100¾ ..	99¾ ..	102¾ ..	103
Chicago & Rock Island	147 ..	147 ..	146 ..	148 ..	146½
New Jersey Central...	75¾ ..	77¾ ..	77½ ..	88¾ ..	74¾
Del. Lack. & West ...	82¾ ..	88¾ ..	88 ..	91½ ..	81¾
Delaware & Hudson..	74¾ ..	78¾ ..	76¾ ..	88 ..	73
North Western.....	85¾ ..	89¾ ..	90¾ ..	92¾ ..	88¾
Pacific Mail.....	33¾ ..	38¾ ..	37¾ ..	37 ..	28¾
Erie.....	40¾ ..	40¾ ..	40¾ ..	47¾ ..	36¾
Call Loans.....	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..	6 @ 7
Discounts	5 @ 7 ..	5 @ 7 ..	5 @ 7 ..	5 @ 7 ..	5 @ 7
Bills on London.....	4.80½-4.82½ ..	4.80½-4.82½ ..	4.79½-4.82½ ..	4.79½-4.82½ ..	4.80½-4.83½
Treasury balances, cur.	\$ 15,561,882 ..	\$ 13,728,369 ..	\$ 10,309,746 ..	\$ 8,590,330 ..	\$ 7,352,498
Do. do. gold.	\$ 137,805,914 ..	\$ 128,411,505 ..	\$ 125,609,661 ..	\$ 112,971,025 ..	\$ 110,505,145

United States Treasurer Gilfillan expresses, in his report, doubts of the expediency of continuing the arrangement, made a year ago, under which the U. S. Assistant Treasurer in New York is a member of the N. Y. Clearing House. Mr. Gilfillan's objection is, that it compels the United States, at the point where nearly all its disbursements are made, to pay either gold or greenbacks, and disables it from using silver, which forms a considerable portion of its receipts and reserves.

General Hillhouse, Assistant Treasurer in New York, says in a report to Treasurer Gilfillan :

"A large amount of gold coin has been paid to the Clearing House in settlement of balances since October 1. It is received by the banks with very great reluctance, and every means is used to get it back again to this office."

During the refunding operation, the U. S. Assistant Treasurer in New York received and paid out, in cash and bonds, the enormous sum of \$2,650,638,100.

The U. S. Assistant Treasurer at New York reports that \$3,644,000 of subsidiary silver coin have been redeemed at his office, but that a demand for the coin has sprung up recently, and that it is probable that "the demand will soon be equal to, or greater than, the redemption."

During the nine months ending with September, the balances paid by the United States at the N. Y. Clearing House, amounted to \$238,941,089.

Among the shares and securities admitted during November to the list of the N. Y. Stock Exchange, are those of the Reading Railroad Company, for which the registry and transfer office in New York will be the Farmers' Loan and Trust Company.

On the 12th of November, the Central Pacific Railroad Company paid into the Treasury \$220,000, to be credited to the Sinking Fund, under Judge Thurman's Act.

During the five months preceding the announcement in May that there would be no more sales of German silver, the price of that metal in London averaged a minute fraction below 50d. per ounce, and never varied much from that figure. During November the average range has been 53½d. per ounce, showing a rise in the gold value of silver of seven per cent. This strikingly illustrates the power which governments have to affect, control, and regulate the relative value of the two precious metals. It is supply and demand which determine that value, and inasmuch as the principal and dominating demand for the precious metals is the demand for them for coinage, governments can create a demand for either metal by coining it, or they may increase the supply of either metal by demonetizing it.

According to the Mint estimates, a comparison of the fiscal year 1878-9 with the preceding fiscal year shows a falling off in the U. S. silver production of \$5,914,314, and in the gold production of \$8,326,107. The total gold production of the world is estimated at only \$86,000,000, as compared with \$131,000,000 in 1853. In the U. S. Monetary report (1877) it was computed as then amounting to \$101,000,000. There is a decline in gold production in Australia, as well as in the United States.

During the week ending November 17, there were paid into the New York Custom House for duties, 5,000 silver dollars, and \$705,000 in silver certificates.

During the first ten months of 1879 as compared with the same months of 1878, the export trade of Philadelphia increased from \$41,220,164, to 43,116,358.

The New York and Oswego Midland Railroad, with all its property and franchises, subject to claims which were stated not to exceed \$2,200,000, was purchased at Middletown, November 14, under a decree of foreclosure and sale, for \$4,600,000, by a committee of the creditors.

The Little Pittsburgh Mines, during the first six months, ending October 31, of their ownership by the present company, received from the sales of ore \$989,763, out of which all expenses were paid, together with \$550,000 in dividends, and with a surplus left of \$215,364.

During October, the Sutro Tunnel received from the Comstock Mines \$35,776, as royalty on ore extracted, and for use of lateral tunnels.

Of the \$10,000,000 four-per-cent. loan of Philadelphia, interest and principal payable in lawful money, and to be exempt from taxation, \$2,196,500 was awarded October 20, at premiums varying from 1-16 to $\frac{1}{4}$ of one per cent. To the middle of November, the amount taken was increased to more than \$6,000,000, and it is supposed that the whole loan will be closed out before January 1st.

The report of the Baltimore and Ohio Railroad Company for the fiscal year, ending September 30, 1879, shows an issue of stock, common and preferred, during the year, principally in payment of dividends of \$1,515,257, but a reduction of indebtedness during the same time of \$4,607,338. What are described as sterling "obligations and loans," have been reduced during the year from \$2,554,959 to \$620,507. In addition there are left outstanding sterling debentures for \$2,420,000, payable in 1880 and 1881. Those debentures will doubtless be paid off as they mature. The Maryland Legislature ought to prohibit the issue by corporations of obligations payable in foreign money.

Proposals for a five-per-cent. water loan of \$500,000, redeemable in 1894, were opened by the Baltimore city authorities, November 25. The bids aggregated \$3,882,500, at premiums ranging from two to 5.53 per cent.

The United States Auditor of Railroad Accounts has received of the Central Pacific Railroad Company a check for \$609,080.69, which fulfills its obligations to the Government, under the Thurman sinking fund or the five per cent. requirement up to December 31, 1878.

The event of the closing week of November was the sale by Mr. Vanderbilt of 200,000 shares of the New York Central Railroad, at \$120 per share, or \$24,000,000. The purchase was made by a syndicate of bankers, the payments to be made as follows, through Drexel, Morgan & Co :

\$5,000,000 November 29; \$5,000,000 January 1, 1880; \$5,000,000 February 1, 1880; \$5,000,000 March 1, 1880; \$4,000,000 March 31, 1880.

DEATH.

AT HOLYOKE, Mass., on Thursday, November 27th, 1879, aged forty-six years, ISAAC SMITH HOMANS, publisher of the *BANKER'S MAGAZINE*.

NOTICE.

The death of Mr. I. S. HOMANS causes no change in the publication or management of the *BANKER'S MAGAZINE* or the *BANKER'S ALMANAC AND REGISTER*. Since the decease, in 1874, of I. SMITH HOMANS, senior, the founder and former editor of these works, both the editorial and business departments of each have been under the sole charge of BENJAMIN HOMANS, and will so continue.

THE
BANKER'S MAGAZINE
 AND
Statistical Register.

VOLUME XIV, }
 FOURTH SERIES. }

JANUARY, 1880.

No. 7.

FOREIGN TRADE AND GOLD IMPORTS.

The most prominent fact in the condition of our foreign trade, during December, was the decisive falling-off, at the commencement of the month, of European shipments of gold to this country. The falling off in our receipts of that metal from Europe was, of course, not experienced until later in the month, but in the week ending December 20 our import of gold was short of one million dollars.

As a consequence of the reduced export to the United States of gold from Europe, the drain upon the stocks of that metal in the Banks of France and England, has substantially ceased since the beginning of December.

The following table will show the decline in the coin and bullion in the bank of England since October 1.

October 1,	£ 34,834,873	..	November 26,	£ 28,371,119
“ 29,	31,097,433	..	December 3,	27,733,246
November 5,	30,188,596	..	“ 10,	27,609,246
November 12,	29,302,325	..	“ 17,	27,702,246
November 19,	28,927,002	..		

The progress of the depletion of the gold of the Bank of France is shown by the following statement of its metallic reserves, francs being converted into pounds, at the rate of twenty-five for one :

	<i>Gold.</i>	<i>Silver.</i>
1879		
May 31.....	£ 42,440,000	£ 45,880,000
October 23.....	33,800,000	48,360,000
November 13.....	32,149,644	48,308,441
November 20.....	31,393,241	48,442,223
November 27.....	30,675,038	48,573,646
December 4.....	30,457,036	48,631,518

During the week ending December 11, the Bank of France lost 5,850,000 francs in coin, but during the following week, ending December 18, it gained 7,650,000 francs in coin. The relative proportion of gold and silver in the loss and gain of coin during the those two weeks is not given, but it may be assumed that if there were, on the whole, any loss of gold, it must be very small.

It would seem that the Bank of France, while it was losing gold at the rapid rate as shown in the above table, manifested no concern at the loss, and took no measures of any kind to arrest it. The statements made, occasionally, that it was charging a premium upon gold, all proved to be erroneous. The bank seems also to have paid out gold in discounting notes, although knowing that such gold was intended for export. One cause of its apparent indifference on the subject, was undoubtedly the largeness of the quantity of gold in circulation in France.

The Paris correspondent of the London *Economist*, writing November 13, said: "The drain of gold has now been transferred back from London to Paris, and exports are being made to the United States and Germany. Gold is, nevertheless, easily obtainable; the Bank of France was to-day giving it against paper discounted, and it is to be bought at the changers at one-half per mille premium. The quantity in circulation is, however, so great—payments being almost exclusively made in cash, the use of checks being exceptions—that ten or twenty millions of pounds sterling taken from it would not be missed."

The same correspondent wrote, November 20: "The Bank of France continues to give gold for paper discounted, but has no selling price. Gold is offered by the changers at $1\frac{1}{2}$ per mille. As, however, there is an advantage in taking it from the bank, the gold exported has all been taken from that source."

The same correspondent wrote, November 27: "The increase of 39,111,549 francs during the past week in the discounts of the Bank of France is chiefly due to the withdrawals of gold for export, the Bank continuing to give that metal against bills discounted, rather than sell gold at a premium. This being the cheapest mode of obtaining gold no purchases are made at the Bank, which has, besides, no price for the moment. The rate at the changers is 1 per mille, but the rate is nominal, as the gold wanted for export is cheaper at the Bank, by discounting bills. The exports from France to Germany have ceased, but gold is still being sent to Egypt, and to North and South America; to the latter for wool."

From Germany we have an account of the proportion of silver in the metallic reserve of the Imperial Bank, which differs materially from the statements hitherto generally made and credited. In May last, the British Minister at

Berlin gave it as his information, that it then amounted to £10,000,000.

The London *Economist* of November 22, says in respect to the condition of the German Imperial Bank, on the authority of the *Berliner Borsen Zeitung*: "It is believed that the proportion of bullion at the bank, on an average at the present time, is two-fifths gold and three-fifths silver. According to the latest statement it held about £25,000,000 in coin and bullion. Following the proportion indicated above, only £10,000,000 of this would be gold. When the number of branches of the bank is taken into consideration, it will be obvious that only a very small sum comparatively can be available at the head office to meet any demand for bullion for export."

To recruit its gold stock, the German Bank has raised the price at which it buys foreign gold coin.

It has been obvious to everybody that a permanent flow of gold from Europe to America was an impossibility. The normal flow is the other way, as the United States is a large producer of that metal. But while there has been an agreement of opinion that a flow this way could not continue long, there has been a difference of views as to the manner in which it would be arrested. The European view, and especially the British view, has been, that there would be an early reversal of the balance of trade in favor of the United States. The contrary view, and it is the one which we have steadily presented in the last three numbers of this Magazine, has been that the balance of the exports of the United States over its imports would continue large for some considerable time, and that Europe would be obliged to liquidate that balance by re-selling the American securities which it holds.

The London *Times* of December 1, said: "The money that has flowed in such profusion from Europe to the United States cannot always remain there. Its presence will soon be felt in a rise of prices throughout the Union, and as a rise has been established a demand for European goods will follow, and the current of money from the east to the western shores of the Atlantic will be arrested, if not reversed."

In its money article of December 12, the *Times* said further in the same view: "Among other evidences of the reviving capacity of Europe to counteract the adverse balance of trade with the United States, are advices from Germany which show that one million cwt. of steel blocks have been sold for shipment to America by Herr Krupp and others. This operation will be financed through London."

On the 6th of December, the London *Economist*, expressed itself in the following language, in which it seems to treat the foregoing predictions of the *Times* as already realized:—"It is not unlikely that we shall see a change take place

in the relation between the exports and the imports of the United States. The very considerable imports of gold there have to some extent inflated prices on that side. The economy of past years appears laid aside for the time, and the result is that, notwithstanding the immense volume of grain which America has poured on Europe, the balance of trade is less in favor of this country than in years past. The surplus of exports through New York is diminishing, and the course of business there is assuming more of its normal character. All this will tend to check the export of bullion."

The error of the *Economist* is in confounding the foreign trade of New York city with the foreign trade of the United States. The official returns do show a reversal of the balance of the foreign trade of New York for November, the imports exceeding exports by the sum of \$2,468,769, but when the returns from all the ports are received, it will be found that the excess of exports over imports is still large.

The balance of merchandise trade in favor of the United States, in September, 1879, was twenty million dollars, being the same as during September, 1878. It was forty million dollars in October, 1879, being twelve millions more than it was during October, 1878.

What is said by British writers about the increased quantities and prices of American imports is correctly said, but they overlook the offsetting facts that many leading articles of American export have increased in price at the same time, and that there has also been an enlargement in quantity of certain exports, and especially of bread stuffs.

On the 13th of December in the two years, 1878 and 1879, the prices in New York City of certain articles which we send abroad, were as follows:

	1878.		1879.		Advances.
Wheat.....per bush.	98	....	\$ 1.45	....	47
Corn....."	48½	....	64	....	15½
Oats....."	31½	....	51	....	19½
Pork.....per bbl.	\$ 8.65	....	12.15	....	\$ 3.50
Lard.....per 100 lbs.	5.90	....	7.90	....	2.00

Some of the most experienced and observant bankers in the city of New York, in view of the facts that so large a portion of the gold recently received from Europe has gone to the interior, and that the ability of western farmers to retain stocks of money has been so much increased, are of the opinion that the immediate effect upon American prices of the newly-imported gold will be much less than is anticipated in Europe. They say, that for a time at least, this gold will lie idle in private hoards, and some of them think that it may be a long time before all of it flows back to the seaboard, so as to be recoverable by the banks on the other side of the Atlantic by any process whatever.

NATIONAL BANK RESERVES.

On December 5, the Committee on Banking and Currency of the United States House of Representatives voted to report the following bill :

A bill requiring the reserves of National banking associations to be kept in the standard gold and silver coins of the United States in lieu of lawful money.

Be it enacted, etc., that section 5,191 of the *Revised Statutes of the United States* is hereby amended so as to read as follows :

Section 5,191. Every National banking association in either of the following cities, Albany, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Detroit, Louisville, Milwaukee, New Orleans, New York, Philadelphia, Pittsburgh, St. Louis, San Francisco, Richmond, Charleston, and Washington, shall at all times have on hand in lawful money of the United States (one-half of which shall be in standard gold or silver coins of the United States) an amount equal to at least twenty-five per cent. of the aggregate amount of its notes in circulation and its deposits, and every other association shall at all times have on hand in lawful money of the United States (one-half of which shall be in standard gold and silver coins of the United States) an amount equal to at least fifteen per cent. of the aggregate amount of its notes in circulation and of its deposits.

Whenever the lawful money of any association in any of the cities named, shall be below the amount of twenty-five per cent. of its circulation and deposits, and whenever the lawful money of any other association shall be below fifteen per cent. of its circulation and deposits, such association shall not increase its liabilities by making any new loans or discounts, otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividend of its profits until the required proportion between the aggregate amount of its outstanding notes of circulation and deposits and its lawful money of the United States in the proportion required as to coin has been restored. And the Comptroller of the Currency may notify any association whose lawful money reserve shall be below the amount and proportion of coin as above required to be kept on hand to make good such reserve, and if such association shall fail for thirty days thereafter so to make good its reserve of lawful money and in the proportion aforesaid, the Comptroller may, with the concurrence of the Secretary of the Treasury, appoint a receiver to wind up the business of the association as provided in section 5,234 : *Provided* that neither Clearing-House certificates nor the balances provided for in section 5,192, shall be counted or deemed any portion of the coin reserves required by this Act.

In this proposition, to amend section 5,190 of the *Revised Statutes*, the committee overlooked the fact that that section was already amended by an act passed on the 20th of June, 1874, so far as reserves are required in respect to circulation. The Act of June 20, 1874, after providing that the National banks shall constantly keep a fund of lawful money in the Treasury of the United States, for the redemption of their notes, equal to five per cent. of their circulation, provides as follows in its second section :

That section 31 of the National Bank Act be so amended that the several associations therein provided for shall not hereafter be required to keep on hand any amount of money whatever by reason of their respective circulations, but the moneys required to be kept at all times on hand shall be determined by the amount of deposits, in all respects as provided for in the said section.

The volume of the *Revised Statutes* having been compiled

before the Act of June 20, 1874, was passed, contains no reference to that Act, which explains how it was overlooked.

Upon having their attention called to the subject the House Committee on Banking and Currency have since modified the bill, and now leave the bank reserve, in respect to circulation, where the Act of June 20, 1874, left it. No greater reserve certainly ought to be required than a constant deposit in the Treasury of lawful money equal to five per cent. of the circulation, in addition to the deposit of Government bonds, at ninety per cent of their par value, for the whole amount of their circulation.

As respects reserves for deposits, the pending bill makes no change in the amount required to be kept. The change is in the character of the funds required to be kept. In the City of New York all the required reserve of twenty-five per cent. must now be in lawful money, but under the proposed bill one-half of this lawful money must be gold and silver coins. In the reserve cities (other than New York) one-half of the reserved twenty-five per cent. must now be in lawful money, and the other half may be on deposit with their reserve banking agents in New York; but under the proposed bill it must all be in lawful money, and at least one-half of it in gold and silver coins. As respects the reserves of fifteen per cent. required to be kept by the country banks, only two-fifths need now be kept by them in their own vaults, and this may be in lawful money, while the other three-fifths may be kept in the hands of reserve banking agents in New York. Under the proposed bill, the country banks must keep the whole fifteen per cent. in their own vaults, and one-half of it in gold and silver coins.

So far as the pending bill provides that some portion of the lawful money now required to be kept by the banks in their own vaults shall consist of gold and silver coins, it meets with general favor. Having ourselves advocated that policy, many months since, we of course approve of it. The policy of the convertibility of the paper currency into coin has been determined upon by the country, and a secure convertibility is not possible without ample reserves of coin, not merely in the Government vaults, but the bank vaults as well.

But the pending bill, as will have been seen, provides for another and altogether different change in the reserves of the banks, by prescribing that they shall not include moneys left on deposit in other banks, but shall consist wholly of actual money kept in their own vaults. This is a serious change, and if introduced abruptly, as the pending bill proposes to introduce it, would involve a very sudden and a very large locking up of money, and might bring on a commercial and banking crisis.

We incline to think that the principle of the pending bill is a sound one in this particular, and that reserves for the

security of the prompt payment of deposits should be actual money kept somewhere in a bodily and tangible shape, and not a mere credit on the books of other banks. But it is plain that this change in the character of reserves cannot be introduced without serious mischiefs, unless the effect of the change is mitigated by a reduction in the per centage of the reserves required to be kept, or unless the change is made very gradually.

While we believe that some portion of bank reserves should be metallic, we believe also that certificates of the deposits of gold and silver in the Treasury of the United States, where they are actually kept and not used, so as to be always ready to be delivered on the presentation of the certificates for them, should be treated just the same as gold and silver in hand. There is no feature of credit whatever about such certificates. They are only another form of the ownership and possession of the metals, and perhaps a safer form, as the vaults of the United States Treasury may be, and probably are, more securely constructed than the average of private vaults. In view of the magnitude of modern transactions, gold and silver are either of them too bulky and heavy for convenience in actual handling.

It has been reported, and we doubt not truly, that the Bank of America, having large and specially secure vaults for the purpose, has consented to hold more or less of the gold of the other banks in New York, and to give them certificates for the sums so held, and that the banks of New York have agreed to treat such certificates the same as actual gold. They are not mere gold credits on the books of the Bank of America, but they are the evidences of its receipt of, and of its agreement to hold intact, certain specified amounts of gold, and there is no reason why certificates of that character should not be reckoned as a part of the coin reserves of banks. In Boston, as we see it stated, the Merchants' Bank has agreed to perform for the banks of that city the same office of keeping and receipting for coin, and there is no reason why its receipts should not be recognized as coin in a statement of bank reserves.

Since writing the above, we learn that the House Committee on Banking, on the 17th of December, decided to still further change their bill, and to report after the holiday recess the following:

Be it enacted, &c.: That the National Bank act be and is hereby so amended as to require every banking association to keep in gold and silver coins of the United States one-half of the reserve fund now required by law.

SECTION 2. Any banking association failing to comply with the requirements of the first section of this act shall not be allowed to increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividend of its profits, until the required proportion of coin has been restored; and the Comptroller of the Currency may notify any association whose lawful money reserve shall be below

the amount and proportion of coin as above required to be kept on hand to make good such reserve; and if such association shall fail for thirty days thereafter so as to make good its reserve of lawful money in the proportion aforesaid, the Comptroller may, with the concurrence of the Secretary of the Treasury, appoint a receiver to wind up the business of the association as provided in section 5,234.

SECTION 3. All acts and parts of acts in conflict with this act are hereby repealed.

The bill in this new form will permit the county banks and banks in the reserve cities (other than New York) to keep half of their reserves in the form of credits in reserve banks. To that extent, the new bill diminishes very greatly the danger of a sudden and large lock-up of money.

But it is still open to the objection that it requires the actual and bodily possession of the required gold and silver coins, and does not allow to be reckoned, as such, any certificates of their ownership, and not even certificates of their deposit in the Treasury of the United States.

We notice in this connection that the Comptroller of the Currency, in a letter written on the 17th of December, in reply to inquiries from a bank in New York City, says in respect to silver certificates: "The only legal-tender quality that silver certificates have is, that they are receivable for customs, taxes, and all public dues. (Section 3 of the Act of Congress passed February 28, 1878.) There is no authority of law for counting silver certificates as part of the lawful money reserve which National banks are required to hold."

The language of the Act of February 28, 1878, requiring the issue of certificates for silver deposits for sums of \$10 and upwards is the same as that of the Act of March 3, 1863, which permitted the issue of certificates for gold deposits for sums of \$20 and upwards. Both classes of certificates are made receivable for Custom-house duties, and it is not specially provided in respect to either, that they may be reckoned as a part of the lawful money reserves of the National banks.

The gold certificates, as we understand it, have, however, always been so reckoned. If there is any doubt whether the strict letter of the law permit either to be so reckoned, the doubt ought to be removed by declaratory legislation. Existing laws prescribe in express terms that certificates of deposit in the United States Treasury of United States notes (greenbacks) may form a part of bank reserves, and it will be most extraordinary if certificates of deposits, in the same place, of gold and silver, are to be treated as of less value.

Section 5,193 of the Revised Statutes, which authorizes the Secretary of the Treasury to hold United States notes deposited with him by National banking associations, and to give them certificates therefor, prescribes as follows:

"The notes so deposited shall not be counted as part of the lawful money reserve of the association; but the certificates issued therefor may be counted as part of its lawful money reserve."

There is still another part of the Revised Statutes, (Section 5,192) under which the character of a lawful bank reserve is given to a clearing-house certificate, either of specie or lawful money. The language is as follows:

"Clearing-house certificates, representing specie or lawful money, specially deposited for the purpose, of any clearing-house association, shall also be deemed to be lawful money in the possession of any association belonging to such clearing house, holding and owning such certificate."

Under this section, 5,192, "*Specie*," which means either gold or silver, may be deposited in any bank which is the selected agent of a clearing house, and the certificate issued therefor is "*deemed to be lawful money in the possession of any association holding and owning such certificate.*" But if the Comptroller of the Currency is right in his construction, a certificate of the deposit of silver in the United States Treasury is not entitled to that privilege. If such an anomaly exists, the sooner it is corrected the better.

SUBSIDIARY SILVER.

The imports of American silver coins, consisting mainly of subsidiary silver coins, of old dates, were:

In May	\$668,608	..	In August.....	\$335,068
• June.....	785,237	..	• September.....	202,861
• July.....	504,781	..	• October.....	595,913

The falling off in the imports during August and September led to the belief that the foreign sources of supply were nearly exhausted, but the increased import in October proved that this was a mistake. During October, the accumulation of subsidiary silver in the United States Treasury increased from \$16,814,308 to \$17,755,986. During November, there was a still further increase from \$17,755,986 to \$18,432,478, from which it may be inferred that the importations from abroad continued active during that month also.

Under the legislation of 1876, providing for the substitution of fractional silver for the fractional paper then in circulation, the mint authorities proceeded to execute what they regarded as the proper amount of subsidiary silver coinage, without any anticipation of the flowing back into the country of the subsidiary coinages of old dates. They could not very well have anticipated it, as it has in fact resulted from subsequent legislation in respect to silver, which has given an artificial value to it in the coined form.

The re-appearance here of these old American silver coins, in connection with the unexpectedly large amount of silver which the German Government has been called upon to redeem, has naturally caused it to be believed, that the losses of coin by melting down, and in other ways, are not

so large as they have been commonly supposed to be. In our own case, and in the German case, old coins manifest their continued existence in unanticipated numbers, when an inducement is offered to holders to part with them. Our old silver is coming to us from every hole and corner in Mexico, South America, and the West India islands, and so long as the German Government was paying in gold for old German silver coins fifteen per cent. more than their bullion value, they doubtless flowed back into Germany from every part of Europe. The same thing in substance has happened to France. That country does not, it is true, redeem its silver five francs, but it legislates in such a way as to make four of them exactly equal in market value to a gold napoleon of twenty francs. The French silver five-franc piece is therefore worth a good deal more in France than it is anywhere else outside of the Latin Union. The resulting flow into France of these silver pieces, is the only known explanation of the large admitted increase of their quantity in that country.

It has been recently reported from Washington that the Treasury officials find that twenty-seven per cent. of the subsidiary silver coins presented for redemption under the law of last summer bear dates before that of the Redemption Act of 1875, which directed the coinage of the new issues of such coin. The proportion of the old subsidiary coins redeemed may be taken as a tolerably accurate measure of the proportion of the old subsidiary coins in circulation.

SILVER AT VIENNA.

In consequence of the rise of between six and seven per cent. in the gold price of silver, which has taken place since the suspension of silver sales by Germany in May last, silver at Vienna became more valuable than bank notes in November, whereas it had been for some months previously at a slight discount as compared with such notes. As compared with gold at Vienna, the depreciation of bank notes in November was one per cent. more than the depreciation of silver. Naturally, the difference between paper and silver florins should have been one per cent., but the Austrian and Hungarian banks managed, by exchanging silver florins for paper florins pretty freely, to keep the difference down to one-quarter per cent. In this state of things, parties in London having occasion to send silver to the East, bought exchange on Vienna, and used the Austrian bank notes, obtained with this exchange, to purchase silver, at a profit of three-quarter per cent. by the operation. The November 20 circular of Pixley and Abell, of London, says: "The price of bar silver here has been materially affected by large transactions in bars and florins having taken place in Austria, for shipment at Venice for India; the total transactions amounting to £280,000." The movement came to an end about December 1, but not, if Vienna dispatches are correct, until five million florins (about \$2,500,000) had been shipped to India *via* Venice.

REFUNDING IN 1881.

As the \$18,415,000 of six-per-cent. bonds which become redeemable in December, 1880, will doubtless be paid off from accruing surplus revenue, no account need be taken of them in discussing the question of future refunding. The bonds to be dealt with are those which become redeemable in 1881, and the amount of them outstanding December 1, 1879, was \$763,656,700, divided into \$255,216,350, of six-per-cent. bonds, redeemable July 1, and \$508,440,350, of five-per-cent bonds redeemable May 1.

If no changes are made, impairing the productiveness of our revenue system, it is safe to assume, that when the redemption periods of 1881 arrive, the amount of the bonds to be dealt with will have been reduced to \$700,000,000. All that this assumes is the paying off or purchasing, in the nineteen months, ending June 30, 1881, bonds to an aggregate amount of \$82,071,700. The result will be better than that, if, in addition to maintaining the present aggregate of taxes, a very few of the retrenchments and economies which are practicable, are also added. We have had a considerable surplus revenue during all the recent past years. During this year and next, we have the new advantage of a largely reduced interest account, and the same taxes are yielding and promise to yield largely increased revenues in consequence of the improvement in industry and trade.

Nothing will be easier than to pay off the \$700,000,000 of bonds to become redeemable May 1 and July 1, 1881, in ten years, so as to have them out of the way when the \$250,000,000 of four and a half per cents become redeemable September 1, 1891. Indeed, the Government will be obliged to take some positive action to prevent their being paid off, either in the way of tying itself up by the substitution of long bonds which cannot be redeemed, or by devising new modes of spending money, or by closing up existing sources of revenue. If things are left as they are, this \$700,000,000 of debt will disappear during the ten years after July 1, 1881, just as naturally as the snow melts away when spring comes.

During the first term of Gen. Grant's administration, the country not only paid an interest account vastly greater than is now running against it, but in addition, paid off nearly \$82,000,000 annually of the principal. The wealth of the country was then not more than half what it will be during the ten years beginning with 1881. All we have now to do, in order to pay off \$700,000,000 of principal prior to September 1, 1891, is to pay as much on the principal and interest of the debt, as we were paying on the interest

alone ten and fifteen years ago. Or, in other words, all we have to do is to make use of the saving in our interest account as a sinking fund, wherewith to relieve ourselves of the principal. To make this more realizable, we present the figures of the interest actually paid by the United States during the fiscal years, ending June 30, of the several years named below :

1866.....	\$ 133,067,724	....	1873.....	104,750,688
1867.....	143,781,591	....	1874.....	107,119,815
1868.....	140,424,045	....	1875.....	103,093,544
1869.....	130,694,242	..	1876.....	100,243,271
1870.....	129,235,498	....	1877.....	97,124,511
1871.....	125,576,565	....	1878.....	102,500,874
1872.....	117,357,839	....	

It is true that during the three years first named, when the interest account was at its maximum, some portion of it was paid in paper money which was of less value than coin. But when General Grant became President, March 4, 1869, nearly the whole interest account was a specie account, the outstanding coin bonds being then 2,108 millions, and all of them six per cents, except 221½ millions of five per cents. Of the annual average of \$119,230,147 of interest paid during four years, ending June 30, 1873, nearly every dollar was demandable and was paid in coin.

On the 1st of December, 1879, the interest-bearing debt was :

			<i>Annual Interest.</i>
Six-per-cent. bonds.....	\$ 273,631,350	..	\$ 16,417,881
Five-per-cent. bonds.....	508,440,350	..	25,422,017
Four-and-a-half-per-cent. bonds...	250,000,000	..	11,250,000
Four-per-cent. bonds including re-funding certificates.....	740,745,950	..	29,629,838
Three-per-cent. Navy Pension fund.	14,000,000	..	420,000
Total.....	\$ 1,796,967,650	..	\$ 83,139,736

On the supposition made above, that \$82,071,700 of the bonds outstanding December 1, 1879, will have been paid off by the 1st of May, 1881, and on the further probable supposition that the bonds to be so paid off will be the six per cents, the interest account will be reduced from \$83,139,736 to \$78,215,434.

If the \$700,000,000 of bonds to become redeemable May 1 and July 1, 1881, and which will consist of \$191,559,650 of sixes, and \$508,440,350 of fives, bearing an aggregate interest of \$36,915,596, can be carried at an interest of three per cent., there will be a further saving of \$15,915,596 in the interest account, and a consequent reduction of it to \$62,299,838.

During the term of four years, commencing July 1, 1869, which coincides very nearly with the first term of General Grant's Administration, there was paid by way of interest account \$476,920,590, while during the same four years, the net debt, deducting cash on hand, was reduced from \$2,432,771,873

to \$2,105,462,062. This was a total reduction of \$327,309,811, or at an average annual rate of \$82,827,452. There was thus collected by taxes—when the country was less than half as rich as the country will be during the five years to come, and applied to the interest and principal of the debt, the aggregate sum of \$804,230,401, which is an annual average rate of \$202,057,600. The application of an equal sum, starting in 1881, with an interest account reduced to \$62,299,838, would pay off \$700,000,000 of debt in less than five years, because the interest account would diminish with every successive payment, leaving more to go to the principal. This may strike the country as too heroic a treatment of the debt, but it would be only half as heroic as the actual treatment of it ten years ago. And still less does it approximate the heroism of the proposition which Ricardo made to the English people nearly sixty years ago, which was that they should pay off their debt which was about as large then as it is now, in two years.

But let us suppose that no more heroic treatment is proposed, than now, with duplicated wealth, to apply only as much to the interest and principal, as was applied during the four years beginning July, 1869, to the interest alone, and which was at the annual average rate of \$119,230,147. That sum in 1881, with the interest account reduced to \$62,299,838, would leave \$56,930,309 to be applied to the principal. Such an application could, of course, only be made to that part of the debt bearing three per cent. interest, since none of the other debt is redeemable until 1891. The reduction of the interest account would therefore not be rapid, but if anybody will take the trouble to make the calculation, he will find that \$56,930,309 applied annually to the sinking of a three per cent. debt of \$700,000,000, will in ten years sink \$619,787,814, and will in eleven years sink \$690,089,304, or in other words nearly the whole of it.

It may be thought extravagant to hope to effect new loans in 1881 for \$700,000,000 at a rate of interest so low as three per cent. Without doubt, an expectation of that kind could hardly be entertained, if new long bonds were issued for the \$700,000,000, implying as that would a settled determination on the part of the nation, as represented by the Government, of making the public debt a fixed and perpetual institution. But the whole aspect will be changed if the \$700,000,000 is put in a course of payment within ten years. With the policy settled, that there are to be no more coin bonds, short or long, and no more long bonds of any kind, whether payable in coin or in lawful money, the outstanding four and four and a half per cents. would go up at once, by a "leap and bound," to not less than ten per cent. premium, and would no longer meet a want which is a very large one in a rich country like this. The only government securities of a

kind to be held for a short time, always convertible into cash without loss, and at the same time yielding a small interest so long as they were not converted, would be those issued at early dates of payment in lieu of the \$700,000,000 of redeemed bonds. The demand for such a security is very great. Insurance companies of all kinds, trustees, and all classes of corporations and persons liable to immediate or sudden calls for money, would be purchasers and holders of them. Savings banks would keep in that form such portions of their funds as prudence requires them to have instantly available. The proposed new issues would be of the nature of British exchequer bills, and meet the same want, although on somewhat longer terms of payment. The first form, in points of detail, will be developed by discussion. The \$700,000,000 may perhaps be divided up into annual instalments after the manner of the \$10,000,000 loan, recently put on the market by the City of Philadelphia. Or some portion of it might be thrown into the form of Treasury notes, returned from time to time, as was practised to some extent forty years ago by the Government of the United States.

It is, of course, of no advantage to the United States to have its four and four and a half per cents. already sold at or about par, rise to a premium of ten per cent. But it is of no disadvantage, and especially when it results from pursuing a policy which is wise in other aspects, and there are two considerations which make the prospect of such an increased premium an agreeable one. The first is, that the benefit would inure principally to our own citizens, who own the bulk of the bonds which would be raised in market price. The second is, that it would signally invigorate our National banking system.

The banks themselves would gain by the enhanced price of securities in which so much of their capital is invested, and the position of the holders of their circulating notes, already good, would be made much better. With no more coin bonds in existence than \$990,845,950—the amount (including refunding certificates) of the existing four and four and a half per cents—the danger, in the event of a necessity for selling a great quantity at one time, of their failure to sell enough to meet the notes for the redemption of which they are pledged, would be reduced to a minimum.

It is evident that the country has entered upon an era of unparalleled activity in the occupation, improvement, and development of its trans-Mississippi territories, and that enormous sums will be demanded in the Atlantic-seaboard money markets to execute the various works which those new and naturally rich regions will require. The paying off of \$700,000,000 of the National debt will assist powerfully in rendering it possible, in negotiating loans for these essential purposes, to escape the frightful usury in such transactions, which was so potent an element in bringing on the financial

catastrophe of 1872-3, and which so intensified the disastrous effects of that catastrophe upon the indebted sections and classes of the country. At the same time, there is no danger that any glut of loanable capital will result from a policy which will convert a certain portion of the National debt into money to be employed in other investments. The number of such investments, outside of public debts, will be enormously multiplied during a few years to come, and, furthermore, there is a good deal of the work of purchasing back American securities, held in Europe, which still remains to be completed. The owners of loanable capital have nothing to fear from being compelled to accept payments spread over a period of ten years, of \$700,000,000 of the National debt, while the interests of enterprise and development, always and necessarily dependent for success upon borrowing at reasonable rates, will see in the policy of paying off a part of the public indebtedness, an important guarantee that such rates will continue to be possible. Under the actual circumstances, it will be for the real benefit of all classes that there should be a reduction in the aggregate of capital locked up in Government bonds. That, however, is a very large theme, which we shall discuss more fully hereafter.

TAXING FOREIGN MORTGAGES.

A prospectus has been issued in London of the American Freehold Land Mortgage Company. The first issue is to be 10,000 shares of £.20 each, so as to create a capital of £200,000, or \$1,000,000. The number of shares is to be increased hereafter to 50,000.

Many similar companies have been heretofore organized in Great Britain, and have made, and are still making, large profits. The Scottish-American Investment Company, and the Scottish-American Mortgage Company, both established in 1874, have declared ten-per-cent. dividends, besides accumulating reserves, equal in one case to seventeen and one-half per cent., and in the other case to fifty per cent., of the paid-up capital. The Dundee, Oregon, and Washington Trust Company pays eight per cent. dividends, and is accumulating large reserves, and there are other British companies operating profitably in the field of loans upon landed property in the United States.

The American Freehold Land Mortgage Company proposes to do the very safe business of loaning only upon cultivated farms in the Western States, and of limiting their advances to forty per cent. of the cash value of the property, exclusive of the buildings. They do not add, what is however probably true, that they expect to get an interest on their loans

of from eight to ten per cent. per annum, and to make their interest and principal repayable only in gold. Western legislators seem to permit loans repayable in gold, or, at any rate, do nothing in the way of prohibiting them, and Western borrowers find it necessary to submit to almost any terms which lenders impose.

So long as the number of persons wishing to borrow on American lands is large, and so long as their desire to borrow is eager and urgent, there is nothing to prevent the flow into that business of a good deal of British capital. So far as such a flow reduces the rates of interest on such loans, it is in some aspects not to be deprecated. We confess, nevertheless, to a feeling of reluctance, in contemplating the possibility that the freehold property of the United States may be covered with mortgages to British subjects at high rates of interest, and to the amount of hundreds of millions of dollars. At any rate, such a result ought not to be facilitated and rendered more probable, by giving to foreign lenders an advantage over home lenders in respect to taxation.

The taxation of persons for debts due to them which are secured by mortgages, has always been popular in this country, and attempts to repeal such taxation have always been met by an outburst of unthinking and passionate prejudice. It would seem to be plain enough that a tax on mortgages is a double taxation of the same property; that the burden of this double taxation is really shifted from mortgage creditors to mortgage debtors, by an increased rate of interest, exacted upon mortgage loans; and that it is a kind of taxation which is largely evaded and is inherently liable to be evaded, from the difficulty of establishing the fact of the ownership of mortgages, and especially when such mortgages are on properties remote from the residence of the mortgagees. But obvious as are these objections to a tax on mortgages, they have not so far reconciled the average American legislator to abandon it.

The recently adopted California Constitution solves many of the difficulties, by dealing with a mortgagee as a part owner of the mortgaged real estate, and compelling him to pay a corresponding part of the taxes on it. This relieves the mortgagor from being assessed for what does not belong to him.

We did not, however, propose to discuss any other aspect of the different methods of taxing mortgages, than the bearing of such taxation upon the relative positions of American and European investors in American mortgages. It may be inhospitable to forbid British, French, or German capitalists coming here to lend money on our real estate, but it is an unreasonable stretch of hospitality to give them any advantage over our own citizens in the matter of taxation. It is not wise to permit foreigners to employ their funds here

under the protection of our laws, and exempt them from income taxes, or any other form of taxes, imposed upon Americans.

In a recent case decided by the United States Supreme Court, and which has attracted considerable attention, the facts shown were, that the taxing authorities of a Connecticut municipality, having discovered that somebody within their jurisdiction had a loan secured by a mortgage on Chicago real estate, assessed him for it, and the Court at Washington held that this was not forbidden by anything in the Constitution of the United States. All municipal officers are not so vigilant as that, and even when they are, may not be so fortunate in making discoveries. But American mortgages do not escape the tax-gatherer altogether, and it will be well to have an equal degree of vigilance exercised against the European holders of American mortgages.

The question is discussed whether a citizen of another State, having a mortgage on real estate in California, which is taxed there under the new Constitution, can also be taxed for it where he resides. That must depend upon the tax laws of the State of his residence. It certainly is not forbidden by any part of the Federal Constitution, and he may account himself fortunate if he escapes that double taxation, if his ownership of a California mortgage is known to the officials who determine what his taxes shall be.

It is certainly proper, that if foreign loan companies plant themselves in this country, or establish agencies here for the purpose of taking mortgages on American freeholds, they shall be made to contribute as much in the way of taxation for all purposes, as American mortgagees are compelled to pay where the circumstances are the same.

The exemption of United States bonds from State and municipal taxation, has always been a favorite topic for popular clamor. But it is plain that so far as such taxation might not be evaded, it would cause the transfer of the great mass of those bonds to foreign owners. No American could afford to hold them, under the actual enforcement of such taxation, against the temptation of the prices which foreigners, exempt from those taxes, could afford to bid for them. That reason, alone, is a sufficiently good one, to sustain the exemption of our own citizens from State and municipal taxation on their holdings of United States bonds, and the same principle demands that, as between American and European holders of mortgages on American estates, no advantage, as respects taxation, should be given to the foreigner. Many persons, indeed, would incline to go much further than this, and to maintain that indebtedness of any kind to foreigners is so great an evil, that it ought to be restrained by a differential tax against foreign capital.

A BANKRUPT ACT.

During the recent session in Washington of the National Board of Trade, a committee on the subject of a National bankrupt law, in a report made and unanimously accepted on the 12th of December, held that there were two cardinal principles to be observed in such a law, viz: First, that the expenses incurred in the administration of the law should be reduced to the lowest possible figure, according to a fixed schedule of charges; second, that all exemptions allowed to debtors should be particularly specified in such law, and should be in lieu of all State exemptions.

The bankrupt law, which was recently repealed, in addition to the various exemptions specifically described in it, exempted everything which was exempt by the Constitution, or laws of the State in which a bankrupt had his domicile at the time of the commencement of bankruptcy proceedings, but it did not allow the States to make any new exemptions after the National bankrupt law was passed.

It was objected, that the principle of *uniformity*, which the Constitution of the United States prescribes in respect to such a law, was violated by this adoption of the varying exemptions of the States. The courts did not sustain this objection. Their views on that point are thus summed up in *Bump's Practice of Bankruptcy*, (page 509 of 8th edition).

"The system of bankruptcy is, in a relative sense, uniform throughout the United States, when the assignee takes in each State whatever would have been available to the recourse of execution creditors if the bankrupt law had never been passed. Though the States vary in the extent of their exemptions, yet what remains the bankrupt law distributes equally among the creditors. The bankrupt act does not in any way vary or change the rights of the parties. All contracts are made with reference to existing laws, and no creditor could recover more from his debtor than the unexempted part of his assets, and as the thing is attained by the bankrupt law, it is uniform."

Whether the recognition in a National bankrupt law of the exemptions established by the States is, in itself, right and expedient, or otherwise, it does not appear probable that any proposed law which over-rides State policies in that particular, can ever command a majority of Congress, which represents the States, and the people of the States. The first thing to be considered, in respect to legislation, is the kind of measure for which it is practicable to secure the necessary parliamentary support.

We have long believed that the permanent maintenance of a National bankrupt law is not only expedient, but is fairly enjoined by that part of the Constitution of the United States which vests in Congress the power to enact such a law. Entertaining that belief, we deprecated the repeal of the late bankrupt law, and have never been satisfied that it was called for by any deliberate public sentiment. The idea which colored very largely the sentiment, such as it was, in favor of that repeal, that the only way to obtain necessary amendments was to abrogate the existing law and then begin anew, was a very fallacious one. It will not be found an easy thing to agree upon any new law at all, and we are persuaded that it will not be found practicable to agree upon one without concessions to what is known as the debtor interest, even greater than those which made the old law so obnoxious to many persons.

BRITISH WEALTH.

The methods of party politicians are much the same in Great Britain as they are in the United States. There, as here, everything is regarded as allowable which makes a good *ad captandum* point against the other side. But in both countries, it is quite possible by reading the attacks and defenses made by the leaders of the opposing parties, to form a tolerably correct idea of the matters under discussion.

The party out of power in Great Britain naturally make the most they can out of the existing distress in agriculture, commerce, and manufactures, and fasten the responsibility for it, so far as they are able, upon the sins of omission and commission of Lord Beaconsfield. As to the fact itself, that England is impoverished and on the brink of ruin, they have assumed it to be undeniable, until they were confronted by Sir Stafford Northcote, in a recent speech at the Mansion House, in which he maintained that England was, to-day, richer than ever before, and established in proof of it the two following points :

1. That although the increased revenue from the income tax was due in part to an increased rate in the pound, the returned incomes were absolutely larger than at any former period, and that every penny in the pound yielded £100,000 more than it did six years ago.

2. That within six years the deposits in the two classes of Savings banks, those managed by private trustees, and those managed by the Post Office authorities, had increased £11,000,000.

To meet Sir Stafford Northcote's first point, the opposition instantly changed their ground. No longer maintaining that

the country was growing poorer, but admitting that it was growing richer, they now point out that it is not growing rich so fast as it did before the Conservatives got into power. Or, to give their new accusation in their own language, they say: "In the five years of Liberal administration ending in 1874, the produce of the income tax for each penny in the pound increased £400,000, whereas in the past five years the increase has been only £100,000."

To meet Sir Stafford Northcote's second point, they say, and we quote now from the London *Economist*—

Sir Stafford Northcote falls into a mistake which so experienced a financier might have been expected to avoid. It is not the case that the savings of the people during the period stated have been increased by so large a sum as eleven millions. That is the apparent growth, but any one who looks into the Savings bank returns will see that the increase is due not so much to additions to deposits, as to an accumulation of interest. Taking both classes of Savings banks, the growth which Sir Stafford Northcote claims is found to be made up somewhat thus:

Interest credited.....£ 7,500,000 .. Increase on deposits. £ 3,500,000.

In reality, then, the increase in the savings of the people is less than a third of the amount at which it is placed by the Chancellor of the Exchequer. That is a very important correction.

If nothing is truly a saving, except the surplus of the earnings of wage laborers beyond their expenditure for subsistence, the progress of National wealth would be slow enough. On the view of the *Economist*, all that a laborer is assisted to save, by owning his own house so that he has no rent to pay, or by getting some interest on a deposit in a Savings bank, is no saving at all. This is pushing party politics to very great lengths. A very large part of the annual accumulation in an old country like England, comes from the income of capitals, great and small. If all the depositors in British Savings banks were able to support themselves from their labor alone, the interest accruing on their old deposits, without the addition of any new deposits, would be a constant and large accession to the National wealth, and the same thing is true of capital in any form which produces income. Savings can mean nothing else than the unconsumed portion of revenues, however derived, whether from wages, or from invested capital of any description.

Without doubt, the new deposits made in Savings banks by the wage-earning classes may be a measure, comparing one period with another, of the facility with which laborers can procure employment, and of the remuneration which they are able to obtain. But there may be savings out of the interest accruing on past accumulations, and to whatever extent there are such savings, proof is afforded that current incomes from personal services have been sufficient to provide, wholly or partially, for current expenditure.

Great Britain may not be growing rich so rapidly as at some anterior periods, but it is difficult to believe that it is really growing poorer, so long as taxable incomes and deposits in Savings banks are becoming larger.

MANITOBA.

The first land office opened in Manitoba was at Winnipeg, in 1873. To the end of 1878, the acres granted were:

Homesteads.....	953,204
Pre-emption.....	559,395
Sales.....	376,206
Military bounty warrants.....	188,548
Forest tree culture.....	8,078
Total.....	2,076,428

The Canadian Minister of Agriculture reports that during 1878, farmers from the United States to the number of 983 settled in Manitoba.

An esteemed contemporary, who says, that during the present generation, no competition injurious to our wheat growers need be feared from the Canadian northwest, under-estimates the rapidity with which the illimitable acres of that grain-growing region are likely to be occupied. The signs of a vast, impending immigration into them, are numerous.

At the end of last summer, a deputation of practical British agriculturists visited Canada for the purpose of exploring its capacities for farming. Five of them reached home on the 25th of November, and the British papers are full of the glowing accounts which they give. All of the five had examined the provinces of Quebec and Ontario. Some of them had gone as far as Manitoba, and among them Mr. Logan, a large Scottish farmer, who has decided to return in the spring and establish his sons in the business of wheat-raising and stock-growing in Manitoba. One report given by the London correspondent of the New York *Financial Chronicle*, is as follows:

"With respect to the old provinces of the Dominion, the delegates seem to prefer the eastern townships of Quebec and some parts of Ontario, as being best suited to agriculturists of means, who desire the advantages of refined civilization. To young farmers of limited means, prepared to 'rough it' for a few years, they recommend emigration to Manitoba and the Northwest, where the land is good and cheap, having from half a yard to a yard of rich black loam. In Manitoba the delegates were shown soil on which wheat crops had been raised three successive years without the aid of manure, and all kinds of vegetables were cultivated. Several delegates were so pleased with Manitoba that they purchased lots. Mr. R. W. Gordon bought two thousand acres on the Rat River, and Mr. Snow purchased a square mile of land near Rapid City. Several delegates have not yet returned. The lands of the Hudson Bay Company, which are interspersed among the counties of

Manitoba, are described as of very fine quality, and the company are arranging to bring those large tracts of land under cultivation. They have appointed Mr. C. T. Bridges, formerly of the Grand Trunk Railway, to be their chief land agent in the Dominion."

The evidence seems to be sufficient, that the Canadian Northwest contains two hundred millions of acres of the very best quality of wheat lands. One-tenth of that number of acres, if actually devoted to the production of wheat, would yield enough to supply as much of that grain as is now imported by all the wheat-importing nations on the globe. Furthermore, it is a substantially correct account of the case to say, that the wheat of the Canadian Northwest, when it is connected by railroads with Lake Superior, can be conveyed as cheaply to the grain-purchasing regions of Western Europe, as the average rates at which wheat is now actually carried to them from the places whence they obtain it to-day. If wheat can be profitably delivered in Liverpool from Northern India, from California and Oregon, from Australia, and from the trans-Mississippi States and territories of the American Union, it can be from Manitoba, so far as distance is concerned. Undoubtedly, Manitoba must have railroads before it can maintain the competition, but railroads can be built very quickly in an open and level country, and if the object justifies it, they will be built very quickly, from the facility of access to British capital which Canada enjoys. Undoubtedly, also, Manitoba must have a good deal more population than it now possesses, and it will take time to acquire the additional population which is necessary. But it will not require the period of a generation, or any approximation to it. The British islands, alone, to say nothing of the Continent of Europe, could easily and even profitably spare at once all the people needed to cultivate a good deal more than twenty million acres of the wheat region of Manitoba, and the means to transport these people to the spot will be readily found, if the finding of the means is recognized as a British policy.

The possibilities of Manitoba competition with the wheat-growers of the United States, are not diminished by shutting our eyes to them. The thing is to be looked in the face. To us it has no terrors whatever. This country will be richer and more prosperous than it is now, when it has miners, manufacturers, and artisans enough to consume all its own wheat, and when it ceases to be an exporter of raw materials generally. The arrival of that epoch will mark its advance in civilization and real independence. The commerce which is now being carried on between Europe and America is essential to the existence of the present condition of things on the other side of the Atlantic, but is, to say the least of it, of very doubtful advantage to us.

THE HISTORY OF MONEY.

BY SIR JOHN LUBBOCK.

[FROM THE NINETEENTH CENTURY; NOVEMBER, 1879.]

As in so many other matters, the most ancient records of money carry us away to the other side of the world—to the great empire of China. The early history of Chinese currency is principally known to us through a treatise, *Wen-hien t'ung K'ao*, or, *The Examination of Currency*, by Ma-twan-lin, a great Chinese scholar, who was born about 1245, though his work was not published until 1321. In uncivilized times, various objects have served as a standard of value. In the Hudson's Bay territory, beavers' skins have long been used in this manner. In ancient Europe, cattle were the usual medium of exchange; whence, as every one knows, the word *pecunia*. In the *Zendavesta*, the payment of physicians is calculated in the same way, but comparatively few perhaps realize that when we pay our *fee*, we are doing the same thing, for the word *fee* is the old word *vieh*, which, as we know, in German still retains the sense of cattle. In Africa and the East Indies shells are, and long have been, used for the same purpose. We even find indications that shells once served as money in China, because, as M. Biot, in his interesting memoir on Chinese currency, has pointed out, the words denoting buying, selling, riches, goods, stores, property, prices, cheap, dear, and many others referring to money and wealth, contain the ideographic sign denoting the word *shell*. Indeed, Wangmang, who usurped the Imperial throne about 14 A. D., wishing to return to the ancient state of things, attempted among other changes to bring into circulation five different varieties of shells of an arbitrary value.

A curious illustration of the passage from a state of barter to the use of money is found in the fact that, pieces of cloth and knives having been used as in some measure a standard of value, almost as gray shirting is even now, so the earliest Chinese coins were made to resemble pieces of cloth or knives, and there are two principal kinds of coins—the *pu* coins, roughly representing a shirt and the *tao* coins, which are in the form of a knife. These curious coins are said to go back four thousand one hundred years, and to have been made in the year 2250 B. C. I believe, however, that there is still much doubt on this point. Scimitar-shaped coins also at one time circulated (if I may use the expression) in Persia. But these forms were of course very inconvenient, and the Chinese soon arrived at the opinion that money, which was intended

"to roll round the world," should be itself round. A curious feature of Chinese coins, the nail-mark, appears to have originated in an accident very characteristic of China.

In the time of Queen Wentek, a model in wax of a proposed coin was brought for her majesty's inspection. In taking hold of it, she left on it the impression of one nail, and the impression has in consequence not only been a marked characteristic of Chinese coins for hundreds of years, but has even been copied on those of Japan and Corea. The Chinese coins were not struck, as ours are, but cast, which offers peculiar facilities for forging, and, to use Mr. Jevons' words, the annals of coinage "are little more than a monstrous repetition of depreciated issues, both public and private, varied by occasional meritorious but often unsuccessful efforts to restore the standard of currency." Mr. Vissering gives us several interesting illustrations of the financial discussions of the Chinese. "As to the desire of your majesty," for instance, says Lutui, "to cast money and to arrange the currency, in order to repair its present vicious state, it is just the same as if you would rear a fish in a caldron of boiling water, or roost a bird on a hot fire. Water and wood are essential for the life of fish and birds. But in using them in the wrong way you will surely cause the bird to be scorched and the fish to be cooked to shreds."

Not only did the Chinese possess coins at a very early period, but they were also the inventors of bank notes. Some writers regard bank notes as having originated about 119 B. C., in the reign of the Emperor Ou-ti. At this time the Court was in want of money, and to raise it Klaproth tells us that the prime minister hit upon the following device. When any princes or courtiers entered the imperial presence, it was customary to cover the face with a piece of skin. It was first decreed then, that for this purpose the skin of certain white deer kept in one of the royal parks should alone be permitted, and then these pieces of skin were sold for a high price. But although they appear to have passed from one noble to another, they do not seem ever to have entered into general circulation. It was, therefore, very different from the Russian skin money. In this case the notes were "used instead of the skins from which they were cut, the skins themselves being too bulky and heavy to be constantly carried backward and forward. Only a little piece was cut off to figure as a token of possession of the whole skin. The ownership was proved when the piece fitted in the hole." True bank notes are said to have been invented about 800 A. D., in the reign of Hiantsong, of the dynasty of Thang, and were called *feysien*, or flying money. It is curious, however, though not surprising, to find that the temptation to over-issue led to the same

results in China as in the West. The value of the notes fell, until at length it took 11,000 min, or £3,000., to buy a cake of rice, and the use of notes appears to have been abandoned. Subsequently the issue was revived, and Tchang-yang (960-990 A. D.) seems to have been the first private person who issued notes. Somewhat later, under the Emperor Tching-tsong (997-1022) this invention was largely extended. Sixteen of the richest firms united to form a bank of issue, which emitted paper money in series, some payable every three years.

The earliest mention, in European literature, of paper, or rather cotton, money appears to be by Rubruquis, a monk, who was sent by St. Louis, in the year 1252, to the Court of the Mongol Prince Mangu-Khan, but he merely mentions the fact of its existence. Marco Polo, who resided from 1275 to 1284 at the court of Kublai-Khan,—I do not know whether in

The stately pleasure dome
Where Alph, the sacred river, ran
Through caverns measureless to man
Down to a sunless sea,—

gives us a longer and interesting account of the note system, which he greatly admired, and he concludes by saying, "Now you have heard the ways and means whereby the great Khan may have, and, in fact, has, more treasure than all the kings in the world. You know all about it, and the reason why." But this apparent facility of creating money led, in the East, as it has elsewhere, to great abuses. Sir John Mandeville, who was in Tartary shortly afterwards, in 1322, tells us that the "Emperour may dispenden als moche as he wile with outen estymacioum. For he despendeth not, ne maketh no money, but of lether emprented, or of papyre. . . . For there and beyonde hem thei make no money, nouthor of gold nor of sylver. And therefore he may despende ynow and outrageously." The Great Khan seems to have been himself of the same opinion. He appears to have "despent outrageously," and the value of the paper money again fell to a very small fraction of its nominal amount, causing great discontent and misery, until about the middle of the sixteenth century, under the Mandchu dynasty, it was abolished, and appears to have been so completely forgotten, that the Jesuit father, Gabriel de Magaillans, who resided at Peking about 1668, observes that there is no recollection of paper money having ever existed in the manner described by Marco Polo; though two centuries later it was again in use. It must be observed, however, that these Chinese bank notes differed from ours in one essential—namely, they were not payable at sight. Western notes, even when not payable at all, have generally purported to be exchangeable at the will of the holder, but this principle the Chinese did not adopt, and their notes were only payable at certain specified periods.

Various savage races are, we know, in the habit of burying with the dead his wives, slaves, or other possessions. So also in Greece, it was usual to place a piece of money in the mouth of the deceased as Charon's fee. In China also paper money is said to have been similarly treated. It was, we are informed, sometimes burnt at funerals, in order that the dead might have some ready money to start with in the world of spirits.

At the same time, in finance, as in many other matters, the Chinese, though they anticipated the white races, have not advanced so far. Their system of currency is still archaic, and banking appears to be but little developed. Deposits, which constitute the life-blood of banking, are, we are told, exceptional. Bills circulate, or are bought and sold at the exchange in Pekin and other cities, but Chinese banking seems almost to confine itself to issuing and repaying bills. Moreover, though the Chinese possess, and have so long possessed, a coinage, it is only suitable to small payments, and in all large transactions ingots are extensively used. These ingots have no public stamp, although they often bear the mark of the maker, which is sometimes so well known that a verification is dispensed with.

In their financial and banking arrangements, the Japanese seem to have been much behind the Chinese. They had, indeed, a form of paper money. The Daimios, or feudal lords, in various districts, issued little cards representing very small values. In the museum of Leyden is one of these issued in 1688. The bank notes, however, never reached a high state of development, and in the fifty-ninth volume of the great Encyclopædia San-tsai-dyn, the subject is—I quote from Vissering—thus contemptuously dismissed: "Under the reign of the Sung and Yuen dynasties paper money was made use of. It was uncommonly inconvenient. When in the rain it got soaked and the mice gnawed at it, it became as if one possessed a raven. When carried in the breast pocket or the money belt, the consequence was that it was destroyed by abrasion."

Money seems to us now so obvious a convenience, and so much a necessity of commerce, that it appears almost inconceivable that a people who created the Sphinx and the Pyramids, the temples of Ipsamboul and Karnac, should have been entirely ignorant of coins. Yet it appears from the statements of Herodotus, and the evidence of the monuments themselves, that this was really the case. As regards the commercial and banking systems of ancient Egypt, we are almost entirely without information. Their standard of value seems to have been the "outen" or "ten" of copper (94-96 grammes), which circulated like the *æs rude* of the Romans by weight, and in the form of bricks, being measured by the balance. It was obtained from the mines of

Mount Sinai, which were worked as early as the fourth dynasty. Gold and silver appear to have been also used, though less frequently. Like copper, they were sometimes in the form of bricks, but generally in rings, resembling the ring money of the ancient Celts, which is said to have been employed in Ireland down to the twelfth century, and still holds its own in the interior of Africa. This approximated very nearly to the possession of money, but it wanted what the Roman lawyers called "the law" and "the form." Neither the weight nor the pureness was guaranteed by any public authority. Such a state of things seems to us very inconvenient, but after all it is not very different from that which prevails in China even at the present day. The first money struck in Egypt, and that for the use rather of the Greek and Phœnician merchants than of the natives, was by the Satrap Aryandes.

In ancient Babylonia and Assyria, as in Egypt, the precious metals, and especially silver, circulated as uncoined ingots. They were readily taken indeed, but taken by weight and verified by the balance like any other merchandise. The excavations in Assyria and Babylon, which have thrown so much light upon ancient history, have afforded us some interesting information as to the commercial arrangements of these countries, and we now possess a considerable number of receipts, contracts, and other records relating to loans of silver on personal securities at fixed rates of interest; loans on landed or house property; sales of land, in one case with a plan; sales of slaves, &c. These were engraved on tablets of clay, which were then burnt. M. Lenormant divides these most interesting documents into five principal types:—1. Simple obligations. 2. Obligations with a penal clause in case of nonfulfillment. One he gives which had seventy-nine days to run. 3. Obligations with the guarantee of a third party. 4. Obligations payable to a third person. 5. Drafts drawn upon one place, payable in another. He gives the following illustration of one of these letters of credit. "Four minas fifteen shekels of silver (credit) of Ardu-Nana, son of Yakin, upon Mardukabalussur son of Mardukbalatirib in the town of Orchoe. Mardukbalatirib will pay in the month of tebet four minas fifteen shekels of silver to Belabaliddin son of Sennaid. Our, the fourteen arakh-samna in the second year of Nabonidus, king of Babylon." Then follow the names of witnesses. Nabonidus lived about 550 B. C. These Assyrian drafts were negotiable, but from the nature of things could not pass by indorsement, because, when the clay was once baked, nothing new could be added, and under these circumstances, the name of the payee was frequently omitted. It seems to follow that they must have been regularly advised. It is certainly remarkable that such instruments, and especially letters of credit,

should have preceded the use of coins. The earliest banking firm of which we have any account is said to be that of Egibi and Company, for our knowledge of whom we are indebted to Mr. Boscawen, Mr. Pinches, and Mr. Hilton Price. Several documents and records belonging to this family are in the British Museum. They are on clay tablets, and were discovered in an earthenware jar found in the neighborhood of Hillah, a few miles from Babylon. The house is said to have acted as a sort of national bank of Babylon: the founder of the house, Egibi, probably lived in the reign of Sennacherib, about 700 B. C. This family has been traced during a century and a half, and through five generations, down to the reign of Darius. At the same time, the tablets hitherto translated scarcely seem to me to prove that the firm acted as bankers, in our sense of the word.

As regards the Hebrews, *Mr. Poole tells us there is no distinct allusion to coined money in the books of the Old Testament before the return from Babylon. Shekels, of course, are often mentioned, but the word, like our pound, denotes a weight as well as a coin, and in the older Scriptures it appears to have been used in the former sense. The earliest distinct mention of coins in the Bible is supposed to refer to Persian money, the word "drachm," which appears in our version, being a mistake for "daric." These "darics" have on the obverse the king kneeling, holding a bow and arrow. The reverse shows a rude incuse. They were probably struck in the fifth century B. C. At a much earlier date, indeed, we read that Abimelech gave Abraham "a thousand pieces of silver" in expiation of his treatment of Sarah; and, again, that Joseph was sold to the Ishmaelites for "twenty pieces of silver." But in both these cases it will be observed that the word "pieces" is in italics, and there is much doubt about the word; in the Septuagint it is "shekels." Considering the zeal and success with which the Jewish race subsequently devoted themselves to commerce and finance, it is remarkable how small a part these professions play in the early history of the race. One ingenious writer, indeed, has attempted to account for the turbulence and frowardness of the Jews in ancient times by suggesting that they were fretted, being driven by circumstances into pastoral and agricultural pursuits against all their instinctive and natural tendencies, being, in fact, *des banquiers comprimés*. One type of the ancient shekel has on the obverse, in Hebrew, "Shekel of Israel, year four," above a chalice; on the reverse, "Jerusalem the Holy triple city." Some numismatists ascribe these coins to Ezra. The first Jewish coins were apparently struck by Simon the Maccabee, under a grant from Antiochus the Seventh.

* I am much indebted to Mr. Poole, Mr. Head, Mr Gardner, and Mr. Evans for the information which they have kindly given me on various points connected with the history of money.

The earliest coinage in the Western world is generally ascribed to Pheidon, king of Ægina, who has also the great merit of having introduced the use of weights and measures. According to Herodotus, however, we owe this invention of money to the Lydians, probably in the reign of Gyges, about 700 B. C. The question turns very much on the date of Pheidon, in reference to which there is great uncertainty. Some writers have carried him back to 895 B. C., which seems to be certainly untenable, while others have endeavored to bring his date down to 660 B. C. The claims of the Lydians have recently been advocated by some eminent authorities, especially Rawlinson, Barclay, Head, and Lenormant. Lord Liverpool also, in deference to the authority of Herodotus, inclined to the same opinion. In either case the honor rests with the Greek race. The early coins form an interesting transition between the metallic ingots, which previously performed the functions of currency, and true money. Those of Lydia are not round, but oval, with an official stamp indicating their weight and giving their legal value: the Æginetan silver staters also imitate the elongated form of the earlier period, and are even more irregular than those of Lydia. Still they possess more of the character of a true coinage, in having been struck on a block. In the following illustrations of ancient coins, a silver coin in the British Museum, ascribed to Pheidon, is shown. On the one side is an incuse square or punch mark, and on the other a tortoise—the symbol of the Phœnician goddess of the sea and trade. One of the other figures, representative of the Lydian coins, is supposed to be the earliest known. It is perhaps of the time of Gyges, but in Mr. Head's opinion certainly not later than Ardys. Many of these ancient coins have been found in the neighborhood of Sardes. They have a device on one side only, the other being occupied by the incuse square, which is the admitted sign of the earlier condition of the earliest coins. "The masses of metal," says Rawlinson, "prepared for coinage were originally placed upon an anvil with a rough excrescence protruding from it, having for its object to catch hold of the metal while the impression is made by means of a die placed above and struck with a hammer. This excrescence, a mere rude and rough square at first, which gradually improves, being first divided into compartments, and then ornamented with a pattern, until gradually it becomes a second device, retaining, however, to a late date its original square shape on the coins. The *quadratum incusum* is of the most archaic type, having neither pattern nor divisions, and presenting the appearance which might be produced by the impression of a broken nail."

The Greek coinage, however rude at first, soon acquired a beauty and perfection surpassing all our modern efforts. The staters, for instance, of Philip and of Alexander, the coins of Syracuse and Metapontum, present to us the most

lovely female faces and deities—perfect models of human beauty. Animals also are admirably represented, not only the horse, the lion, &c., but other smaller creatures, as the harvest mouse on an ear of wheat on a Metapontum coin, and even insects, as, for instance, the praying mantis. The heads on the earliest coins represent gods and goddesses, the first human head being that of Alexander the Great on a coin of Lysimachus, and even in this case the great conqueror is represented in his divine character as descended from Jupiter Ammon, which is indicated by the ram's horns. It would not, however, be fair to modern mints to attribute the comparative poverty of modern coins to want of skill. It is a great convenience that coins should lie flatly one on another, and the greater boldness of ancient coins, however it may add to their beauty, necessarily rendered this impossible. Not only were the Greek coins admirable for their beauty, but they were also made of pure metal and full weight, offering in this respect a striking contrast to those of most other countries. There were, however, of course, exceptions. Thus the money of Phocæa was notorious for its bad quality. Herodotus mentions, though with some doubt, that Polycrates, tyrant of Samos, having to pay a large sum to the Lacedæmonians, "coined a large quantity of the country money in lead, had it gilt, and gave it to them; and that they, having received it, thereupon took their departure." That the true theory of coinage was well understood in Greece, we may see from the words of Aristotle, who thus describes the origin of coins:—

It became necessary, therefore, to think of certain commodities, easily manageable and safely transportable, and of which the uses are so general and so numerous, that they insured the certainty of always obtaining for them the articles wanted in exchange. The metals, particularly iron and silver and several others, exactly correspond to this description. They were employed, therefore, by general agreement as the ordinary standard of value and the common measure of exchange, being themselves estimated at first by their bulk and weight, and afterwards stamped, in order to save the trouble of measuring and weighing them.

In ancient Greece, as now, the right of coinage was a prerogative of the sovereign. And here we find a curious difference between the *βασιλευς* and the *τυραννος*. The former coined in his own name, but the *τυραννοι*, however absolute, never did so:* their money was issued in the name of the people.

Coins are, of course, very instructive from an historical point of view. Nevertheless it is somewhat remarkable that the Greeks do not seem to have ever struck commemorative medals. Even on their coins they did not for a long time admit any allusions to contemporary events, and then only in an indirect manner. Almost the only exception is the enormous gold piece struck by Eucratides, king of Bac-

* With one exception, Alexander of Pheres.

triana, of which the French possess the only known example. The fact that it is just equal to twenty staters, does not prove that it was ever intended to serve as a coin, against which its size must have been a great objection. Moreover it would appear that very few specimens were struck. Indeed there is some reason to suppose that the French example is the only one ever made, as the die appears to have been broken in striking it. Neither the Greeks nor the Romans had any name for a "medal" as distinguished from a true coin.

In Greece, the original business of bankers seems to have consisted in changing money for foreigners, but they soon commenced banking and allowing interest on deposits. We are incidentally informed that the father of Demosthenes kept part of his fortune with one of these Trapezitæ or bankers. Some of them enjoyed considerable credit. Pasion, for instance, we are told, was well known and trusted all over Greece. The ordinary rates of interest were very high, and will not at all bear comparison with those of the present day, as they ranged from ten to thirty-seven per cent.; but the risks also must have been extreme, and, notwithstanding this large rate of interest, their profits seem to have been small. Even Pasion's business is said to have been worth but £400 a year, which appears scarcely credible. The Greek bankers seem to have been as much notaries as bankers, and a large part of their business consisted in witnessing contracts between others. They seem however, to have possessed a document not very dissimilar to our check. They were acquainted with letters of credit, and had even invented a form of indorsement. Thus Iceratus, we read, drew in Athens a bill on his father in Pontus, which was guaranteed by Pasion, and then bought by Stratocles. Bottomry bonds also were in use. It is often said that the great banks of Greece were the temples, but I confess I have my doubts about this. No doubt there are frequent references to deposits being made in the temples, but there is a second and not less important function of banks, viz., repayment of deposits, as to which the evidence is very deficient.

The earliest Roman coins are said to have been struck either by Numa or by Servius Tullius. They were of bronze or copper, silver not being used till the first Punic war, 269 B. C., and gold some sixty years later. Even under the earlier emperors the different provinces and colonies had their own coins, and it was not until the time of Diocletian that one coinage was established for the whole empire. For a long period, indeed, every great Roman family had the right of coining denarii with their own device, though precautions were taken to preclude any tampering with the weight or fineness.

The first step in the degradation of the coinage was effected by the celebrated Flaminian law. We must, however, remember that this was passed as a measure of desperate necessity, when Hannibal was at the gates of Rome, and when the disasters of Lake Thrasimene and the Trebia had brought the Republic to the very verge of ruin. By it the denarius was reduced from $\frac{1}{2}$ to $\frac{1}{8}$ of a pound. Still more important in its results was the principle recognized in the law, namely that the coin was a "sign." This unfortunate error naturally opened the door to further debasement. Nevertheless, it was not till the time of Nero that any further steps were taken in this direction. He lowered the aureus, and reduced the denarius from $\frac{1}{4}$ to $\frac{1}{8}$ of a pound, increasing the alloy at the same time from five to ten per cent. After this, though the aureus remained stationary for some time, the denarius rapidly fell in value.

Although, as already mentioned, the great Roman families were long permitted to coin under certain precautions, this was nevertheless not only under the supervision, but in the name of the State. The first coins were not inscribed, but afterwards they generally bore the legend "Roma," not as a geographical expression, but as a recognition of sovereignty. The same feeling which rendered the Greeks so long reluctant to put any human head on their coins, influenced the Romans also; to have done so would have indicated a claim to sovereignty, which, under a republic, would of course have been totally inadmissible. During the earlier period of Roman history, indeed, such coins were unknown. In the year 58 B. C. M. Æmilius Scaurus represented himself on a small scale, in the act of receiving the submission of Aretas, king of the Nabatheans. We find also Marius, Sylla, and Pompey, on their triumphal cars, but not even they ever ventured to put their likeness on the coins. This feeling extended with still greater force to female heads. Even the representations of the women belonging to the imperial family under the earliest emperors were not only posthumous and commemorative, but were moreover at first introduced under the disguise of goddesses. Thus Julia was represented as Diana. Tiberius, in honor of his mother Livia, attached her features to heads of the goddesses Pietas, Justitia, and Salus Augusta. Agrippina was not satisfied with this, and placed herself on coins with her husband, Claudius, though she did not venture to have one struck with her own effigy alone. The rule was first broken by Drusus, who struck coins in honor of his wife Antonia.

The Greeks appear to have introduced banking into Italy, at least if we may judge from the fact that in early Latin writers most of the words relating to banking and finance, are of Greek origin, and were gradually replaced by Latin

words. The bankers in Rome soon became of great importance, and the old Roman comedies contain many allusions to them, not always, indeed, of a very complimentary description, although their professional honor stood very high. It has been mentioned, as an indication of the unpopularity of Gaulish bankers, that when the revolt of Vercingetorix took place, the houses of the bankers were first attacked. But surely another explanation may be given. Moreover, the extortion of high interest was not confined to bankers. Pompey, we are informed, lent money at fifty per cent. : Brutus, and Cato himself, at forty-eight per cent. The rate of interest in Rome, as elsewhere in ancient times, was, in fact, excessive. There was however, no legal rate till the law of the Twelve Tables. It was then fixed nominally at $8\frac{3}{4}$ per cent. Subsequently, in the time of Cicero, it was raised to 12 per cent. at which it continued until it was reduced by Justinian to four per cent. for "illustrious" persons, for those engaged in commerce 6 per cent., and 8 per cent. in other cases. We are told that all money transactions were carried on through the intervention of bankers, and that they kept the account books of their customers. But, however this may be, the system of banking does not appear to have been very thoroughly developed, because when Cicero sent his son Marcus to complete his education at Athens, he wrote to Atticus to inquire if it would be possible to procure a letter of credit on Athens, or whether it would be necessary for Marcus to carry money with him. The later Roman law contains numerous provisions relating to banks. One is rather curious. It seems that if a banker failed, those who had simply deposited money with him for safety ranked before those who placed sums with him at interest. But although they have been the subject of various learned dissertations, it is by no means clear how the Roman bankers kept their accounts. We may hope that we shall ere long know more about Roman banking, because the house and archives of a Pompeian banker—Lucius Cæcilius Jucundus—have recently been discovered in that city.

[To be Concluded in February Number.]

SAFETY CHECKS.—Mr. John Lewis, of Waterloo Chambers, Temple Row West, Birmingham, has forwarded us specimens of his patent cheques designed to prevent frauds, such as have been recently perpetrated on several banks by increasing the amounts for which the cheques were originally drawn. For this purpose Mr. Lewis has designed cheques with figures appended (the like amounts being also indicated in the water marks) which the drawer of the cheque may tear off, thereby indicating a limit beneath which the cheque is drawn. A very similar plan, we may observe, has been in force for some time in the case of the "giro" cheques drawn on the Bank of Germany, and has, we believe, been found of service there.—London *Economist*.

THE SITUATION IN ENGLAND.

The Hon. Wm. D. Kelley has published his impressions of the situation in England, as derived from observations during his last summer's trip to Europe. They attract attention—not only from the ability of Mr. Kelley and from his long experience in public affairs—but because his views differ materially from those which have been popularly accepted in this country. He does not see that any sudden and decisive decadence of British wealth, commerce, and manufactures is impending. On the contrary, he believes that the wealth of England is increasing, and that while it has suffered in common with other nations, it has not suffered any more than other nations, if so much, from the recent general shrinkage in prices, or as it is sometimes expressed, from the recent appreciation in the value or purchasing power of money. Mr. Kelley maintains that a principal cause of that change in the value of money, has been the demonetization of one of the money metals, and he points out that while England has been a loser, so far as this policy has caused the insolvency of its debtors, it has been a gainer in respect to its debtors who have remained solvent.

The public revenue of the United Kingdom is well maintained. There is only a slight falling off in the receipts from customs and excise duties, which proves that the general ability to purchase and consume commodities, is very little impaired. And so far as the public exchequer is concerned, it gains as much by the increased productiveness of the income and stamp taxes, as it loses in the customs and excises. It is true that the increase of the income tax is due to an increased rate of tax, from three pence to five pence in the pound, but the proceeds are none the less acceptable to the Chancellor of the Exchequer on that account, and the facility with which the increased tax is collected is a proof of the wealth of the country.

For the first six months of the British fiscal year, which commences April 1, the comparative receipts for this year and last, from the principal sources of revenue, were as follows, reckoning the pound roughly as equal to five dollars:

<i>Sources of Revenue.</i>	1879.		1878.	
	<i>April 1 to Sept. 30.</i>		<i>April 1 to Sept. 30.</i>	
Customs.....	\$ 45,575,000	..	\$ 47,765,000	
Excise.....	57,450,000	..	60,415,000	
Stamps.....	27,225,000	..	25,965,000	
Land tax and house duty.....	2,925,000	..	3,305,000	
Income tax.....	11,145,000	..	7,500,000	

The reduction in the customs is only 4.58 per cent., and in the excise only 4.90 per cent. Such figures seem insignificant, under the pressure of a commercial revulsion which,

as the London *Economist* has recently observed, is without any precedent within the memory of living persons.

Taking the accounts of both classes of Savings banks, those managed by private parties and the Post-office Savings bank, a comparison of the year last reported, ending November 20, 1878, with the preceding year, shows an increase in the amount on deposit from £72,979,443 to £74,667,000 and an increase in the number of depositors from 3,301,087 to 3,408,481.

After all that has been said, there is no appreciable falling off in the quantities taken by the export trade. The money value has fallen off, but that is nearly all from a reduction in prices; but as the same reduction reached the imports, although somewhat later in point of time, Great Britain is, in a national point of view, rather a gainer than a loser by that change in affairs, inasmuch as its imports are always very much greater than its exports.

The miners, manufacturers, and merchants of Great Britain, have undoubtedly lost largely, from the depreciation in the prices of commodities between the dates of their production and the dates of their final sale, and from the insolvency of purchasers resulting from falling markets. A hard and unprofitable condition of trade consists essentially of declining prices, and of an unusual amount of the mercantile losses which declining prices never fail to cause. As the great traders of the world, the British have shouldered the lion's share of these losses. We can judge something what the aggregate of them must have been the world over, from the accounts which reach us of the bankruptcies of the last few years in Canada, and of the proportion in which British merchants have been the creditors in those cases.

As the money lenders of the world, the British have, upon the whole, gained rather than lost by the recent appreciation in the value of money. Their foreign loans have been principally to governments, or upon government guarantees, and the most reputable British authorities agree that the average income from these loans, making deduction for all losses, has considerably exceeded the average income from British home investments.* The loans to India and to the Colonies have been large and very profitable. No authenticated case of any loss by Great Britain in a foreign-government loan in recent years is known. There are some cases, such as that of the Guatemala loan, where one party of Englishmen has

* Note.—The London *Economist* of September 20, 1879, said:

"Recently, an inquiry was instituted in these columns into the return which Government stocks and guarantees had yielded to investors over a period of years, taking into consideration not only the dividends paid, but, in addition, the gain or loss in the market value of the principal. It was shown that over a period of ten years, from 1869 to 1879, consols had paid the investor 3.7 per cent.; that India Sterling stocks had yielded 4 per cent.; that Bank stock had yielded 4.7 per cent.; and that Colonial Government debentures had, as a class, paid the buyer an average of 5.5 per cent. Foreign Government stocks, in spite of the defalcations of individual States—such as Turkey, Peru, Honduras, Mexico, and the like—had yielded an average of no less than 6.6 per cent. Indian railways, however, had paid the buyer even more; his ten years' return being as much as 6.7 per cent. per annum."

obtained an advantage over another, but that happens often in many other business transactions. Even in the case of Egypt, of which Englishmen have complained a good deal, and in respect to which they have persuaded their Government to join France in extraordinary measures to coerce payment, it is shown by English authorities that Egypt has already paid its creditors more than it ever received from them, and that they will have been the gainers by this Egyptian transaction even if they never receive anything more, although it is not doubtful that they will receive a good deal more. It is said, to be sure, that if Egyptian payments should now definitely stop, its creditors, although they have got back rather more than their principal, will have lost most of their interest. This is a strange perversion of the meaning of words. Nothing can be lost unless it is first possessed, and interest which is not paid, never having been possessed, cannot by any possibility be lost. The non-receipt of interest is not a loss, but only the failure to receive a profit.

If it is true, as English authorities agree that it is, and as all reliable figures prove it to be, that British profits upon foreign loans, have been larger than upon home investments, it is plain that they must have been still more in excess of the rate of profit which would have been obtainable upon home investments if foreign outlets for British capital had not been found. The story of the old Dutch traders to Eastern Asia who sunk some of their spice cargoes in order to get a better price for the remainder, has been told a good many times, whether it is true or not. We know with more certainty that one of the common methods by which manufacturers keep up prices in their ordinary markets, is to dispose of any surplus, at whatever price can be obtained in outside and remote places. The same principle applies to the British money lenders. If their foreign loans had yielded only a fourth of the profits they have actually yielded, it would have been wise to have made them. Possibly it would have been wise, if they had yielded no profits at all. If foreign outlets had not been found or created for British money, England would long ago have been in the condition in which Holland was, when no better employment was offered for capital than a speculation in tulips.

Mr. Kelley, a most competent and vigilant observer, informs us that England after five years of continuous losses, shrinkages and bankruptcies among its manufacturers and merchants, is still richer than ever before. Its loanable capital, having foreign as well as domestic sources of income has been all the while expanding, and it has gained vastly more by the appreciation of money, than it has lost by the insolvencies which have resulted from that appreciation.

We can the more readily comprehend how all this may be, if we look at the present condition of our own North-Eastern States which occupy the same creditor relation to the other States, which England occupies to the world. In no part of the country have the bankruptcies of merchants and manufacturers been greater or more numerous, during the recent period of depression in trades and prices, than in the North-Eastern States, but no part of the country has emerged from it so rich and so strong. The gains from money loaned in other sections of the Union, have, as in the case of England, more than repaid all losses, and the cities in which their money concentrates were never so overflowing with capital as they are to-day.

It is said about England, and sometimes even in England itself, that its agriculture has broken down, and that its lands must go out of cultivation. Aside from the casualty of bad seasons, nothing has in fact happened to the agriculture and lands of Great Britain, beyond reductions in the charges of ocean transportation, and of inland transportation in important grain-growing countries, notably in the United States, which have diminished somewhat their natural protection against foreign corn and cattle. A permanent limit of the rate of rents collectable from land in Great Britain, is the cost of delivering there the products of land elsewhere, of which the rents are lower, or nominal. This cost has been reduced in recent years, and especially in railroad freights from the valley of the Mississippi to the Atlantic. A consequent reduction in British land rents seems probable, but that is a very different thing from lands being thrown out of cultivation. The natural protection against foreign competition, which British farming still enjoys and always must enjoy, remains large. Furthermore, it is by no means certain that Great Britain may not, by changes in its system of land tenures and land transfers, bring about such an increase in the amount of capital applied to farming, as will fully maintain the late rates of income from its agricultural property. That this is practicable, appears probable from the fact that such income is not as high in Great Britain as in some parts of the Continent of Europe where the density of population is approximately equal. But whether changes are made or not made, in the British system of land tenure and land transfers, the utmost that can happen is some reduction in the present scale of rents. Farming property must always be extremely valuable in the densely populated British islands, and with the large measure of protection against foreign competition from the cost of importing bulky articles of food. That cost is now comparatively low, and it may go even lower, although that does not seem probable. We know, however, that there are limits to its possible reduction, and that these limits must always insure a high rate of profit or rent from British lands.

The advance of England to the position of pre-eminence in wealth commenced rather less than a century ago, and the history of the world presents no parallel to it, either in suddenness or extent. It was in England at the close of the eighteenth century, that the power of steam was first made practically useful, and that the manufacture of textile fabrics was revolutioned by extraordinary inventions. The steam engine was improved and adapted to practical use by James Watt, about 1767, and had become generally employed in Great Britain before 1790. James Hargreaves invented the spinning-jenny in 1767. The principal improvements of Richard Arkwright, in carding, drawing and roving machines were patented in 1775. Dr. Cartwright invented the power loom in 1785. During the same period, the improvements in Great Britain in the mining and working of the metals, especially iron, were, if less extraordinary, of capital importance. The enormous effect of these combined discoveries and inventions in cheapening production need not be dilated upon. The particular point to which I now call attention, is the fact that these several discoveries and inventions did not become the property of the world for a period which—taking the average of the articles, the production of which was cheapened—may be stated roughly at almost half a century. The convulsions following the French Revolution of 1789, absorbed the energies of Continental Europe for twenty-five years, and it was many years after the final pacification of 1815, before the exhaustion of that long period of war was recovered from. As a consequence, England held for nearer two generations than one, the practical monopoly of the use of the new discoveries, and was enabled to profit incalculably by maintaining the old scale of prices, notwithstanding the reduction in the cost of textile fabrics, and of the metals in their various forms. In that profit England found the exhaustless mine, which not only sustained the protracted struggle with the first Napoleon, but filled her with overflowing wealth. Seaman (*Progress of Wealth*, chapter 12, section 28) shows that the general range of the prices of English manufactured articles was higher in 1804 than before the discoveries and inventions of the last quarter of the eighteenth century, and continued higher, as to many articles, even down to 1834. The foreign competition, which finally brought prices down, came into play very slowly, and for a long time the gains of British producers were fabulous. As an illustration of it, the price of cotton yarn in 1832 was only fifteen per cent. lower than it was in 1696, although in the meantime raw cotton had fallen one-third, and the cost of converting it into yarn had been reduced to one-thirtieth of what it had been. It was during this period that Great Britain was covered with palaces, that the proportions of London and all its cities received their amazing expansion, and that its population, until then stationary or slowly

increasing, began to advance by "leaps and bounds." From 1750 to 1775, the population of the British islands (including Ireland) increased ten per cent., and had never increased so rapidly in any previous twenty-five years of their history. But in the fifty years after 1790, the increase was from fifteen to eighteen per cent. every ten years, and the total increase from 1775 to 1841 was from 11,700,000 to 26,500,000.

Nations, like individuals, may retain their wealth and expand it after the failure of the extraordinary sources of its acquisition. That is what has happened to Great Britain, since the Continent of Europe and the United States have finally deprived the English of their monopoly of the use of the great inventions of the end of the eighteenth century. England is now more or less shut out from Europe and the United States by competing manufacturers and by protective tariffs, and as to the latter, the decided tendency in both Europe and America is to strengthen and fortify them against the pretension of Great Britain to remain the workshop of the world. But the accumulated capital, trained skill, abundance of coal, and commercial habits of England remain, and it is not in a day that she will be wholly dislodged from the position she has so long held. Her access to three-quarters of the population of the globe is unobstructed, either by tariffs or by native competition, and at some rate of wages she will find employment for her work-people. The necessities of subsistence will force down the price of labor to such a point as will enable Great Britain to supply itself, by its exports and by its income from foreign investments, with food and raw materials. The population of the British islands is very great, and it will be a difficult task to keep down the further increase of its inhabitants. The habits of a people are not easily changed, and where the tendency to large families is established and where the prudential check upon such families is taken away by the existence of poor laws, it will require emigration upon a scale which the world has never yet witnessed, to prevent a continuing advance in the numbers of the British people. With the advantages which they possess, and under the pressure of necessity to which they will be subjected, they will prove much more formidable competitors in trade than many sanguine persons in this country imagine. They are to-day able to undersell us in pig iron in our own markets, notwithstanding the barrier of high duties, and notwithstanding the low point to which our producers had reduced the price of that staple. There is no present appearance that they will cease to be the chief suppliers of cotton goods to India and China which contain more than half of the human race. In short, the population of Great Britain in its present number and in its present circum-

stances, is one of the fixed facts of the case. Such a population will somehow find a *modus vivendi*.

National wealth is by no means the evanescent thing it is sometimes said to be. In 1690, although the Dutch practical monopoly of the sea had been somewhat broken into by British rivalry under Cromwell's Navigation Act, Sir Wm. Petty estimated that of the 2,000,000 tons of shipping then owned in Europe, Holland owned 900,000. And yet, 125 years later, in 1815, long after British commercial supremacy had been fully established, and after Dutch commerce had been ruined by the wars of the French revolution and by Napoleon's Continental system, McCulloch, an eminent British authority, says that Holland was still the richest country in Europe, in proportion to its population.

National wealth is not lost, because other nations may acquire greater wealth. It is only relative, and not actual position, which is affected by such a fact as that.

The ruin of England has been often predicted, and sometimes with more reason than now. It will come some day, as all human fabrics must fall at last, but the time may be very distant, when Macaulay's New Zealander will ruminate over the past greatness of England from the stand-point of London Bridge.

In an article in *Hunt's Merchants' Magazine*, (January, 1857) I expressed some opinions on that point, which I have not yet seen occasion to change, and which I here transcribe: "The commerce of England has its substantial and enduring basis in her national genius and enterprise, in her well-defined personal liberty, in the character and local combination of her mines, in her accumulated capital, in her climate, and in her insular position."

It is a common idea that commercial prosperity is fleeting and transitory beyond the degree of mutability incident to all human things. That idea inspired the poet when he said:

"Trade's proud empire hastes to swift decay."

I am not satisfied that this idea is well founded. Commercial cities have flourished and decayed, and so have, and with quite as much rapidity, empires, kingdoms, and even races. Notable instances are not few, at any rate, where commerce, or superiority in some special manufacture, has clung to particular spots with wonderful tenacity. When St. Paul journeyed to Damascus, it was a city of immemorial age, and is a flourishing city at this day. Alexandria survives twenty-three centuries; Marseilles was an old and opulent city before the Christian era; London is older than the English language, and was a considerable town in the time of the Cæsars. Most of the towns composing the Hanseatic League of the twelfth century still hold an important com-

mercial rank. Damascus excels in steel, as it did during the Crusades; the laces of Brussels have delighted the fair during five centuries; the violins of Cremona, and the silks of Lyons, have been long famous, and are still unsurpassed. If the shoes of Lynn, and the clocks of Connecticut, enjoy a duration of prosperity, to be measured by these examples, their career is yet only in its commencement.

In the history of Europe, the dominion of trade has exhibited more stability than either political or military power. During the centuries which witnessed only two transfers of commercial ascendancy—from the Mediterranean to Holland, and from Holland to England—what numerous and vast changes took place in dynasties, in the limits of kingdoms, and in the balance of political power.

Many changes, spoken of as such, are only so comparatively, and not positively. The commerce and wealth of the Dutch, the manufactures of Belgium, the Flanders of the middle ages, have undergone no decay. They are, indeed, greater than ever before, although now overshadowed by the more colossal proportions of British capital and British industry.

In the philosophy of things, commerce and the arts must be as permanent as the national characteristics out of which they spring; while military and political power, often the result of the genius or fortune of individuals, may be as fleeting and capricious as life or chance. "*Trade's proud empire,*" the poet to the contrary notwithstanding, cannot be "*swift*" either in its rise or in its fall.

OBSERVER.

A REMINISCENCE.—During the pendency, a generation ago, of the controversy between the United States and Great Britain, about the northern boundary of Oregon, the *N. Y. Tribune* said:

"Why should we not now offer to Great Britain that we will relinquish all claims to territory west of the dividing ridge of the Rocky mountains if she will do the same, leaving the whole country between California and the Russian possessions to be settled by whom it may, as an independent nation, framing its own government under the joint protection, so long as it may be needed, of the two countries now claiming it? Such a relinquishment would reflect more honor on either nation than twenty victories and the conquest of a continent."

At this distance of time, and under the change of circumstances which time has brought with it, sentiments like the above seem to lack a patriotic comprehension of the possibilities of territorial expansion which the Republic possesses. But the then remoteness and inaccessibility of the Pacific coast, caused such opinions to be very prevalent. Even Col. Thomas H. Benton, whose ideas of our continental greatness were always on the most magnificent scale, and who came into political life as the scathing opponent of the treaty of limits with Spain, which cut off some of the valley of the Mississippi on the Texas side, once looked forward to the separation from us of the Pacific coast as an even, to be neither avoided nor regretted. He said of it, that we should part with our people who migrated thither, "as a father parts with his grown up sons—with aids and benediction."

BANK CLERKS' MUTUAL BENEFIT ASSOCIATION OF NEW YORK—ELEVENTH ANNIVERSARY.

The eleventh anniversary meeting of the Bank Clerks' Association of this city was held at Chickering Hall, on Thursday evening, December 4th. The audience was highly intelligent and respectable, and filled the hall to overflowing—hundreds of ladies and gentlemen standing over two hours until the close of the exercises.

Mr. George A. Bruen, of the Bank of America, presided at the organ, his finished execution giving very great satisfaction.

The Hon. A. A. Hardenberg, President of the Hudson County National Bank, of Jersey City, acted as Chairman and delivered an eloquent address, pertinent to the objects of the society, which we lay before our readers.

The annual report was read by Mr. W. Coggeshall, President of the Association, showing an addition of thirty-three members during the year, and fourteen deaths. Eleven hundred dollars were paid to the family or heirs of each member deceased. The Permanent Fund had received a number of donations and amounted to \$58,475; the total cash assets, \$83,142.68. Addresses followed by Rev. Charles S. Robinson, D.D., and Rev. James M. Ludlow, D.D.

An interesting feature of the proceedings, affording special pleasure to the audience, was the singing by the Bank Clerks' Musical Association, assisted by members of other societies, who kindly volunteered for the occasion.

The Musical branch was organized with the view of aiding, by means of public concerts, in building up the Relief Fund of the Bank Clerks' Association, established for the purpose of assisting members in the payment of their dues, who, by reason of loss of position, sickness, or other cause, might for a time be unable to keep up their membership.

At the close, a short address was delivered by Mr. J. C. Parsons, of the Chemical National Bank, acknowledging the pleasure felt by the Board of Management in the success attending the efforts of the Musical Association, and their indebtedness to the conductor, Mr. J. B. Grant, of the Irving National Bank, for his valuable services. Mr. Parsons on behalf of the members of the Musical Society, presented to Mr. Grant a magnificent floral harp, and expressed the hope that Mr. Grant might live long and play on a thousand strings of human sympathy and pleasure.

Since this meeting, the good work of contribution to the funds of the Association has been begun by the Bank of New York N. B. A., in the handsome donation of Five Hundred Dollars. We trust that many other banks will follow this good example.

ADDRESS OF HON. A. A. HARDENBERG.

Gentlemen, Members of the Bank Clerks' Mutual Benefit Association—Let me thank you for the honor you have done me in selecting me to preside over your literary festivities at this evening hour.

Your imperial city—first of the continent in population and resources—has many institutions dedicated to benevolence, and to charity, whose highest office is to assuage the calamities incident to our poor humanity. Yet none, in all her history, has nobler aims or higher purposes than yours—whose rapid progress we are met to greet—beautiful with the story of heroic deeds, crowned with the benedictions of the faint-hearted and the weary, and nerved to still greater usefulness, as those who once served with you have been laid away to their final rest, with the prayers of the widow and the orphan for your beneficence.

Philanthropy rears many monuments to attest the divinity of her mission, and the citizens of New York may well be proud of the reputation which is theirs, as the blind are taught to see, the deaf to hear, and the dumb to speak; the orphan to find protection, and the wayward to turn from error to that newness of life which fits them once again for highest aims and noblest duties. Your Association, gentlemen, speaks words of highest cheer. It is the contribution of an active, generous manhood, to that hour which all nature teaches awaits us, and from which there can be no exemption.

If there be those of your number with wealth and competence attained, who may deem proper to refrain from the benefits of your Association, they may nevertheless give welcome to the tender you may make as associates and as friends, whose names have been enrolled with theirs and whose affectionate sympathy gives warmth and impress to the parting benediction.

The splendid Polytheism of antiquity made little or no provision for the relief of the needy, and it was reserved for Christianity, in the God-like character of its mission, to weave laurels more beautiful than were entwined for conquerors' brows. And he of Samaria who bound up the sufferer's wounds, though his name is unrevealed, gave to mankind an example for their guidance stamped with the impress of the incarnate God.

It is your custom to gather together once in each year as you near its close, and recite before an audience in sympathy with your purposes the progress you have made; to tell over with all their moral your stories of recollection and of life; to make mention of the additions to your numbers, your sources of revenue, to speak of such as have received your benefactions, and of those who have laid their burdens down, from the humblest clerk to the executive officer, from the bright morning of life to its hour of decline, for each year the reaper is busy and the harvests are ever whitened.

You will pardon me if I briefly refer to the duties which each day arrest your attention; of their importance, and the responsibilities which devolve upon you as the members of a great community. Time, gentlemen, will not permit even a brief review of the history of banking, for it would be but the history of nations since its origin in Italy to our modern times. Of this we are at least assured: no profession invites us to sterner responsibilities, none can call for a higher grade of character than that which ought to mark the career of every bank clerk.

With hours ostensibly selected from that part of the day in which men of business are the most engaged, they are frequently extended to those which mark the setting of the sun. The farmer may leave a furrow to be plowed, the painter may take occasional rest to

gather newer inspiration, the sculptor may choose a better frame of mind to evoke the ideal from the real, and win his immortality, but the bank clerk knows no cessation from ledgers which must balance, or cash which must be proven, or checks and promises to pay which must be forwarded, for integrity holds the scale and character is in the balance; the weary round of toil is still the same. He who is true finds but feeble praise; he who is suspected is at once condemned.

Moneys, counted by millions, pass continually through their hands; errors of omission or commission, however innocently made, of checks or credits may involve the reputations of business firms, and scatter ruin and dismay around them. And yet, for all this, but one compensation: the conviction that while faithful to his trust, his position is considered secure from the ordinary mutations of capital invested, and he may at least console himself with the reflection that if the chances of promotion are but few, he becomes better qualified when promotion is attained. But there are other and brighter phases.

If his hours of employment be so steadily and laboriously occupied, yet each day winds up its own responsibilities, and he is free for such other pursuit as he may elect. He has many hours still for mental cultivation not vouchsafed to those whose work is never done, and whose cares invade the circles of home and check the smiles which alone can render it the sweetest spot of earth.

To avoid labor we may not—to refrain from a proper discharge of our responsibilities as citizens we should not.

That you may possess a bonded character for high integrity is but the greater reason why the world in all its relations has a reason to expect more from you. You may garner your sheaves from the fields of high intellectual culture; you may take part in the discussion of policies which by your vote may affect the highest considerations of State; you may, many of you, in your own homes, learn of agriculture, the chemistry of nature, the mysteries of assimilation, growth and decay of seed time and harvest; you may be allied to works of charity which dignify and adorn an age of cultivation and of progress; you may learn from your books, of law, of science, and of religion, and illumine your pathway with deeds of sacrifice and of valor which will write your names as of they who loved their fellow men. All these you may do, and yet more, but one thing, gentlemen, you cannot justly do, confine yourselves entirely within the limits of your own vocation, refuse all contact with the great world of action, and fling the burden of a useless life across the chariot wheels of human progress.

To the young clerk commencing his duties, what can prove of greater utility than that of living for the achievement of some noble purpose aside from his immediate vocation. His platform of duty from ten to three o'clock may not be more than four feet square, but the acquisitions of an immortal mind may be as boundless as the universe of thought. True manhood in a republic such as ours requires something more than mere devotion to the ordinary behests of business. We must understand something of the great principles which underlie the structure of free government and their relations to and effects upon society around us. We are at once the ancestors and the heirs, comprehending within our brief lifetime all the dignities which in other respects it required ages to accomplish.

Connected, as your duties are, with the practical workings of finance, why should you not seek to become masters of its science? In the long lapse of ages their pathway has been strewn with the wrecks of nations who have misapplied its great truths, and neither the pen

of the statesman nor the sword of the conqueror could avail to thwart the ruin which awaited them.

Nations, like individuals, to become powerful and respected, must give heed to the injunction of the Hebrew lawgiver that "the rich ruleth over the poor, and the borrower is servant to the lender." And no nation can long maintain ascendancy whose plighted obligations are held with feeble confidence, while avarice and luxury, ever the result in the decaying fortunes of a State, sap its foundations and precede its ruin.

The contest from which, as a nation, we have so recently emerged, and in which the City of New York has taken so proud a part by her devotion to the maintenance of the nation's honor in the redemption of its obligations in coins, which the mighty arms of industry have hewn out from Nature's magnificent laboratory in the great fields of the West, has given a grander dignity to our National character, revived the waning confidence of capital, restored anew its harmony with labor, more powerful combined than the serried tramp of armed men, or fleets of mightiest admirals beneath the lifted cloud of battle.

Washington the general, Hamilton and Jefferson the statesmen, not only, but Robert Morris the financier of the Revolution was also necessary to the achievement of the colonies, in wresting a Continent from the exactions of tyranny to the purer purposes of independence and of freedom. And yet what a sad commentary upon that insane spirit of speculation—which robs its victims in every age, whose God is avarice and whose worship is destruction—that Robert Morris, the financier, the Senator, and the statesman, resigned to Hamilton the opportunities of reputation and of fame, when offered by Washington the chief position in his cabinet, and poured out the last griefs of a broken heart within the limits of a debtor's prison.

What repetitions there are in history! The commanding influence which the banks of New York exert upon the finances of the nation, render it of the highest importance that the manner in which they are conducted should be guarded with the utmost care.

The part performed by them in sustaining the general Government in times of great disaster, can scarcely be over-estimated. When the war clouds burst upon the land, and the iron hail which rained on Sumter betokened the terrific struggle which ensued, they upheld the finances of the Union and gave cheer to the departing soldier that the cause for which he ventured all would be sustained.

They did more than this, they gave not only of their wealth, but of the young men in their service to swell the patriot ranks and win the patriot's fame—of whom many joined the heroic host who have passed through gory fields to assert the common rights of man.

Your Association, gentlemen, comprises within its membership representatives not alone from the National, but from the State and Savings banks. Each has its great public utility, each its purpose, and each must answer to a generous public for the manner in which their several trusts are performed. You enter into no dispute as to their several merits or demerits, but seek to discharge to all, your purposes of high benevolence.

It is an honor to claim membership with such an Association, and I thank you that you have called me from New Jersey to bear witness to the interest she feels in your successful progress. With your metropolis she has faithfully performed her part, and joined with you in those measures which give stamp to integrity and honor in all that relates to public credit, and she will, I am

quite sure, gentlemen, in proportion to her representation in this Association, give strength and cheer to your success in the future.

We could wish with you that this beautiful building which adorns your great highway of wealth and fashion, with this audience-chamber, dedicated to the uses of science, of art, of benevolence, was yours not only for this evening, but while your organization may endure, as a tribute to mark the public estimate of the grandeur of your purpose, with the sweet smiles of beauty to give animation to your festivities, and crown with their benedictions the success which will be yours.

She who lingered longest at the cross, and to the sepulchre earliest sped, should of right be here—the mother, daughter, wife. It is to them your Association seeks to afford its aid, and through them to find the happiest illustrations of the benefits you confer; for her's is the weary watch at the bedside of the dying, and her's the intensity of the mourner's grief. I am aware, gentlemen, of the excessive taxation, the result of the war, which yet remains upon our banking institutions so unjustly, and how it must needs chill their liberality even for purposes such as this. But the very proper suggestion has been made, that in the absence of such donations as marked your earlier history, before the ill-fated year of the panic, in lieu thereof *each bank shall subscribe a sum it may deem proper upon the death of any clerk a member of your Association.*

By such means your extraordinary expenses would be greatly reduced, and your Permanent Fund find a more rapid increase. Let me commend it to your Board of Management, and to the banks for their adoption.

A word, gentlemen, and I have done; for I would not detain you longer from the reading of your Annual Report, and the counsels of the eminent gentlemen who will address you.

Presidents and Cashiers may strain every nerve and work with an unceasing fidelity, but the dealings with the great mass of depositors, from whom a bank derives its greatest prosperity, is mainly with its clerks. A genial, kindly bearing wins many to your institutions, and gives strength and character to them; for no relations of business can be more delicate than those entrusted to you, and all ranks, all classes, from the millionaire to the laborer, the gay and the grave, the bold and the sensitive, the strong man and the timid maiden, each are the witnesses of courteous demeanor, and each aids in no small degree in the formation of your reputation.

Silently, but surely, these influences will work and affect your personal and official character through the long years to come. In your first decade you have attained to vigorous manhood. The vestal fires you have kindled have not gone out; the altars you have raised have not been overthrown. May you so guard the flame that each occasion like the present shall witness its increasing glow, to purify and refine you for the struggles and duties of life. For the world is one great altar where many sacrifices are made, and whether propitiatory or not, depends upon the spirit in which they are offered.

Ambition, Fame, Wealth, and Power, are worshipped deities, and to their votive shrines, in crowds, repair the aspirants for each, and if the success which crowns exertion be any indication of the result of their achievements, we may rightly judge the several divinities have not been displeased. Fame may gild each gem in her sparkling crown, till halos of undying light surround it. Ambition may

catch the plumage of some celestial bird and soar far up unto the highest reach of mortal attainments. Wealth may luxuriate on beds of ease and defy discomfort; and the clotted arm of Power rest for awhile in satiated satisfaction over hecatombs of murdered thousands, but the still small voice of an approving conscience, whispering to the heart of good intentions and an upright mind, tells of more real and perfect happiness than all the pomp and pageantry which precede the marches of the greatest heroes of the race.

Be this approval, gentlemen, members of this Association, your noblest achievement; teaching you to view the world in its proper light and bearing, as a world of cold-hearted selfishness, in which true charity but rarely executes her mission—with the *signet* always graven on *his* brow, who rightly appreciates the object of his being—carried through life, and brightly beaming after death—lifted up from amidst the vicissitudes of earth, its varying scenes and fortunes, the *signet* of immortality.

BANKERS' AND BANK CLERKS' MUTUAL BENEFIT ASSOCIATION OF PITTSBURGH.

The objects for which the Association was formed are to relieve the necessities of the aged and disabled; to benefit families of deceased members; to afford relief in sickness, when necessary; to assist the deserving when in distress; to obtain employment for members who may be out of situations; to create among the members ties of friendship and fraternity, and to extend such other assistance as the Association may from time to time determine.

The sixth annual meeting of this Association was held in the United States Court rooms, Monday evening, November 17th, 1879, Mr. D. O. Barr, of the First National Bank, was called to the Chair, and Mr. John T. Woods, of Exchange National Bank, acted as Secretary. After reading of minutes and other routine business, the reports of the President, Secretary, and Treasurer were read and adopted. The election for officers to serve for the ensuing year was then held, after which the meeting adjourned.

The annual report, as presented by the President, is subjoined:

GENTLEMEN:—The objects of this Association have been so fully stated in former reports, that it is unnecessary to repeat them on this occasion. The management then will only call your attention to the reports of the Treasurer and Corresponding Secretary, showing United States bonds, \$2,500; cash on hand, \$1,526.51; active members, 118; honorary members, thirteen; being a gain in funds of \$941.36, and an increase in membership of four during the year. Our organization has prospered, even in the disastrous times, beyond what any one anticipated, and to-night we should feel gratified in having permanently established an institution devoted to the banking interests.

In the hope that the discussions that may arise, and remarks and made during the continuance of this meeting, may prove pleasant profitable, let me ask the continued co-operation of each and every member of this Association, in the attempt to carry out fully all the intended purposes. Thus briefly I have the honor to submit this Sixth Annual Report.

WILLIAM N. RIDDLE, *President*.

The Secretary's report showed the membership to be as follows:

Number of members at last report, 112; added during the year ten;—122; suspended for non-payment of dues, two; expelled, one; active to honorary member, one;—four; number of active members, 118; honorary members, thirteen. Total members, 131.

The Treasurer's report gave the exhibit herewith:

DR.—Balance on hand, as per last report, \$585.15; United States bonds, \$2,500; received initiation fees, \$50; received dues, \$702.50; received interest, \$190.06; extra assessments, \$49; honorary members, \$25. Total, \$4,101.71. CR.—Expenses paid, \$75.20; United States bonds, \$2,500; balance in hands of Treasurer, \$1,526.51;—\$4,101.71.

The election of officers and directors for 1880 resulted in the choice of the following named gentlemen:

President—WILLIAM N. RIDDLE, Cashier Penn Bank; *Vice-President*—CYRUS CLARKE, JR., Cashier Tradesmen's National Bank; *Recording Secretary*—JOHN T. WOODS, Teller Exchange National Bank; *Corresponding Secretary*—SAMUEL C. APPLGATE, Teller First National Bank; *Treasurer*—ROBERT WARDROP, Cashier Pennsylvania Lead Co.

Directors—L. HALSEY WILLIAMS, Cashier Fifth National Bank; A. M. CAMERON, Custom House; W. D. BELL, Assistant Cashier Masonic Bank; H. P. MEEDS, Book-keeper Dollar Savings Bank; JOHN DUNWOODY, Assistant Cashier Iron and Glass Dollar Savings Bank; GEO. R. DUNCAN, Cashier Iron City National Bank; S. GEORGE, JR., Cashier Farmers' Deposit National Bank; GEO. J. GORMAN, Teller First National Bank; E. R. KRAMER, Cashier First National Bank, Allegheny; W. R. THOMPSON, Cashier Mechanics' National Bank; CHAS. G. MILNOR, Treasurer Pittsburgh Bank for Savings; W. STEINMEYER, Cashier Third National Bank.

BANK CLERKS' BENEFICIAL ASSOCIATION OF PHILADELPHIA.

The eleventh annual meeting of the Bank Clerks' Beneficial Association of Philadelphia was held Tuesday evening, December 9th, at corner of Twelfth and Filbert streets, the President, Mr. B. F. DENNISON, being in the Chair. We had hoped to receive a full report in time for publication this month, but as it is not at hand the following abstract is subjoined:

The annual report of the President gave the following showing of the condition of the organization: Number of members at last report, 262; elected during the year, fourteen; total, 276; death, one; number of honorary members at last report, twenty-five; present membership, twenty-six.

The Treasurer's report showed that there had been received for dues and assessments, \$1,976; from interest on investments, \$559.72; profit by sale of United States loan, \$250; donation Philadelphia Clearing-House Association, \$857. Total Receipts, \$3,642.72. Paid for benefits, \$500; expenses, \$157.29; balance at this date, \$13,286.10. In addition to this fund the Treasurer holds an annual ground rent of \$50, representing \$833.33.

The following officers were then elected: *President*—B. F. DENNISON.

SON; *Vice-President*—ARTHUR WELLS; *Treasurer*—R. E. WRIGHT; *Recording Secretary*—G. A. H. ROSE; *Corresponding Secretary*—W. G. OVES; *Directors*—J. C. PLISH, EDW. WHEELER, L. RENSHAW, W. T. NELSON, JOS. ROBERTS, WM. WILSON, W. DEPUY, G. T. CATHELL, C. S. AUSTIN, G. W. MARSH, THEO. MUSGROVE.

GOLD MINING IN BRAZIL.

Near the end of the Seventeenth century, and during the first half of the Eighteenth century, the supply of gold from Brazil was very great. During the thirty years, ending with 1750, it amounted to an annual average of sixteen and two-third million dollars, which was an enormous addition to the comparative stock of gold then realized from the mines, and in the possession of mankind. Writers of that period described it an "*inundation of gold*," and if Michel Chevalier had been living at that time, he would doubtless have proposed the demonetization of gold, as the only means of saving the world from financial ruin. So far in this century, the gold yield of Brazil has been insignificant. We subjoin, from the *New York Dry Goods Reporter* and *U. S. Economist*, an interesting account of the yield in former times:

"According to the London *Daily Telegraph* the American hydraulic process has been applied to the placers 100 miles north of the St. John del Rey mining district, and this will doubtless soon result in a renewal of the vast stream of gold that once flowed from that region. As going to show its capacity for future supplies of the precious metals it will be interesting to glance over its past history.

"In the year 1680 several placers were laid open, the most important being in the province of Minhas Geraes (general mines). It was not, however, until after 1690 that the product became so important as to make itself felt in Europe. From this time until after the middle of the following century new placers continued to be discovered and the product to augment. Afterwards the placers fell off, and were eventually succeeded by the exploration of quartz mines, which at a recent date yielded but a small product.

"No sooner did the placers of Brazil become productive than they attracted a number of colonists thither from Portugal. The natives were now hunted down with system and success, and great numbers of them reduced to slavery in the mines, where, as they perished, they were supplanted by negroes obtained from Africa.

"As to the gross sum of production the best account, so far as it goes, is afforded by that distinguished authority, l'Abbe Raynal. Says this author: 'It is demonstrable from the registers of the fleets that in the space of sixty years, that is from the discovery of the mines to the year 1756, two thousand four hundred million livres (about \$480,000,000) worth of gold has been brought away from Brazil.'

"Upon the basis of this estimate, Mr. Danson, extending it to the year 1803, made the production, without any allowances for smuggling, equal to \$684,544,000. But the registers of the fleets did not contain a full account of the production, for much of this found its way to market in a surreptitious manner to evade the heavy royalties which, for all except a brief portion of the whole period of production, were fixed at twenty per cent.; also the *haberias* or convoy duties, the seignorage of the mints and other exactions.

"During the early period of the placer development the number

of vessels annually dispatched from Portugal to the Brazils did not exceed twelve, but as the mines grew into importance these amounted to as many as one hundred. No ship was allowed to sail except with the fleets. Of these, one sailed for Rio in January, one for Bahia in February, and one for Femembuque in March, and sometimes these sailed twice a year. These fleets were convoyed by men-of-war to protect them from pirates and other enemies, and for this duty there was levied a charge called *haberia*. The *haberia* was established by Spain in 1522, and consisted at first of one per cent. ad valorem upon freight. It was, however, shortly afterwards raised to five per cent. What the rate was in Portugal cannot be determined, but it was probably no less than the one last named.

"Taking into account these and other exactions, and the extent to which the official returns were vitiated by the practice of evading them, the Baron Von Humboldt in his *New Spain* estimates the total product of the gold placers of Brazil, from 1680 to 1803, at \$855,500,000. Mr. Danson, in an elaborate paper on the subject, which he read before the Statistical Society of London, going over the same ground, and with both of these authorities before him, estimated the product, from 1680 to 1803, at \$922,000,000. Finally Dr. Southey, entertaining inflated ideas of the product in certain years, committed the further error of crediting this product to whole series of years, estimated the *Quinto* (or royal duty of one-fifth upon the production) of gold during the same period and up to 1807 at \$225,000,000, which would make the total product more than \$1,125,000,000, undoubtedly an exaggeration.

"Guided by the lump estimates of Raynal, Humboldt and Danson, and by the accounts of the product in various years, obtained by consulting a number of authorities we have ventured to estimate the annual production during all of the decades severally from 1680-89 to 1860-69, and for the eight years, 1870-77.

"While the scantiness and uncertainty of the attainable data does not admit of any pretensions to correctness in this table, so far as one particular decade or another is concerned, it is confidently believed to be entirely reliable in respect, first, to the period at which the placers of Brazil commenced to be noticeably productive, viz., about the year 1680; second, as to the total sum of the product from first to last, and even as to the total sum in any one period to consist of not less than two or three decades, and third, as to the period of greater productiveness, viz., 1730 to 1750.

"With this qualified assertion of its reliability the following table shows the estimated annual gold production of Brazil, from the period of the discovery of the placers to the present time, from a comparison of the following authorities: Raynal, Humboldt, Jacob, Danson, Southey, and others.

Decimal period.	Estimated annual production.	Total product during the decade.	Decimal period.	Estimated annual production.	Total product during the decade.
1680-89	\$ 1,000,000	\$ 10,000,000	1790-99	\$ 4,300,000	\$ 43,000,000
1690-99	1,500,000	15,000,000	1800-09	300,000	3,000,000
1700-09	2,000,000	20,000,000	1810-19	250,000	2,500,000
1710-19	5,000,000	50,000,000	1820-29	200,000	2,000,000
1720-29	10,000,000	100,000,000	1830-39	200,000	2,000,000
1730-39	25,000,000	250,000,000	1840-49	1,300,000	13,000,000
1740-49	15,000,000	150,000,000	1850-59	1,500,000	15,000,000
1750-59	7,500,000	75,000,000	1860-69	350,000	3,500,000
1760-69	5,000,000	50,000,000	1870-77	25,000	200,000
1770-79	5,000,000	50,000,000	1878	25,000	25,000
1780-89	5,000,000	50,000,000			

"According to this table the total product from 1700 to 1755 inclusive, the period covered by Raynal's statistics, was \$640,000,000, or one-third more than was shown by the registers of the fleets. From 1680 to 1803 it was \$875,000,000, compared with \$863,000,000 estimated by the Baron Von Humboldt, and \$922,000,000 estimated by Mr. Danson. The sum of this portion of our table is about $1\frac{1}{2}$ per cent. greater than Humboldt's estimate, and about five per cent. less than Danson's, a substantial agreement in both cases. The estimate of Dr. Southey, which is about 43 per cent. greater than our table, is rejected as excessive.

"Up to date the product of Brazil has been over 900 million dollars against 1,200 millions cash from California (proper) and Australia. These figures show a great productive capacity, and when it is remembered that the most of this metal was taken out by primitive methods, it will doubtless be admitted that on the application of improved ones Brazil has a great mining future before her."

CURRENT EVENTS AND COMMENTS.

REFUNDING.

The Refunding Act of July 14, 1870, authorized the issue, for refunding purposes, of \$1,500,000,000 of bonds of certain specified descriptions; \$1,395,345,950 have been issued to this date, so that there is still unexhausted an authority to issue \$104,654,050. The bill offered in the United States House of Representatives by Hon. Fernando Wood, and referred to the Committee on Ways and Means, proposes to change the Act of July 14, 1870, so as to reduce the rate of interest on the unissued \$104,654,050 of bonds. There is now no limit upon the power of the Secretary of the Treasury to issue, for the purpose of maintaining resumption, any of the descriptions of bonds authorized by the Act, and the bill offered by Mr. Wood does not apply to that power of the Secretary. It only prohibits the issue for refunding purposes of any bonds promising a higher rate of interest than three and one-half per cent.

VIRGINIA DEBT QUESTION.

The popular majority in favor of re-adjusting the debt of Virginia, as computed from the votes for members of the House of Delegates, was 20,474, as follows:

For re-adjustment..... 82,181 .. Against re-adjustment.. 61,707

It is agreed on both sides that a majority of the colored vote thrown was given for re-adjustment. The Richmond *Whig*, the principal organ of the re-adjusters, says the colored votes were 25,000 in favor of it to 15,000 against. The opponents of re-adjustment say that the majority for it given by the colored voters was much larger.

In the districts carried by the re-adjusters the number of voters assessed with the capitation tax, was 104,689 white, and 63,181 colored. In the districts in which they were beaten, the number was 67,616 white, and 43,093 colored. The number of actual voters was less, as the right to vote depends, not upon the assessment, but upon the payment of the capitation tax.

RAILROAD GAUGES.

It is evident that all the wide-gauge railroads in this country will soon have one uniform gauge of four feet eight and a half inches. The movement in that direction is extending southward as well as through the north. The Virginia roads as far down as Lynchburg, have been reconstructed on the four-foot-eight-and-a-half-inch gauge. The Nashville *American* says that the Owensboro and Nashville road, reaching down into the very heart of the South, is to be of the standard gauge. Locomotives are being altered in Nashville to run over the Owensboro road.

A FOURTH PACIFIC RAILROAD.

A dispatch from Boston, December 7, says: "Arrangements were completed and the papers signed in this city Saturday afternoon effecting the long proposed union of the Atchison, Topeka, and Santa Fe, the St. Louis and San Francisco, and the Chicago and Alton Railroad Companies, for the building of a joint line from Albuquerque, on the Rio Grande river, New Mexico, (the present terminus of the Atchison, Topeka, and Santa Fe line) to the Pacific coast."

The St. Louis and San Francisco line, on or near the thirty-fifth parallel of latitude, has the aid of a land grant of fully 40,000,000 acres, and its early construction may be regarded as very probable. The Northern and Southern Pacific Railroads are both of them being pushed with great energy.

POTTERIES.

The Potters' Association terminated its sessions at Cincinnati, December 4. An increase of twenty-five per cent., equal to \$1,000,000 during the past year, was reported. Resolutions were adopted in favor of the present protective duties on articles of pottery, and against any commercial treaty with France. Mr. Thomas C. Smith, of New York, made a report on the clays of the United States adapted to the use of potters, and claimed that they were abundant in quantity and equal in quality to any in the world, although badly mined and badly classified for sale.

BRITISH AGRICULTURE.

The *Scottish Banking and Insurance Magazine* for December, after a careful and exhaustive review of the harvest of 1879 in the United Kingdom, concludes as follows: "We fear that the diminished quantity and quality of every kind of crop implies that at least two-thirds of the rents will come out of the British farmers' pocket. Of this loss Scotch farmers will have their share, though they will not suffer so much upon the whole as the occupiers of the East and Midland Counties of England, who depend mainly upon the growth of wheat and barley, the two worst crops of the season."

Some part of the "at least two-thirds of the rents," not yielded by the crops, has been and will be remitted to the farmers by their landlords. There have been conspicuous instances of liberality of that kind. But after all, it is not doubtful that the losses which farmers do not escape in that way, will prove ruinous to many of them.

BRITISH POPULATION.

The British Registrar-General reports that the excess of births over deaths during the quarter ending September 30, 1879, was 104,437 in England and Wales, and 143,249 in the whole United Kingdom, including Scotland and Ireland. The increase of population during the quarter, after deducting emigration, was 68,327 in

England and Wales, and was 88,230 in the whole United Kingdom. Compared with the corresponding quarter of 1878, the increase of emigration from England and Wales was thirty-two per cent. greater, from Ireland thirty-six per cent. greater, and from Scotland eighty per cent. Of course, the emigration is susceptible of a still further increase, but a very great enlargement of emigration would be required to carry off a natural increase of population amounting to 143,249 per quarter. And at the same time, no considerable reduction in the natural expansion of population in the British Islands can be looked for, except from such an increased severity in the conditions of life as would subject their social and political institutions to a hazardous strain.

BUILDING IN LONDON.

Recent accounts from London, condensed in the *New York Sun*, are as follows:

The growth of London in all directions continues marvelous. A number of new towns have sprung up within the last three or four years. No longer ago North End Fulham was a rural district of fields and market gardens. The Underground Railway opened a new line to Hammersmith, with a station at the north end, which changed its name to Kensington, and to-day the surrounding area is covered with streets of well-built houses at high rents. Similarly, at the other end of London, increased facilities of locomotion by railway and tram car have led to the erection of many hundreds of small houses in South Bermondsey or Rotherhithe. The same process goes on steadily at Edmonton, on the north, and at Sydenham, on the south, of London.

A London correspondent of the *N. Y. Times* writing November 1 says: "Norman Shaw, the architect of old English and Gothic revivalism, is dotting the country on what may be called the Hampstead-town side of Hampstead Heath, with his pretty designs. Fitz-Johns avenue, leading up from Swiss Cottage to Hampstead, is a street of modern palaces, and the entire district thereabout is growing up into a model town. This daily growth of houses in the London suburbs has been going on all through 'the hard times,' though in many districts the 'residences to let' are out of all proportion to those which are occupied. I don't know whether it may be called a building mania, but the same may be said of new warehouses, offices, and chambers in the City of London. Whole streets have been rebuilt at an enormous cost, and half the places appear to be unoccupied."

Not only in London, but throughout England, the recent "hard times" have been signalized by an extraordinary amount of building. The importations of lumber have been on an unprecedented scale, although they fell off during 1879. The "hard times" reduced the cost of building, and also caused a glut of unemployed capital, for which building seemed the readiest and almost sole outlet. It has been a frequent expression in England for two or three years past, that "it is overbuilt."

SOUTH AMERICAN WHEAT.

The Buenos Ayres *Standard* of October 5, says: "The estimates are 35,000 tons of Argentine wheat exported up to the end of this month, and 120,000 tons the export of the ensuing season. With the growth of the wheat trade, flour exports have risen to such magnitude that it is believed the day is not distant when the Brazilian markets will be wholly supplied with River Plate flour."

IRISH EMIGRATION.

Dr. Grote, the Roman Catholic Archbishop of Cashel (Ireland), in a letter written November 1, opposes the suggestion of an emigration of the Irish to Zululand, to be assisted by the Government, and also any other plan of Irish emigration. He insists that Ireland is the proper place for the Celtic race, and that it should firmly hold its ground there. This letter of Dr. Grote recalls the following passage of a speech on the Chinese question delivered in the United States Senate, February 14, 1879, by Hon. John P. Jones:

*No historical case can be cited where any government, or the governing classes of any country, favored any other emigration than that to colonies. No such case exists to-day. Any other emigration means to governments the loss of soldiers and of tax-payers, and any emigration whatever means falling rents to landlords, rising wages to employees, and a diminishing number of supporters to the priesthood. Crowded as England is, its landlords view with regret the departure of farm laborers; crowded as Ireland is, the clergy discourage emigration. Ruinously low as wages are in Germany, the government of that country, while admitting theoretically the right of expatriation, impedes the exercise of that right in every conceivable way.

A BRITISH VIEW.

In an elaborate editorial in the London *Times* of October 29, it is maintained that the worst policy for Ireland would be to reclaim lands and extend agriculture, because it would "enlarge the dimensions of the problem, plant more peasants on the land where there are already too many, and foster the growth of Ireland again till it exceeds eight millions."

BELGIUM.

The Belgian Government has converted some of its four-and-a-half per cent. bonds into four-per-cents at an annual saving of 13,000,000 francs in interest. The syndicate through which the operation was made received commissions amounting to 500,000 francs.

CHINESE TRADE.

The foreign trade of China has always been insignificant, and is not increasing. It is probable that if the Chinese Government could have its own way, it would not allow any foreign trade at all. It has required foreign naval and military coercion to open its ports.

According to official returns the total foreign trade of China during the past two years has been as follows:

	<i>Imports.</i>	<i>Exports.</i>	<i>Totals.</i>
1877 ..	\$ 109,850,945	\$ 101,167,530	\$ 211,018,375
1878 ..	105,468,350	100,058,555	205,527,055

Of the total trade of 1878, that with Great Britain and its dependencies amounted to \$155,294,170. There has been a falling off in the Chinese consumption of British cotton goods, in consequence of their wretched quality as compared with cotton goods from this country.

CHINESE IN BRAZIL.

A Rio Janeiro paper states that the proposed introduction of Chinese labor on the plantations continues to excite more or less discussion. The government seeks to adopt the policy as a means of securing the large proprietorships of the Empire. The opposition denounce it as but an insidious attempt to perpetuate slavery in a new form. It is contended also that if the Chinese are permitted to entrench themselves in Brazil, both negroes and white laborers will have to retire before them—the argument in this respect running pretty much in the same groove with that used in California.

GOLD IN NEW CALEDONIA.

Near the end of November the *France Coloniale* of Paris had received and published information of the discovery of rich gold mines in New Caledonia. It adds that great excitement reigns in the colony, and that an invasion of Australian miners was feared. All gold mines are rich when they are first discovered, and some few of them prove to be rich after working them.

ITALY.

The *Italia*, of Rome, states that the Italian Minister of Finance intends to withdraw the paper money below the denomination of five francs, and to substitute the small silver Italian coins, now held by the Bank of France to the amount of 75,000,000 francs. Many things intended to be done, never are done, and it may turn out so in this case. The Italian Government is very poor, and may sell that silver instead of putting it into circulation.

BANKING IN PARIS.

The *Paris Revue de la Finance et de l'Industrie* gives a summary of the situation of the eight principal banks and credit establishments of Paris, in the month of October, of the years 1869 and 1879, viz., the Bank of France, Comptoir d'Escompte, Crédit Foncier, Société Générale, Société des Dépôts, Crédit Industriel, Banque de Paris, and Crédit Lyonnais. In the interval of ten years, their united deposits increased from 1,060,000,000 francs to 1,886,000,000 francs; and their discounts from 1,035,000,000 francs to 1,262,465,000 francs.

FRENCH CURRENCY.

The fondness of the Germans for statistics is well known. They have been at work for eight years on the question of the amount of the old German silver coinage in existence, and are still wrestling with it with unabated zeal. They have lately taken in hand the question of the amount of gold and silver coins circulating in France, and Sœtbeer furnishes the following estimate:

Gold in circulation.....	3,000,000,000 francs.
Gold retained by Bank of France.....	800,000,000 "
Silver in circulation.....	1,500,000,000 "
Silver retained by Bank of France.....	1,200,000,000 "
Subsidiary coin.....	231,000,000 "
Total.....	6,731,000,000 "

When M. Cernuschi was in this country, and a witness, in the winter of 1877, before the United States Monetary Commission, he said that the general judgment of French financial authorities fixed the amount of silver circulation at 2,000,000,000 francs, and of gold circulation at 3,000,000,000 francs. He included in both cases the amount in the Bank of France. In the summer of 1878, M. Say, French Minister of Finance, fixed the amount of silver at 2,500,000,000 francs. Some considerable increase of it was then known to have occurred from the flow into France, under the attraction of an artificially high price, of the silver coinage of the other States of the Latin Union, and of the return to France of French silver coins which had been exported. Sœtbeer's estimate of the silver in France at the present time may, therefore, not be too high. His estimate of the gold may also not be too high, but if so, it is only because it may happen to be a good guess. There are no means of fixing it with any certainty. The peculiar theories of Sœtbeer incline him to make large estimates of the amount of gold in all countries.

AN ENGLISH VIEW OF A SILVER CONFERENCE.

The London *Economist* of November 29, says: "It is now announced that the Government of the United States has ascertained that there is no hope of Germany consenting to take part in a second International Silver Conference. The project has, therefore, been abandoned, and in this we see nothing to regret. Not improbably the second failure of the United States to bring about international action will lead to a revision of the law under which the Secretary of the Treasury is compelled to coin monthly not less than £400,000 in silver dollars. It is found impossible to put these coins in circulation, and as there is now no hope of silver being rehabilitated by joint action of the Powers, the absurdity of coining money which nobody will take must become apparent. Should this coinage be discontinued, the market supply of the metal will, of course, be increased. It must not be forgotten that it is admitted in the United States that their silver coinage is a mistake, and that it may soon be modified."

GERMANY.

In Berlin, in 1875, one person in 184 was a public pauper; now one person in seventy-four. The average number of persons in all the German work-houses was 310 in 1871, but is now 667.

WESTERN WHEAT FARMING.

A communication dated October 29, 1879, from W. B. Close, of Manchester (Eng.), published in the London *Times*, gives the experience of a British farming capitalist, who says he has "*had over forty 160-acre wheat farms put into cultivation in North-Western Iowa.*" His account is as follows:

I do not work the farms myself, but let them out, and supply nothing more than the land ready for cultivation, the house, with rough sheds for stabling, and the seed; while the tenant provides labor, machinery, and everything else, the crops being divided equally between us. Having bought several thousand acres at one time, I paid only 14s. an acre for land, for which the ordinary settler would have to pay about £1 per acre. It may interest some of your readers to learn the expenses and returns of one of my farms, the yield of which I have picked out as being the nearest their total average. Expenses in 1878—Cost of 160 acres of land at 14s. per acre, £112; breaking ninety acres at 8s., £36; house, stables, and well, £69 7s.; seed, 110 bushels, at 3s., £16 10s.; taxes for farm and building, £3 12s.; total, £237 9s. Receipts, 1879—The yield on the farm was 1,373 bushels, or an average of 15½ bushels per acre. My share amounts to 686½ bushels. By last advices, I could sell the wheat in the granary at 3s. 9d. per bushel, making my total returns £128 14s. 4½d., or a net profit of fifty-four per cent. on the capital invested. Of course, circumstances make this year an exceptionally good one; but taking last year's prices of 2s. 5d. per bushel, the net profit still would be thirty-five per cent.

THE DRY GOODS BANK.—The Dry Goods Bank went into liquidation June 19, 1877. On November 20, 1879, the Directors met and passed a resolution calling for the appointment of a Receiver, and for a dissolution of the bank. Their petition was presented on December 4 to Judge Donohue, in the Supreme Court. It set forth that 82½ per cent. of the par value of stock had been paid to the stockholders and that nearly all the debts had been paid. The Judge granted the motion, appointed Mr. William P. Brintnall, Receiver, and made a decree dissolving the institution.

THE GREAT RISE IN PRICES OF COMMODITIES.

COMPARATIVE EXHIBIT OF BRITISH QUOTATIONS.

[FROM THE LONDON BANKERS' MAGAZINE.]

So extraordinary has been the recent advance in the prices of commodities—more extraordinary because the rise has been general, as well as rapid—that no apology is needed for reverting to the subject. In the following series of short tables, extending over the past six years, will be found in a summarized form the fluctuations in most of the leading articles of produce and manufacture, having their principle market in this country. So much has lately been said about the rise in the metal trades, that it will be well to deal, first of all, with these productions :

PRICES (PER TON) OF METALS.

	Dec. 1874.	Dec. 1875.	Dec. 1876.	Dec. 1877.	Dec. 1878.	June, 1879.	Nov. 1879.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Scotch pig iron.....	3 19 0	3 5 0	2 18 0	2 11 6	2 3 0	2 0 6	2 15 6
Cleveland No. 3 pig.	3 4 0	2 11 6	2 6 0	2 1 0	1 15 0	1 13 0	2 2 0
British bars.....	9 7 6	7 17 6	7 5 0	6 5 0	5 10 0	5 5 0	6 15 0
Copper—Chili bars..	84 0 0	82 0 0	75 0 0	66 0 0	58 0 0	56 0 0	65 0 0
Tin—Straits.....	97 0 0	82 0 0	70 0 0	65 0 0	61 0 0	65 0 0	91 0 0
Lead—English pig..	24 0 0	22 16 0	22 0 0	19 2 6	14 15 0	13 10 0	17 5 0

Since June quotations in the iron trade have recovered the fall of the previous two years; tin is higher than since the beginning of 1875; copper has risen to the level of 1877, and though the same cannot be said of lead, the rebound therein has been considerable.

The produce markets now claim notice :

PRICES (PER CWT.) OF SUGAR.

	Dec. 1874.	Dec. 1875.	Dec. 1876.	Dec. 1877.	Dec. 1878.	June, 1879.	Nov. 1879.
Demerara, refining.....	22/6	20/	29/	19/6	19/	17/	24/6
Mauritius.....	26/	25/	34/	26/	24/6	23/	29/
Bengal (brown).....	19/	16/	24/	16/6	16/	15/	20/
Egyptian (crystallized)..	28/6	26/6	36/	27/	25/	24/	29/
Dutch and French loaves.	30/6	27/6	37/6	28/	26/	25/	33/6

Since June, therefore, sugar has risen fully thirty-five per cent. in market value, the chief reason assigned being the failure of the beet-crop in Europe. In many kinds of tea the upward movement has been equally rapid :

PRICES (PER LB.) OF TEA.

	Dec. 1874.	Dec. 1875.	Dec. 1876.	Dec. 1877.	Dec. 1878.	June, 1879.	Nov. 1879.
Congou (common)....	10d.	10d.	9d.	9d.	8d.	7½d.	1/1
Souchong, fine.....	2/3	2/5	2/	1/9	1/9	1/7	1/10
Orange Pekoe (medium)	1/5	1/8	1/7	1/4	1/3	1/1	1/5

In the first half of this year the further fall in coffee was extensive; but this has now been much more than recovered, though the high prices of 1876 and 1877 have not been regained :

PRICE (PER CWT.) OF COFFEE.

	Dec. 1874.	Dec. 1875.	Dec. 1876.	Dec. 1877.	Dec. 1878.	June, 1879.	Nov. 1879.
Ceylon, low middling..	99/	102/6	113/	102/	91/	81/	96/
Do. native.....	84/	90/	87/6	83/	63/	62/	69/
Jamaica, fine ordinary.	85/	90/	90/	86/	79/	75/	80/
Costa Rica, good.....	97/	100/	105/	97/	86/	75/	85/
Brazil, good first.....	83/	89/	87/	85/	66/	58/	77/
Mocha.....	108/	105/	108/	102/	99/	101/	105/

In the following list the fluctuations are of a more miscellaneous description, but still the general tendency is upward :

PRICES OF OTHER FOREIGN FOOD PRODUCTS.

	Dec. 1874.	Dec. 1875.	Dec. 1876.	Dec. 1877.	Dec. 1878.	June, 1879.	Nov. 1879.
Rice (soft grain)..... per cwt.	9/	8/6	10/3	9/9	8/10	9/4	10/
Do. (Bengal white)..... "	11/6	11/6	12/6	12/	13/6	12/9	13/9
Sago (pearl)..... "	17/6	17/	18/	20/	20/	20/6	19/
Tapioca..... "	—	—	—	24/6	24/	27/6	26/
Pepper (black)..... per lb.	6¼d.	4½d.	4d.	3¾d.	3 1-16d.	3¾d.	4d.
Do. (white)..... "	9½d.	8d.	7¾d.	6½d.	5¼d.	5¾d.	6d.
Cinnamon..... "	3/3	3/	2/10	2/4	1/9	1/7	1/6
Ginger (Bengal)..... per cwt.	49/	41/	30/	21/9	17/	16/9	23/
Oil (olive)..... per ton.	£ 42½	£ 44	£ 47	£ 50	£ 46	£ 48	£ 45
Currents (Patras)..... per cwt.	35/	32/6	35/	37/	29/	28/	35/
Raisins (Valencias)..... "	45/	45/	40/	26/	29/	32/	37/
Do. (Sultana)..... "	55/	53/	47/	46/	41/	39/	41/

Most important are the articles now to be dealt with. Cotton, it will be seen, is 1¼d. per lb. higher than it was eleven months ago. In hemp the rise has been £ 12 10s. a ton, in tallow 9s. per cwt., in Linseed 12s. per quarter :

PRICES OF MISCELLANEOUS FOREIGN PRODUCE.

	Dec. 1874.	Dec. 1875.	Dec. 1876.	Dec. 1877.	Dec. 1878.	June, 1879.	Nov. 1879.
Cotton (middling upland).... per lb.	7¾d.	7d.	6¾d.	6¾d.	5¾d.	6¾d.	6¾d.
Wool (Sydney grease)..... "	11d.	10½d.	10½d.	10d.	9d.	9d.	10d.
Tobacco (Virginia leaf)..... "	11d.	11d.	9d.	8d.	7d.	7d.	8d.
Petroleum..... per gall.	10d.	1/	—	10¾d.	9¾d.	6¾d.	7¾d.
Turpentine..... per cwt.	26/6	26/	30/6	23/9	21/2	21/4	30/3
Tallow (P. Y. C.)..... "	47/6	53/	45/	39/6	36/	35/3	45/
Saltpetre (refined)..... "	25/9	23/3	25/	27/	24/3	23/6	25/
Indigo (middling Bengal).... per lb.	6/6	5/6	6/	5/9	5/6	5/9	7/
Linseed..... per qr.	57/	54/	54/	51/	46/	51/	58/
Rapeseed..... "	51/	56/6	59/	58/	43/6	44/	50/
Flax (St. Petersburg 12 head) .. per ton.	£ 39	£ 45	£ 40	£ 40	£ 28	£ 30	£ 31
Hemp (Manilla)..... "	£ 30	£ 31	£ 30	£ 20½	£ 22½	£ 26	£ 35

This is necessarily a brief record, but it contains a statement of facts which is of considerable importance to the banking community. To the banker who happens to have advanced on stocks of produce—say iron, or cotton—it means a far larger margin of security. Indeed, it is not too much to say, that to some merchants who have been long holders, this rise has put the balance on the right instead of the wrong side of their account. On the other hand it is well to remember that so general a rise cannot, in every instance, be warranted, and bankers will do well to curb the spirit of speculation which has come to the surface, so that the present movement may be consolidated before a further advance is made.

LIABILITY OF SHAREHOLDERS IN NATIONAL BANKS.

UNITED STATES CIRCUIT COURT, SOUTHERN DISTRICT OF NEW YORK,
NOVEMBER 5, 1879.

Theodore M. Davis, Receiver of the Ocean National Bank of the City of New York, vs. Calvin A. Stevens, Executor of Calvin Stevens, deceased.

Opinion by WAITE, Ch. J.

This was a suit at law by the receiver of an insolvent National Bank to enforce the individual liability of an alleged stockholder under section 5,151 of the Revised Statutes. The bank failed December 12, 1871, and it is conceded that Calvin Stevens, the decedent, did not then appear on the books as a shareholder, and had not appeared as such since October 29, 1870. On that day one hundred and seventeen shares stood in his name, which he caused to be transferred to one Elston, an irresponsible person, and a porter in the office of his New York broker. At the time of this transfer, so far as appears from the evidence, there was no suspicion of the insolvency of the bank, and it remained in good credit for more than a year afterwards. Subsequently Stevens made other purchases of the stock of the bank, and sometimes made sales. His purchases were put to the credit of Elston on the stock books, and to meet his sales, he, acting as the agent of Elston under a power of attorney for that purpose, caused the necessary transfers to be made from the same account. On the 22d of November, 1871, there stood to the credit of Elston on the books one hundred and sixty-one shares, for which a formal certificate was issued in his name, and delivered to Stevens as his agent. It did not appear from the testimony that any of the shares which once stood in Stevens' name were included in this certificate. The account on the books remained unchanged from that time until the failure.

Upon this state of facts the court below directed a verdict in favor of the defendant, and the single question now presented is, whether that was right. For all the purposes of this inquiry it must be assumed that as between Stevens and Elston, Stevens was the real owner of the stock. Clearly the evidence tended to prove that fact, and there was enough to make it wrong to take the question from the jury. There is no pretence that Elston did not give his assent to the transfer to him on the books. This made him liable as a shareholder. *Upton vs. Tribitcock*, 91 U. S. 48; *Webster vs. Upton*, id. 65; *Pullman vs. Upton*, 96 U. S. 328. The point to be decided now is whether, in an action at law by a receiver of the bank, the real owner of stock in a National bank standing by his procurement in the name of another, and never having been in his own name on the books, can be charged as a shareholder with the statutory liability for debts.

The Banking Act (13 Stat., 99, sec. 1, Rev. Stat., sec. 5,134), provides that the certificate of organization shall specify among other things, "the names and places of residence of the shareholders, and the number of shares held by each of them." Sec. 12 of the original act is as follows:

"That the capital stock of any association formed under this act shall be divided into shares of one hundred dollars each, and be deemed personal property, and transferable on the books of the association, in such manner as may be prescribed in the by-laws or articles of association; and every person becoming a shareholder by such transfer shall, in proportion to his shares, succeed to all the rights and liabilities of the prior holder of such shares, and no change shall be made in the articles of association by which the rights, remedies, or securities of the existing creditors of the said association shall be impaired. The shareholders of each association formed under the provisions of this act, . . . shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such association, to the extent of the amount of

their stock therein at the par value thereof, in addition to the amount invested in such shares. . . . " In the Revised Statutes these provisions are separated and reproduced as sections 5,139 and 5,151, but for the purposes of construction they are to be considered together Rev. Stat., sec. 5,600. Sec. 63 of the original act, Rev. Stat., sec. 5,152, provides "that persons holding stock as executors, administrators, guardians, and trustees, shall not be personally subject to any liabilities as stockholders; but the estate and funds in their hands shall be liable in like manner and to the same extent as the testator, intestate, ward, or person interested in such trust funds would be, if they were respectively living and competent to act and hold the stock in their own names." Sec. 40, Rev. Stat., sec. 5,210, requires that a full and correct list of the names and residences of all the shareholders shall be at all times kept in the office where the business of the association is transacted, subject to the inspection of shareholders and creditors, and that a verified copy of this list must be transmitted to the Comptroller of the Currency.

Under these provisions of the law, it is contended that the registered shareholders alone can be charged with the statutory liability, and that an assignee of stock does not make himself responsible unless he accepts an actual transfer in his own name on the books. As has just been seen the registered holder is liable. By holding himself out to the world as owner, as he does when he permits his name to appear to that effect on the books kept for the information of shareholders and creditors, he estops himself from denying that he is in fact what he represents himself to be. The question still remains, however, whether the person for whom the registered owner holds the stock, if actually the owner, may not also be liable.

The Supreme Court, at its last term, held in *Germania Bank vs. Case*, 99 U. S., that if a registered owner transferred his stock in a failing corporation to an irresponsible person for the mere purpose of escaping liability, or if his transfer was colorable only, the transaction was void as against creditors. At the same term in *Case vs. Marchand*, 99 U. S., an effort was made to charge Marchand with liability as the real owner of stock standing in the name of one Lubie, the allegation being that Marchand, having bought the stock from one Keenan, caused it to be transferred to Lubie for the purpose of concealing his ownership and avoiding liability under the act of Congress. The Court decided the case on the ground that the evidence was not sufficient to show the actual ownership of Marchand, but there is nowhere an intimation that if the facts had been as alleged the action might not be sustained.

The present case shows that Stevens bought the stock from registered owners, and both assignments of their certificates with authority to complete the transfers on the books. As between Stevens and the vendors this made Stevens the owner. At that time the vendors could have registered their transfers, and thus, while relieving themselves from liability, charged Stevens. *Webster vs. Upton*, 91 U. S., 71. If Stevens had omitted to register the transfer, and on that account his vendors had been compelled, as registered owners, to respond to their statutory liabilities for debts, I cannot think there would be a doubt of their right to call upon him to reimburse them for the money so paid. The reason is obvious. While the vendors were the registered owners, Stevens was the actual "shareholder," and the money paid by the vendors would have been for his use, and recoverable from him as such.

Stevens, by his transfers on the books, undoubtedly released his vendors from all future liability, because, as to them, the transfers were "out and out," in the language of the English cases, and not colorable only. They retained no interest whatever, and Elston, the registered transferee, although pecuniarily irresponsible, was capable in law of assuming the obligations of a shareholder. As between Stevens and Elston, however, Stevens was the real owner, and Elston his authorized representative in the bank. As such representative, Elston could vote the stock at elections and receive and receipt for dividends. So, too, he could sell and transfer the stock on the books, and such sale and transfer to a *bona fide* purchaser would pass the title free from any claims of Stevens. Neither would the bank, under ordinary circumstances,

be liable to Stevens for permitting the transfer to be made. So far as Elston was concerned, the transfer to him was colorable only, and it is apparent that the only object Stevens had in causing it to be made was to conceal his ownership, and thus, if possible, escape all statutory liability. Such being the case, I am unable to see how he can occupy any different position from what he would if the stock had been taken directly from his own name on the books and put in that of Elston. He is still the real owner, with Elston as his agent specially authorized to hold for him the legal title. Every principal is responsible for the obligations of his agency. The debt of the agent is the debt of the principal, and always recoverable from the principal. By the rules of law which govern the relation of principal and agent, the registry on the books in the name of Elston, was, as between Stevens and Elston, in legal effect the same as a registry in the name of Stevens. The obligations which Elston assumed by reason of such registry were the obligations of Stevens.

Assuming then, as I must for the purposes of this case, that the facts were as they are claimed by the plaintiff to have been, I cannot reach any other conclusion than that Stevens, the decedent, was in law a "shareholder" of the bank at the time of its failure, and, as such, liable in this action. It was error, therefore, to direct a verdict for the defendant.

The judgment of the District Court is reversed, and the cause remanded for a new trial.



FINANCIAL LAW.

SELECTED DIGEST OF RECENT DECISIONS.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

ALTERATION—DISCHARGES SURETY, THOUGH NOT INJURIOUS TO HIM.—An erasure of a seal after the name of a surety on a promissory note is a material alteration which will discharge the surety, and this notwithstanding such alteration, does not prejudice the surety, but makes a contract more favorable to him. Tennessee Supreme Court, December Term, 1877. *Organ vs. Allison*. Opinion by DEADERICK, J.

INDORSEMENT—WAIVER OF DEMAND AND NOTICE—EVIDENCE.—Oral testimony is admissible to prove that the indorser, as between himself and the maker, at the time of indorsing a note in blank, waived demand and notice. A waiver of demand of payment at the maturity of a note is also a waiver of notice of non-payment. Ohio Supreme Court, November 18, 1879. *Dye vs. Scott*. Opinion by GILMORE, C. J.

INDORSEMENT—LUNATIC INDORSER, WHEN LIABLE.—In an action upon a promissory note against an indorser, the defense set up was that the defendant was a lunatic at the time the indorsement was made. It appeared that the note was the last of a series of renewals upon which defendant had been indorser, and that at the time of making the first indorsement defendant was sane, and that he took security for indorsing. *Held*, that however it might have been had the note in suit been an original note indorsed by the alleged lunatic for the accommodation of the maker, yet the case was different when it appeared that it was a renewal of a note for a similar amount upon which he was also an accommodation indorser. He had taken and held a judgment against the maker as collateral security for the note. He was clearly liable on the note of which the note in suit was a renewal. There was full consideration therefor, and the case is directly within the decisions of this court in *Lancaster County National Bank vs. Moore*, 23 P. F. Smith 407, and *Moore vs. Lancaster County National Bank*, 2 Weekly Notes 674. Pennsylvania Sup. Ct., March 24, 1879. *Snyder vs. Laubach*. Opinion by the Court.

LUNACY—OF MAKER OF NOTE—BONA FIDE HOLDER.—While the purchaser of a promissory note is not bound to enquire into its consideration, he is affected by the status of the maker, as in the case of a married woman or a

minor. In neither of these cases can he recover against the maker. In the case of a lunatic, however, he may recover, provided he had no knowledge of the lunacy, and the note was obtained without fraud, and upon a proper consideration. But the lunatic or his committee may defend upon either of these grounds. Pennsylvania Supreme Court, June 23, 1879. *Moore vs. Hershey*. Opinion by PAXSON, J.

JOINT PAYEES—RIGHTS OF—TRANSFER OF NOTE—AUTHORITY OF EACH PAYEE.—If a note be made payable to several persons, not partners, it can only be transferred by a joint indorsement of all of them, but when it is made to two or more persons, as partners, it may be transferred by the indorsement of any one of them. The mere fact that an abbreviated form, as "Chas. and Wm. Feickert," instead of "Charles Feickert and William Feickert," is used in describing the payees of a note, does not, as a matter of law, authorize the public to assume that they are partners. The possession of a note by one or two joint payees is not evidence that the payees are partners, but is simply *prima facie* evidence of the title disclosed upon the face of the note. Neither of two joint payees being the agent of the other, he can no more bind the other by a sale of the note without indorsement than he can by a sale with indorsement. The fact that one joint payee is authorized by the other to collect the note when due, does not authorize him to sell or compound it. Illinois Sup. Ct., Oct. 2, 1879. *Ryhiner vs. Feickert*.

NATIONAL BANK—WHEN IT MAY TAKE MORTGAGE.—A National bank may take a mortgage of real estate executed in good faith, to secure pre-existing indebtedness; and it makes no difference that when the mortgage is executed the note evidencing the indebtedness is taken up and a new one given for its amount, and an agreement made for periodical renewals. The debt is the same though it be evidenced from time to time by different notes. *Semble*, that neither the mortgagor nor those claiming under him can avoid a mortgage given to a National bank to secure a loan, on the ground of want of power in the bank to take it. Vermont Supreme Court, January Term, 1879. *Howard National Bank of Burlington vs. Loomis*. Opinion by POWERS, J.

NEGOTIABLE INSTRUMENT—BONA FIDE HOLDER—FAILURE OF CONSIDERATION.—Defendant subscribed for certain corporate stock, to be paid for in installments. One installment he paid in cash; for the second one he gave his promissory note. After this note was due it was transferred for value to plaintiff. Thereafter, on default of payment of further installments, defendant's stock was declared forfeited. The stock was the only consideration for the note. *Held*, that plaintiff was entitled to recover on the note. The settled rule is that no equity arising after the transfer of an overdue note can affect the holder, and that he takes with the transfer all the rights of the indorser. 2 *Parsons on N. & B.* 26; *Shipman vs. Robbins*, 10 Iowa, 208; *Wilson vs. Savings Bank*, 45 Penn. St. 488; *Baxter vs. Little*, 6 Metc. 7. Even such equity must grow out of and be connected with the note. *Long vs. Rhawn*, Ex'r, 75 Penn. St. 128. Iowa Supreme Court, October 28, 1879. *Whittaker vs. Kuhn*. Opinion by SEEVERS, J.

PROMISSORY NOTE PAYABLE TO TWO—INDORSEMENT BY ONE—RIGHT OF HOLDER IN GOOD FAITH.—(1) A promissory note containing the words, "I promise to pay to the order of myself," having been signed by two persons and placed by one of them in the hands of the other to be by him put in circulation for his own benefit, the latter may, before the note is due, by indorsing his name thereon, invest a *bona fide* holder with a complete title thereto, although the name of the other maker is not so indorsed. (2) In violation of an agreement between principal and surety in a promissory note, the principal transferred the note, before due, as collateral security for an extension for ten days in the time of payment of a protested draft for a less amount, the person receiving the collateral acting in good faith, and having no knowledge of such agreement. *Held*, that the title of such holder to the extent of his draft is valid assuming the facts to be as stated. Ohio Supreme Court, November 18, 1879. *First National Bank of Warren vs. Fowler*. Opinion by OKEY, J.

SURETYSHIP—RIGHT OF SURETY TO CONTRIBUTION.—A surety on a note who has paid the debt may bring an action for contribution without showing that the principal is unable to respond, and without giving notice of payment or demanding contribution before the commencement of the action. The Court say: The obligation rests upon the principle of equity, which courts of law will enforce—that when two persons are subject to a common burden, it shall be borne equally between them. As was said by Mr. Justice Jackson, in *Bachelder vs. Fiske*, 17 Mass. 467: “Indeed, it is difficult to conceive of a right in one party, founded on the fixed principles of justice, and recognized by the law of the land, which does not involve a corresponding obligation on the other party, and a legal obligation is a sufficient ground of an implied promise.” The usual form of action for enforcing contribution is assumpsit for money paid to the use of the co-surety. We see nothing in the nature of the ground of the implied promise, nor the principle from which it is inferred, nor the form of action which tends to the conclusion that the promise of the co-surety is conditional, or that his obligation is collateral to that of the principal; but, on the contrary, it bears all the features of a primary liability. Certain cases holding the opposite doctrine have been brought to our notice, among which are *Pearson vs. Duckham*, 3 Littell 385, and other cases in Kentucky, decided upon the authority of that case. The above case was reviewed in *Roberts vs. Adams*, 6 Port. 361, and the grounds upon which it is made to rest are entirely overthrown. And there are many cases from the courts of the several States to the effect that the liability of the co-surety for contribution is primary, and not conditional upon the inability of the surety to recover the money from the principal; and as there are no cases to the contrary in this court, we hold that those cases place the liability of the co-surety on its proper grounds, and assign to it its proper character. See *Bachelder vs. Fiske*, 17 Mass. 464; *Sloo vs. Pool*, 15 Ill. 47; *Goodall vs. Wentworth*, 20 Me. 322; *Odlin vs. Greenleaf*, 3 N. H. 270; 1 W. & T. Lead. Cases in Equity, note to *Dering vs. Earl of Winchelsea*, 184; 1 Pars. on Cont. 31. The nature of the liability of the co-surety to the surety who satisfies the principal obligation, is such that no notice or satisfaction or demand for contribution is required. *Chaffee vs. Jones*, 19 Pick. 260. California Sup. Ct., October 27, 1879. *Taylor vs. Reynolds*. Opinion by the Court.

TITLE TO DEPOSITS—APPLICATION UPON LIABILITY OF DEPOSITOR.—Where a depositor had money in a bank and the bank held a promissory note upon which such depositor was liable, held, that the application of the amount of deposit toward the payment of the note was proper. Money deposited in a bank does not remain the property of the depositor, upon which the bank has a lien, but it becomes the absolute property of the bank, and the bank is merely a debtor to the depositor in an equal amount. *Foley vs. Hill*, 1 Phil. 399, and 2 H. L. Cas. 28. So long as the balance of account to the credit of the depositor exceeds the amount of any debts due and payable by him to the bank, the bank is bound to honor his checks, and liable to an action by him if it does not. When he owes the bank independent debts, already due and payable, the bank has the right to apply the balance of his general account to the satisfaction of any such debts. And where by express agreement, or by a course of dealing between the depositor and the banker, a note or bond of the depositor is not included in the general account, any balance due from the banker to the depositor is not to be applied in satisfaction of such note or bond, even for the benefit of a surety thereon, except at the election of the banker. *Clayton's case*, 3 Meriv. 572, 610; *Bodenham vs. Purchas*, 2 B. & Ald. 39, 45; *Simpson vs. Ingraham*, 2 B. & C. 65; *Pemperton vs. Oakes*, 4 Russ. 154, 168. Accordingly when a bank held a note which was upon an individual transaction of the depositor and for his benefit, and one which was an official matter, and the consideration of which never went to the account of the depositor individually, held, that the bank might apply the amount of the deposit upon the first-mentioned note and refuse to apply it on the second. *National Mahaiwe Bank vs. Peck*. Opinion by Gray, C. J. Mass. Supreme Judicial Court Abstract, October 1879.

EX-SECRETARY McCULLOCH ON SILVER CURRENCY.

The following letter to a member of the House of Representatives presents a plea for the retirement of small notes and the substitution of silver for them :

NEW YORK, December 6, 1879.

DEAR SIR : It must be evident to a gentleman of your intelligence that it will be impossible for the United States, without the co-operation of other commercial nations, to give to silver a commercial equivalency to gold. How then can the circulation of silver throughout the Union be increased? Not, it seems to me, by a law which would compel the National banks to keep their reserves in coin, for if compelled to do this, they would supply themselves with gold, the tendency of which is toward increased value, so that the practical effect of such compulsion would merely be a transfer of gold from the United States Treasury to the vaults of the banks. Regarding it to be most desirable that the country should be fully supplied with a silver as well as a gold currency, I, long since, came to the conclusion that this could only be accomplished by the substitution of silver coin for the small notes of the Government and the National banks—say for all notes under the denomination of ten dollars. To accomplish this substitution, commencing with the retirement of ones and twos, there would be a home demand for the entire production of our silver mines for many years, the effect of which demand would be not only to appreciate silver in the United States, but to aid the efforts which ought to be made to elevate it to a comparative parity with gold throughout the world.

Such a policy as this might be objected to, on the ground that small notes are a convenience, and that their withdrawal would reduce the circulating medium of the country. In answer to such objections, it might be correctly said, that other nations get on comfortably without small notes—that the convenience of the use of them is greatly overrated in the United States; and that they are directly in the way of an increase in the circulation of the precious metals. Nor would the retirement of small notes contract the currency. It would, on the contrary, lead to expansion. The banks would substitute larger notes for their smaller ones, while silver—which otherwise would, as bullion, be an article of merchandise, or as coin, lie idle in the Government Treasury or the vaults of the banks—would come into active circulation. I am, as you perhaps know, hostile to inflation, but my hostility would be greatly diminished—indeed it would be overcome—if inflation were produced by an increase in the supply of gold and silver, which I hold to be alone *money*.

You will, I trust, pardon me for the liberty I am taking in thus addressing you. You are the first member of Congress to whom I have written since I left the Treasury Department, upon the currency question, and I should hesitate to write to you—whom I have not the honor of knowing personally—this brief note, did I not consider it a matter of supreme importance that every step taken by Congress in financial reform should be in the direction of removing all obstacles in the way of an increase of metallic currency. In this, our day of National prosperity, it behooves Congress to do what can be done to supply the country with gold and silver so that it may easily bear the strain, which will be the result of unfavorable conditions of our foreign exchanges, which sooner or later must come about. I have the honor to be, with great respect, very truly yours,

HUGH McCULLOCH.

To the Hon. ———, House of Representatives, Washington, D. C.

REPORT OF THE SECRETARY OF THE TREASURY.

The annual report of the Treasury Department shows that the revenues from all sources for the fiscal year ending June 30, 1879, were :

From customs.....	\$137,250,047 70
From internal revenue.....	113,561,610 58
From sales of public lands.....	924,781 06
From tax on circulation and deposits of National banks.....	6,747,500 32
From repayment of interest by Pacific Railway Companies.....	2,707,201 30
From customs fees, fines, penalties, etc.....	1,100,876 66
From fees consular, letters patent, and lands.....	2,136,051 79
From proceeds of sales of Government property.....	181,128 81
From premium on sales of coin.....	8,104 38
From premium on loans.....	1,496,943 25
From profits on coinage, etc.....	2,924,938 67
From revenues of the District of Columbia.....	1,741,461 16
From miscellaneous sources.....	3,046,544 05
Total ordinary receipts.....	\$273,827,184 46

The ordinary expenditures for the same period were :

For civil expenses.....	\$16,439,997 17
For foreign intercourse.....	1,333,836 13
For Indians.....	5,206,109 08
For pensions, including \$5,373,000 arrears of pensions.....	35,121,482 39
For the military establishment, including river and harbor improvements and arsenals.....	40,425,660 73
For the naval establishment, including vessels, machinery and improvements at navy yards.....	15,125,126 84
For miscellaneous expenditures, including public buildings, light-houses, and collecting the revenue.....	38,870,205 78
For expenditures on account of the District of Columbia.....	3,597,516 41
For interest on the public debt.....	105,327,949 00
For payment of Halifax award.....	5,500,000 00
Total ordinary expenditures.....	\$266,947,883 53

Leaving a surplus revenue of \$6,879,300.93, which was applied as follows :

To the redemption of United States notes, etc.....	\$31,613 17
To the redemption of fractional currency.....	705,162 99
To the redemption of six-per-cent. bonds for the sinking fund.....	18,500 00
To increase of cash balance in the Treasury.....	6,124,024 77
Total.....	\$6,879,300 93

The amount due the sinking fund for the year was \$36,955,604.63, leaving a deficiency on this account of \$30,076,303.70.

Compared with the previous fiscal year, the receipts for 1879 have increased \$16,711,159.70 in the following items: In customs revenue, \$7,079,367.50; in internal revenue, \$2,979,985.84; in premium on loans, \$1,496,943.25; in repayment of interest by Pacific Railroad companies, \$1,340,246.67; in profits on coinage, \$1,234,176.34; and in miscellaneous items, \$2,580,440.10. There was a decrease of \$647,853.94, as follows: In sales of public lands, \$154,962.31; in premiums on sales of coin, \$308,997.92; in semi-annual tax on banks, \$115,552.64; and in proceeds of sales of government property, \$68,341.07, making a net increase in the receipts from all sources for the year of \$16,063,305.76.

The expenditures show an increase over the previous year of \$32,224,731.26, as follows: In the War Department, \$291,512.88; in the Interior Department, \$8,561,292.11; Indians, \$576,828.80, and Pensions, \$7,984,463.31. In the interest on the public debt, \$2,827,074.35, and in the civil and

miscellaneous, \$12,563,851.92. There was a decrease of \$2,240,174.53 in the Navy Department, making a net increase to the expenditures of \$29,983,556.73.

The Secretary reports, that notwithstanding the unusual demands on the Treasury occasioned by the arrears of pensions act, the Department will probably be enabled to apply to the sinking fund account during the current fiscal year \$24,000,000.

The Secretary urges attention to the obligations created by the laws in reference to a sinking fund, and with a view of promoting economy he suggests the permanent organization of an appropriations committee for each house to examine all expenditures of the Government.

The report devotes considerable space to the resumption of specie payments and many figures in reference to the amount of notes redeemed are given, which have already been published. In reference to the conflicting opinions as to the use of the resumption fund the report says:

To avoid all uncertainty, it is respectfully recommended that by law the resumption fund be specifically defined and set apart for the redemption of United States notes, and that the notes redeemed shall only be issued in exchange for or purchase of coin or bullion.

It would be only in an emergency, not easy to foresee, and not likely to arise, that the power to sell bonds for resumption purposes would be exercised, but it should be preserved to meet any extraordinary demand for the redemption of notes which might possibly occur. The Secretary is, therefore, of the opinion that the provisions of existing law are ample to enable the Department to maintain resumption, even upon the present volume of United States notes. In view, however, of the large inflow of gold into the country, and the high price of public securities, it would seem to be a favorable time to invest a portion of the sinking fund in United States notes, to be retired and canceled, and in this way gradually to reduce the maximum of such notes to the sum of \$300,000,000, the amount fixed by the Resumption act.

The Secretary respectfully calls the attention of Congress to the question whether United States notes ought still to be a legal tender in the payment of debts. . . . No constitutional objection is raised against the issue of notes not bearing interest, to be used as a part of the circulating medium. The chief objection to the emission of paper money by the Government grows out of the legal-tender clause, for without this the United States note would be measured by its convenience in use, its safety and its prompt redemption. In war and during a grave public exigency, other considerations may properly prevail, but it would seem that during peace, and especially during times of prosperity and surplus revenue, the promissory notes of the United States ought to stand like any other promissory note. It should be current money only by being promptly redeemed in coin on demand. The note of the United States is now received for all public dues, and is carefully limited in amount; it is promptly redeemed on demand, and ample reserves in coin are provided to give confidence in and security for such redemption. With these conditions maintained the United States note will be readily received and paid on all demands. While they are maintained the legal-tender clause gives not additional credit or sanction to the notes, but tends to impair confidence and to create fears of overissue.

It would seem, therefore, that now and during the maintenance of resumption it is a useless and objectionable assertion of power, which Congress might now repeal on the ground of expediency alone. When it is considered that its constitutionality is seriously contested, and that from its nature it is subject to grave abuse, it would now appear to be wise to withdraw the exercise of such a power, leaving it in reserve to be again resorted to in such a period of war or grave emergency as existed in 1862. *

The Government derives an advantage in circulating its notes without interest, and the people prefer such notes to coin as money for their convenience in use in their certain redemption in coin on demand. This mutual advantage may be secured without the exercise of questionable power, nor need any inconvenience arise from the repeal of the legal-tender clause as to future contracts. Contracting parties may stipulate for either gold or silver coin, or current

money. In the absence of an express stipulation for coin, the reasonable presumption would exist that the parties contemplated payment in current money, and such presumption might properly be declared by law and the contract enforced accordingly. The Secretary, therefore, respectfully submits to Congress whether the legal-tender clause should not now be repealed as to all future contracts, and parties be left to stipulate the mode of payment. United States notes should still be receivable for all dues to the Government; they should be promptly redeemed on demand, and ample provision made to secure such redemption.

The Secretary quotes at length from the report of the Director of the Mint and approves his recommendation. In reference to the coinage of silver he says:

No effort has been spared to put this coin in circulation. Owing to its limited coinage it has been kept at par, but its free coinage would soon reduce its current value to its bullion value, and thus establish a single silver standard. The inevitable result would be to exclude gold coin from circulation. It is impossible to ascertain what amount of silver coin, based upon the rates of sixteen of silver to one of gold, can be maintained at par with gold, but it is manifest that this can only be done by the Government holding in its vaults the great body of the silver coin. It would seem that nothing would be gained by an unlimited coinage, unless it is desirable to measure all values by the silver standard. The Secretary cannot too strongly urge the importance of adjusting the coinage rates of the two metals by treaties with commercial nations, and until this can be done, of limiting the coinage of the silver dollar to such a sum as, in the opinion of Congress, would enable the Department to readily maintain the standard dollars of gold and silver at par with each other.

The Secretary reviews the refunding operations, the details of which are familiar to the financial world, and states that since November 23, 1878, to which date the transactions were brought in the last annual report, there have been refunded \$370,848,750 six-per-cent. and \$193,890,250 five-per-cent. bonds of the United States into bonds bearing interest at four per cent., making an annual saving of interest heretofore of \$9,355,877.50.

THE UNITED STATES TREASURY.—From the statement of the condition of the Treasury, on the 1st of December, it then held:

In gold coin and bullion.	\$160,443,436	..	In fractional silver coin.....	\$18,432,478
• standard silver dollars.	32,839,207	..	• silver bullion.....	4,323,097

There were then outstanding, certificates of deposit of gold for \$13,195,460, and of silver dollars for \$1,894,722, so that the Treasury then held in its own right: in gold coin and bullion, \$147,247,976; in standard silver dollars, \$30,944,485.

The number of silver dollars owned by the Treasury was 30,423,150 on the 1st of October, 30,632,263 on the 1st of November, and, as given above, was 30,944,485 on the 1st of December. Of the \$5,000,000 coined during October and November nine-tenths have therefore passed into private hands.

Contrary to anticipations there was a considerable increase, during November, of the Treasury holdings of fractional silver coin. The amounts on hand were: October 1, \$16,814,308; November 1, \$17,775,986; December 1, \$18,432,478.

NOVEMBER COINAGE.—The following is a statement of the coinage executed at the United States mints during the month of November, 1879: Double eagles, 89,135 pieces, value, \$1,782,700; eagles, 122,510 pieces, value, \$1,225,100; half eagles, 180,264 pieces, value, \$901,320; three dollars, ten pieces, value, \$30; quarter eagles, ten pieces, value, \$25; dollars, ten pieces, value, \$10; total gold, 391,939 pieces, value, \$3,909,185. Standard silver dollars, 2,499,000 pieces, value, \$2,499,000. Five cents, 400 pieces, value, \$20; three cents, 400 pieces, value, \$12; one cent, 3,120,400 pieces, value, \$31,204; total minor, 3,121,200 pieces, value, \$31,236. Grand total, 6,012,139 pieces, value, \$6,439,421.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. THE GARNISHEE OF CHECKS.

A owes B a debt, the amount of which is disputed. A transfers his property to C, taking C's check on bank (C's account being good) payable to A, or bearer. B hears of A's transaction and garnishees the bank from paying any funds in its hands or control to A. Garnishee papers are served on the Cashier, one copy before A presents his check for payment, then another copy immediately after the Cashier receives the check from the hand of A for payment, and while the check is in the Cashier's hand—on account of the garnishee service, the Cashier refuses payment of the check and hands it back to A—A demanding the check or the money.

Now, is the bank liable to B for *not retaining* the check?

Did the bank do right in returning the same to A, or ought the bank to have paid A the money on it?

REPLY.—The cashier appears to have followed the proper course in this case. The ordinary rule for testing the question whether a garnishee is liable, is to see whether, at the time of the service of the papers, he owed any debt to the defendant. The bank owed no debt to A before the check was presented; neither did it after the check was presented and when the garnishee papers were served a second time, unless the cashier had done some act equivalent to an acceptance of, or promise to pay, the check; and no such act is disclosed in the inquiry. No state of facts having arisen upon which the bank was liable to A, up to the time of the second service, we do not see how it can be held in the garnishee proceedings. The inquiry involves the much discussed question whether a check is an assignment of the funds deposited upon which the bank may be sued, and we reply, as we always do in such cases, upon the theory that it does not; especially as the inquiry comes from Wisconsin, where the question does not appear to have been decided in the courts. If the opposite view has been or shall be adopted by the courts of that state, there is no doubt but that the bank became liable as garnishee upon the second service of the papers. The check was an assignment, of which the bank had notice when the check was presented, and its liability to A then became fixed.

Assuming that the bank was not liable as garnishee, we think the cashier, being in doubt, was fairly justified under the circumstances in refusing to pay the check, and the bank has a sufficient excuse to justify dishonoring the check to C, to whom alone it is responsible; and the return of the check to A, on his demand was not improper. On the other hand, if the bank was liable as garnishee, the return of the check was a mistake, because by so doing the bank gave A an opportunity to pass away the check to a *bona fide* holder, and so to prevent it from charging the amount of the check, which it must pay to B, to the account of C.

II. "NO PROTEST" ACROSS FACE OF DRAFT.

Please find enclosed a copy of a Draft received by us for collection, without any instructions in regard to protesting. Please inform me if it is to be protested, or does it come under the same head as the case cited in the September number of your magazine. The words "*No Protest*," in the original draft, are *written*, and as near as possible, in the same place as on the copy.

[The words are written across the end of draft at the left of its face.]

REPLY.—We think the agent for collection may safely omit to protest this draft, in the absence of specific instructions. The general presumption of law, upon which he has a right to rely, would be, that the memorandum across the end of the draft was written there before its delivery by the drawer. Assuming the memorandum to have been so written, the ordinary and familiar rule of interpretation applies, viz.: that "the contract must be collected from the four corners of the document"; and the memorandum is as much a part of the draft as though it were written in the body thereof and over the drawer's signature. In the case of *Costelo vs. Crowell*, reported in the *Reporter*, October 22d, 1879, the memorandum was in precisely the same part of the paper as here. We give above the general rule on the subject. And in New York, although the decisions have not been uniform, since the case of *Benedict vs. Cowden*, 49 N. Y. 405, this rule has been understood to prevail here. We have answered the inquiry solely with reference to the duty of the collecting agent. The other question discussed in our September and October numbers, whether the memorandum is binding as a waiver of protest upon the indorsers of the draft, if any, depends upon the question when the memorandum was written; parol evidence being admissible for them to show that the memorandum was not on the draft when they signed it. With this question, under the circumstances, we think the agent for collection need not trouble himself.

III. PAYMENT TO WRONG PARTY OF SAME NAME AS PAYER.

Suppose a bank draw its draft (or check) on a correspondent, payable to the order of "Joseph Wright," which is sent by mail to a town in which reside two persons of the name of "Joseph Wright." The wrong "Joseph Wright" secures the draft, presents the same at a bank in said town, and receives the money for it. In that case is the bank paying the draft liable for the amount to the right "Joseph Wright?"

REPLY.—Yes; the liability is the same as if the check were paid upon a forged indorsement. No one has a right to indorse the check but the true payee, and it is the duty of the bank or party who cashes the check to know that the indorsement is genuine. This is a risk which should not be lost sight of, especially in large cities where there are often many persons bearing the same name.

IV. COMPUTATION OF TIME AGAIN.

When will a note dated October 30th, payable four months after date, become due? We have had some controversy in our office in regard to the time, and would like you to settle it for us in the January number of your Magazine.

REPLY.—The note is due on the last day of February, to which being added three days of grace, the third of March is the date of its maturity. As there have been lately an unusual number of inquiries upon the computation

of time, by months, we append the law on this point as laid down by Daniel.

"By the common law of England, a month is deemed a *lunar* month, and is computed accordingly in construing common-law contracts and statutes; but by the law-merchant, both in England and in the United States, a month is construed to mean a calendar month in all cases of negotiable instruments and of mercantile contracts. Therefore, a bill dated the first day of January, and payable one month after date, would be payable (grace included) on the fourth day of February; and one dated February first, payable one month after date, would likewise be payable (grace included) on the fourth day of March, although February is two or three days (in leap year) shorter than January. When one month is longer than the next succeeding month, the computation of a month does not carry it into a third month. Thus a month dating from the thirty-first of January, would expire on the 28th or 29th of February, as the case might be; and in leap year, a month, counting from the thirty-first, thirtieth, or twenty-ninth of January, would end on the twenty-ninth of February; and the last day of grace would be March the third. But if a bill or note were dated January twenty-eighth, a month therefrom would terminate on February twenty-eighth, and presentment should be on March the second."—*The Law of Negotiable Instruments*, § 624.

V. THE SALE OF DRAFTS BY MERCHANTS.

We have a complaint to make, which we suppose is common to every village banker, and that is, the fact that occasionally a merchant who perhaps keeps an account in a leading city for his own convenience, practices the habit of selling to his neighbor merchants drafts for the remittance of their bills, thus placing himself in direct competition with a bank. By reason of not having to pay the expenses of a banking office, and the further reason that the city bank furnishes him with blank checks, he is enabled to sell drafts at less than a bank can afford to. In our own place, our bank is selling Chicago exchange one-tenth of one per cent. premium, or ten cents for a draft of \$100 or under. Yet the merchant who claims he simply sells drafts for the sake of holding his trade in merchandise, and that he really does not like to sell them, is able to furnish them at one-half the small premium we charge. In a large town or city where the rate of exchange is controlled by the supply and demand, or course this trouble is unknown, and it suggests the idea that a license tax, levied upon those who buy and sell exchange, and the removal of the stamp tax, together with a reduction of the semi-annual duty, would prove a protection to the banking interest, and still retain enough of revenue to the Government without proving a detriment to business in general, as it is now. Can you suggest a remedy?

REPLY.—Our correspondent has, himself, suggested the only steps which seem practicable towards lessening the evil complained of; yet we doubt whether it is possible to check entirely competition of this kind. From such beginnings as the sale of drafts by country storekeepers, followed by the deposit of moneys for safe keeping, a large proportion of the banks of the West have come into existence. But justice fairly demands that while bankers are burdened by an undue share of taxation, those who undertake to usurp their proper functions should at least pay likewise for the privilege of so-doing.

NOTE: The answers to such of these inquiries as refer to points of law rather than of banking practice, are furnished to us by M. M. Weston, 53 Tremont Street, Boston.

BANKING AND FINANCIAL ITEMS.

Notice.—The **BANKER'S ALMANAC AND REGISTER** for 1880 is now in preparation, and will appear at the usual time in January. The prospectus will be found at the beginning of this number. A new feature in the forthcoming volume is a list of first-class Attorneys throughout the United States, carefully selected upon the highest recommendations, with their references.

Bankers are requested to forward to this office, *immediately*, any information of further changes which should be made in the new lists.

The price of the work is to be Three Dollars for the semi-annual issue, or Two Dollars for a single volume.

Orders for insertion of **Cards** of Banks and Bankers may be in time if sent in at once.

AN APPEAL.—About two years ago we called attention to the fact that there was living in penury and want, the widow of R. A. C. Martin, the cashier of the Bank of Columbia, Kentucky, who died at his post rather than surrender his trust to burglars. Her meager pittance does not furnish a support for Mrs. Martin and an aged mother. If every banker who appreciates real fidelity, would send even a single dollar to Mr. Logan C. Murray, President of the Kentucky National Bank, Louisville, for the benefit of Mrs. Martin, it would be a fitting tribute to the heroism of a true man and a kindness well bestowed.

FRACTIONAL CURRENCY.—Of the \$15,710,959 of United States fractional paper currency outstanding November 1, only \$6,611, was presented for redemption during the month of November. It is probable that \$15,000,000 of these notes are destroyed or hopelessly lost. According to the practice of the British Government in similar cases, Congress should fix a time after which their redemption should be no longer obligatory, and after the term expired, strike them from the list of Treasury liabilities.

BANK TAXATION.—A bill introduced into the United States Senate on the 11th of December by Mr. Plumb, of Kansas, provides that no association shall be liable to the tax imposed by section 5,214 of the Revised Statutes, upon any sum under the name of deposits which may be deposited with any other association, bank or banker, and which is subject to taxation with such association. The bill also proposes to exempt from taxation deposits in provident associations, Savings' banks, savings fund institutions, except where any deposit to the credit of one person, firm or corporation exceeds \$2,000. In such cases the excess above that amount is to be liable to tax.

NEW YORK CITY.—At a meeting of the directors of the National Bank of the State of New York, on December 3d, Mr. W. H. Hays, the President, tendered his resignation. Mr. Hays, who has been President since the bank was reorganized in 1875, now retires from active business to enjoy the repose he has well-earned by a successful business career. The resignation was accepted. At a subsequent meeting of the directors, Mr. R. L. Edwards, the cashier of the bank, was elected to the Presidency.

CHICAGO.—The receipts of lumber for 1879 as far as to December 12, were 1,471,030,722 feet, wood measure, which is 315,000,000 more than the total receipts for 1878.

The Chicago *Tribune* says that seventy-five per cent. of the grain sent East from that city is shipped by the Lake.

CALIFORNIA.—The *Real Estate Circular* of San Francisco, describing the operations for November, says that \$657,484 of old mortgages were released during the month, and new mortgages made to the amount of \$779,667. The Savings' banks and other loan institutions held abundance of money, but were unwilling to lend on real estate more than from 40 to 65 per cent. of even the present depressed valuations. The rates upon mortgage loans were generally eight per cent., in some instances rising to nine, but out of the interest received the mortgagees pay two per cent. in taxes under the new California constitution.

MINING ASSESSMENTS.—The assessments of mining companies in Nevada, California, Arizona, Dakota and Idaho, falling due in December, 1879, amounted to \$1,822,600. Of this amount \$1,506,200 are on Nevada mines, \$1,240,200 being on the mines in Storey county alone. The assessments on California mines aggregate \$201,400, leaving only \$115,000 divided up as follows: Arizona, \$55,000; Dakota, \$50,000, and Idaho, \$10,000. The aggregate assessments for the month are larger than for any previous month during the year, the next largest being in October, when they amounted to \$1,620,300. The assessments for November aggregated \$781,500, the smallest total for any month in the year. The assessments for the year foot up \$15,143,700, against \$13,951,500 in 1878, and \$11,598,000 in 1877. The total from 1873 to 1879 is \$77,629,200, an average over \$11,000,000 per annum.—*San Francisco Bulletin*.

COLORADO.—The Canon City coal field is reported to be yielding one thousand tons daily. At El Moro and Cuchara, in addition to raw coals, one hundred tons of coke are said to be produced daily. Iron ores are abundant in the vicinity of these coal fields, and preparations are being made for the manufacture of iron.

Leadville.—The *Leadville Chronicle* reports that from February 15 to November 1, the sales of mining property at Leadville have aggregated \$22,000,000; and it claims that this amount represents actual and *bona fide* transactions.

LOUISIANA.—At the recent election the new constitution was ratified by a majority of 59,072, and the ordinance in relation to the State debt by a majority of 13,976.

PHILADELPHIA.—A Mining Stock Exchange in Philadelphia has been organized, and began business December 4, with some sixty and odd members. The title of the organization is the "Philadelphia Mining and Stock Exchange," its location being No. 310 Chestnut Street. The following officers have been elected: *President*, William M. Capp; *First Vice-President*, E. H. Green; *Second Vice-President*, Frederick Schuellermann; *Treasurer*, S. W. Powell; *Secretary*, George A. Q. Miller. *Governing Committee*—Samuel W. Powell, Frederick Schuellermann, William N. Viguers, Lawrence Emig, Chas. Kane, Charles Glading. *Arbitration Committee*—Samuel M. Capp, William Davis, Sparta Fritz, William Wilson, Samuel Glading.

CANADA.—The Canadian Government has decided to subsidize a railroad from Lake Nipissing to Sault Ste. Marie. This is a part of the projected direct line between Montreal and St. Paul.

The committee appointed by the Insolvent Court of Montreal filed their report on the Consolidated Bank, December 13. They report \$140,000 of undoubted assets over and above its liabilities, with a probability of realizing \$350,000 more, in time, from real estate which is at present unproductive. It is expected that the bank will not be placed in bankruptcy, and that no calls will be made on the shareholders.

SCOTLAND.—The creditors of the Glasgow Bank have received their third dividend, making 13s. 4d. on the pound out of the total. That total is in round numbers, £11,000,000, of which £7,400,000 is paid and £3,600,000 is still to pay. There is every probability that the £11,000,000 will be liquidated to the farthing, but the interest is doubtful.

DEPRESSION IN GERMANY.—A dispatch from Berlin (December 9) says :

"The general depression of business continues, and indeed appears to be daily becoming more severe. At the banks there is little doing, and in mercantile circles there is almost complete stagnation. Of the 700 houses belonging to the building associations not more than one-third are occupied.

"Investigation into the affairs of the suspended house of Godefrey, of Hamburg, reveals a much worse state of affairs than was anticipated. The liabilities are now reluctantly admitted to be over 30,000,000 marks, but the assets are not found to swell proportionately."

During the week ending December 10, the Bank of Germany increased its metallic reserve 10,510,000 marks, being equal to \$2,627,500, and thereupon reduced its rate of discount from 4½ to four per cent. The lower rate was still one per cent. higher than was exacted at the same date by the Banks of France and England.

A Berlin dispatch of December 10, says : "The *Boersen Zeitung* says that the Directors of the Imperial Bank of Germany repudiate the report that the Government intends resuming the sales of silver." What is intended by this is, without doubt, to deny that the Government has any present intention of resuming silver sales. What its ultimate policy may be cannot be foreseen. But it may safely be assumed that the sales of silver will not be resumed until a heavy Eastern demand for that metal, or some other favoring circumstance, may make it possible to exchange silver for gold without any considerable loss.

COTTON AND CORN.—The condition of the cotton and corn crops is reported on December 15th by the Department of Agriculture.

The returns from correspondents for the month ending December 1, 1879, concerning cotton substantially confirmed the report of the month previous. The weather has been favorable in all sections of the cotton belt. The reports of the product west of the Mississippi River are more favorable, and will increase the aggregate of Texas, Louisiana and Arkansas over that reported last month. The other States are about the same.

The corn crop during November depreciated through imperfect ripening in the harvest corn-growing regions—the States north of the Ohio River and Missouri. Some States fell off 10 per cent. This will reduce the average yield per acre of the whole country to 29.1 bushels, which is exceeded by that of only one former year. There was a yield of 29.4 in 1875. This reduces the aggregate production about 55,000,000 from the November figures, but still leaves the crop larger than that of any previous year by over 150,000,000 bushels. The States and Territories west of the Mississippi River return over 100,000,000 bushels more than in 1878.

BRITISH SILVER.—The production of silver from the mines in Great Britain and Ireland during the year 1878, was 397,471 ounces of the value of £88,296. The richest argentiferous lead ores are found in the Isle of Man, where 3,920 tons of lead ore yielded 110,495 ounces of silver.

CATTLE TRANSPORTATION.—It was stated some weeks ago that a cargo of cattle purchased at Melbourne at £4 per head, was on its way to Liverpool, the freight bringing £10 per head. If they arrive in good condition the operation will be a profitable one. It has been found that sheep and milch cows brought from the antipodes for use on a voyage have almost invariably improved in condition during the passage, which encourages the expectation that the present experiment will be successful.

The London *Capital and Labor* says : "American cattle often reach this country in better condition than cattle from Ireland or the Continent, and those engaged in the trade claim that the sea voyage is positively beneficial to them after they have once got over the customary sickness. In that case the mere length of the voyage will not necessarily prevent the transport of cattle from Australia, and it may prove to be as remunerative to shipowners as the conveyance of steerage passengers or that of ordinary freight."

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from December No., page 498.)

Bank and Place.	Elected.	In place of
N. Y. CITY. Mech. & Traders' Nat'l B'k.	George W. Nash, <i>Pr.</i>	S. T. Brown.*
" " Nat. B'k State of New York.	R. L. Edwards, <i>Pr.</i>	W. H. Hays.
CONN. Uncas National Bank, Norwich.	Charles M. Tracy, <i>Cas.</i>	E. H. Learned.
KY. First National B'k, Springfield.	James A. Kelly, <i>Cas. pro tem.</i>	
MASS. First N. B., South Weymouth.	J. H. Stetson, <i>Acting Cas.</i>	
NEB. Lancaster Nat'l Bank, Lincoln.	John H. Fawell, <i>Cas.</i>	G. C. Newman.
N. Y. First Nat'l Bank, Amsterdam.	James A. Miller, <i>Pr.</i>	J. McClumpha, Jr.
PENN. Philadelphia National Bank.	James M. Gregg, <i>Cas.</i>	B. F. Chatham.*
VA. Lynchburg National Bank.	David E. Spence, <i>Pr.</i>	T. C. S. Ferguson.*

* Deceased.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from December No., page 499.)

N. Y. CITY.	Scranton & Willard; admit William R. Kitchen.
" "	C. F. Smithers and W. Watson; now W. Watson and Alexander Lang.
" "	H. C. Williams & Co.; dissolved. New firm. Same style
COL. Cleora.	F. A. Reynolds & Co.; discontinued.
ILL. Bloomington.	T. J. Bunn & Co.; W. D. Hubbard retired. T. J. Bunn and Joseph B. Powell continue.
" " San Jose.	Chestnut & Thomas; now Isaiah Thomas.
MASS. Boston.	Tower, Giddings & Co.; A. C. Tower admitted.
MO. St. Louis.	Franklin Avenue German Savings Institution; now Franklin Bank. Same officers.
NEB. Bloomington.	Franklin County Bank; now Harman, Shaffer & Switzer.
N. H. Concord.	Minot & Co.; now Mechanics' National Bank.
N. Y. Carthage.	Bank of Carthage (Myers & Rogers); now First Nat'l B'k.
" " Poland.	Bank of Poland; now Poland National B'k. Same officers.
S. C. Walhalla.	Lovinggood & Ervin; now Ervin & Verner.
TEXAS. Hempstead.	R. P. Faddis & Co; now Bank of Hempstead.
" " Laredo.	E. F. Hall; discontinued.
W. VA. Grafton.	Grafton Bank; now First National Bank. Same officers.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from December No., page 498.)

No.	Name and Place.	President and Cashier.	Authorized Capital.	Paid.
2440	Merchants' National Bank. Kansas City, Mo.	F. L. Underwood. J. M. Coburn.	\$ 250,000	\$ 250,000
2441	Poland National Bank. Poland, N. Y.	William Buck. C. S. Millington.	50,000	50,000
2442	First National Bank. Carthage, N. Y.	Gilbert B. Johnson. Ephraim H. Myers.	50,000	31,000
2443	Franklin National Bank. Franklin, N. H.	Alvah W. Sulloway. Frank Proctor.	100,000	100,000
2444	Farmers & Mech. Nat'l Bank. Cadiz, OHIO.	William Beadle. Melford J. Brown.	50,000	—
2445	First National Bank. Grafton, W. VA.	Thomas E. Davis, <i>Pr.</i> Francis M. Durbin, <i>Cas.</i>	85,000	—

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from December No., page 498.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
COL....	Buena Vista....	F. A. Reynolds & Co.....	.....
KANSAS.	Clay Centre....	Republican Valley Bank... Allen Wilson, <i>Pr.</i> J. P. Campbell, <i>Cas.</i>	.....
" ..	Wellington	Sumner County Bank..... Elmer Chase, <i>Pr.</i> Winfield S. Thompson, <i>Cas.</i>	Donnell, Lawson & Co.
MICH...	Alma.....	Ball, Barton & Co.....	Chemical National Bank.
" ..	Reed City.....	C. G. Loase.....	National Park Bank.
" ..	Sheridan.....	J. E. Gardner & Co.....	Imp. & Tra. Nat'l Bank.
MO....	Brookfield.....	Bank of Brookfield..... \$8,500 Joseph W. Aldrich, <i>Pr.</i> Robert C. Lockwood, <i>Cas.</i>	Kountze Brothers.
N. H...	Concord.....	Mechanicks' National Bank Josiah Minot, <i>Pr.</i> James Minot, <i>Cas.</i>	Drexel, Morgan & Co.
" ..	Franklin.....	Franklin National Bank... \$100,000 Alvah W. Sulloway, <i>Pr.</i> Frank Proctor, <i>Cas.</i>	First Nat'l B'k, Boston.
N. Y. ..	Carthage	First National Bank.....	Imp. & Tra. Nat'l Bank.
" ..	Poland	\$50,000 Gilbert B. Johnson, <i>Pr.</i> Ephraim H. Myers, <i>Cas.</i>	First National Bank.
" ..	Poland	Poland National Bank.... \$50,000 William Buck, <i>Pr.</i> C. S. Millington, <i>Cas.</i>	First National Bank.
W. VA..	Grafton	First National Bank.....	Manuf. Nat'l B'k, Philadelphia.
" ..	Grafton	\$85,000 Thomas E. Davis, <i>Pr.</i> Francis M. Durbin, <i>Cas.</i>	.....
Wis....	Viroqua	Bank of Viroqua.....	Bank of North America.

VALUE OF THE STAPLE CROPS OF 1879.

The following table, prepared at the Agricultural Department from estimated and reported crop returns, shows the amounts of the several staples raised in the whole United States, and also the same for 1878. The values given are not the quoted market prices, but the value to producers. The total increase over 1878, is estimated at the astonishing amount of nearly \$416,000,000 :

Crops.	1878.	
	Product.	Value.
Wheat.....	bushels. 420,122,400	\$ 326,346,424
Corn	" . 1,388,218,750	441,153,405
Oats	" . 413,578,560	101,945,830
Rye	" . 25,842,790	13,592,826
Barley.....	" . 42,245,630	24,483,315
Buckwheat	" . 12,246,820	6,454,120
Cotton.....	bales. 5,216,603	193,854,641
Tobacco.....	pounds. 392,546,700	22,137,428
Hay.....	tons. 39,608,296	285,543,752
Potatoes.....	bushels. 124,126,650	73,059,125
Total.....		\$ 1,488,570,866
Crops.	1879.	
	Product.	Value.
Wheat.....	bushels. 448,755,000	\$ 499,008,000
Corn	" . 1,544,899,000	580,259,000
Oats	" . 304,253,300	120,855,000
Rye	" . 23,646,500	15,505,000
Barley.....	" . 40,184,200	23,625,300
Buckwheat	" . 13,145,650	7,860,488
Cotton.....	bales. 5,020,387	231,000,000
Tobacco.....	pounds. 384,059,659	21,545,591
Hay.....	tons. 35,648,000	325,851,280
Potatoes.....	bushels. 181,360,000	78,971,000
Total		\$ 1,904,480,659

NOTES ON THE MONEY MARKET.

NEW YORK, DECEMBER 24, 1879.

Exchange on London at sixty days' sight, 4.81½ a 4.82 in gold.

The year which is near its end has been one of the most eventful in the financial history of the United States. The transition to specie payments has been made with better results than were anticipated by most of our bankers, statesmen and merchants. The refunding of the matured public debt has been successfully accomplished, and the national industry, after several years of depression consequent on the panic of 1873, is hopefully reviving. For complete recuperation, however, much remains to be done, and it is hoped that no ill-timed legislation at Washington will check the progress of the financial and industrial improvement which has so hopefully dawned upon this country, while few nations in the old world have as yet emerged from the gloom and disaster which have overspread the commercial world. In view of the present and prospective growth of the national wealth and productive power, it is interesting to compare the aggregate deposits of our banking system during the last few years. We compile the subjoined statistics from the late report of Mr. Comptroller Knox:

AGGREGATE DEPOSITS OF NATIONAL AND OTHER BANKS, 1876-1879.

[In millions of dollars.]

Years.	National Banks.	State Banks.		Savings Banks with Capital.	Savings Banks without Capital.	Total.
		Private Bankers, etc.	Private Bankers, etc.			
1876	713.5	480.0	37.2	844.6	2,075.3	
1877	768.2	470.5	38.2	843.2	2,120.1	
1878	677.2	413.3	26.2	853.3	1,920.0	
1879	713.4	397.0	36.0	747.1	1,893.5	

These figures are extremely suggestive. They show that the deposits of the National banks have not declined during the last four years, but that the drain of deposits has fallen upon the State Banks or the private bankers, and of late especially upon the Savings banks. To show the distribution of the deposits in the various sections of the country we give the subjoined table:

DEPOSITS OF BANKS IN THE UNITED STATES, MAY, 1879.

[In millions of dollars.]

Geographical Divisions.	State Banks and Trust Companies.	Private Bankers.	Savings Banks.	Total State Banks.	National Banks.	Total National, State, etc.
New England States.....	14.39	3.32	366.46	384.17	126.72	510.89
Middle States.....	124.64	54.53	353.39	532.56	393.12	925.68
Southern States.....	32.60	11.89	2.52	47.01	37.93	84.95
Western States and Territories.....	85.44	70.18	60.76	216.38	155.63	372.00
Total Deposits.....	257.07	139.92	783.13	1,180.12	713.40	1,893.52

In the Southern States, as will be seen, the National banking system is relatively less developed than in other parts of the country. This disparity is also seen in the distribution of banking capital. Subjoined are the statistics :

CAPITAL OF BANKS IN THE UNITED STATES, MAY, 1879.

[In millions of dollars.]

<i>Geographical Divisions.</i>	<i>State Banks and Trust Companies.</i>	<i>Private Bankers.</i>	<i>Savings Banks.</i>	<i>Total State Banks, etc.</i>	<i>National Banks.</i>	<i>Total National and State Banks.</i>
New England States.....	7.10 ..	3.72 ..	— ..	10.82 ..	164.43 ..	175.26
Middle States.....	40.72 ..	34.51 ..	0.57 ..	75.77 ..	170.21 ..	245.98
Southern States.....	27.43 ..	5.64 ..	0.86 ..	33.93 ..	30.40 ..	64.32
Western States and Territories.....	52.02 ..	25.85 ..	2.85 ..	80.72 ..	90.20 ..	170.92
Total Capital.....	127.27 ..	69.75 ..	4.22 ..	201.24 ..	455.24 ..	656.48

To give a new impulse to State banking, two bills have been introduced during this session of Congress to repeal the ten per cent. tax on State bank notes. As this tax brings little or nothing into the Treasury, there is no claim that it is burdensome to the tax-payers. The repeal is asked for on other grounds, and especially because the tax is virtually prohibitory on the issue of State bank notes. It is said that in the South there is considerable agitation in favor of such issues which are supposed to be desirable because they would lower the rates of interest, make money plentiful, and aid in developing the resources of the cotton States, and in reviving their prostrate industries. Among the Southern Congressmen the scheme is reported to have numerous friends but it is not believed as yet to be much favored by the leaders on either side of the House. Still there seems to be some uncertainty about the matter, and of the two bills introduced to remove the obstacles to State bank issues, one was presented by Mr. Gibson, of Louisiana, and the other by Mr. Waldo Hutchins, a new member just elected from the State of New York. The scheme, with some other currency measures, is expected to attract considerable attention in Congress after the recess. But no legislation involving changes of a fundamental character is expected to be consummated during the present session.

The money market closes with an easier tendency. During the month full rates have been maintained, and the activity of the Stock Exchange had scarcely ceased to press upon the monetary supply before the enlarged demand for money to move the crops, and to meet the wants incident to this season of the year, were developed to the full extent of the capacity of the available facilities. Moreover, as the six per cent. legal rate of interest under the new usury law in this State, will take the place of seven per cent. on the 1st of January, the banks have been tempted to enlarge their loans at the old rate. This, with other causes, has tended to prevent the expected increase of reserves; but a change is expected when the return currents set in and bring back greenbacks and deposits from the West and South. The January dividends will also be heavy this year, and will considerably enlarge the supply of money in the loan market. Two important movements have tended to disturb the money market. First, the drain to the interior has pressed with much severity upon our bank reserves. It is a gratifying indication of the reviving activity of industry in every section of the country, that the flow of currency began earlier, was more exacting, and demanded larger supplies than has been usual for several years past. Whether it will continue much longer, and how soon the great bulk of

the currency shipments will return, remains to be seen. Opinions differ very much and the evidence is conflicting. Secondly, the agitation of currency schemes in Congress has had some influence in unsettling the monetary situation. But of late the conviction seems to be growing that Congress will not do anything likely to occasion grave disturbance in the early future. The rates for time loans are a little more easy than earlier in the month, but there is, on the whole, a firmer tone than was anticipated. One reason for this may be in the fact noted above, that the return of currency from the West and South has not yet begun, although it usually begins to be perceptible before the end of December. Owing to this retardation of currency movements, the cash reserves of the banks are at a very low point, as will be seen from the following comparative statement of the New York Clearing-House banks :

1879.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
Nov. 29.....	\$ 273,439,900	\$ 52,310,700	\$ 16,771,700	\$ 23,024,800	\$ 247,195,500	\$ 7,283,523
Dec. 6.....	273,101,100	54,771,000	14,673,200	23,255,100	247,030,100	7,686,675
" 13.....	275,750,100	54,069,400	13,403,900	23,463,800	247,559,200	5,583,500
" 20.....	278,098,100	50,842,900	12,543,400	23,651,900	246,118,000	2,856,650

The Boston bank statement for the same period is as follows :

1879.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Dec. 1.....	\$ 131,484,000	\$ 3,572,800	\$ 3,594,900	\$ 50,085,200	\$ 29,965,300
" 8.....	131,646,000	3,682,600	3,474,900	50,802,500	30,289,000
" 15.....	130,931,700	4,329,000	3,614,800	50,137,300	30,607,100
" 22.....	130,656,100	4,265,400	3,865,300	49,842,700	30,867,500

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

1879.	Loans.	Reserves.	Deposits.	Circulation.
Dec. 1.....	\$ 64,581,278	\$ 14,958,053	\$ 52,653,503	\$ 11,932,035
" 8.....	64,650,163	15,049,003	52,113,471	11,992,523
" 15.....	64,386,503	14,977,274	52,197,356	11,985,600
" 22.....	64,724,368	14,754,053	51,582,397	12,011,733

The imports of gold have almost ceased. The aggregate from January 1, 1879, is \$74,235,199, and the imports of silver for the same period have been \$9,582,638. The stock market is quiet. Governments are firm and active. Railroad bonds are more in request by investors. State bonds are quiet and railroad shares feverish and unsettled. Foreign exchange has been weak but closes with a somewhat better tone. The late visit of Secretary Sherman to this city has led some of the speculators to circulate rumors of a new funding loan. These rumors are without foundation. The announcement is made that the Secretary's visit is for private business, and to complete some arrangements at the Custom House. No authentic offers, we believe, have yet reached the Treasury from responsible capitalists or bankers, at home or abroad, to take a refunding loan at 3½ per cent. should Mr. Wood's proposition be authorized by the Committee of Ways and Means and adopted by Congress. At four per cent. however, such a loan could, without doubt, be negotiated at par to an amount sufficient to take up the whole of the \$792,121,700 of five and six-per cent. bonds, which will mature during the six months commencing a year hence. The money markets here and abroad are in a more favorable condition now than they may perhaps be at that time to receive and absorb such a loan. Subjoined are our usual quotations :

QUOTATIONS :	Nov. 28.	Dec. 3.	Dec. 10.	Dec. 17.	Dec. 23.
U. S. 6s, 1881, Coup...	105½ ..	106¼ ..	106¼ ..	106¼ ..	107½
U. S. 4½s, 1891, Coup.	107½ ..	105¾ ..	105¾ ..	105¾ ..	106½
U. S. 4s, 1907, Coup...	103¾ ..	103¾ ..	103¾ ..	103½ ..	103¾
West. Union Tel. Co. .	108¾ ..	107 ..	107½ ..	104½ ..	100¼
N. Y. C. & Hudson R.	136¼ ..	128¼ ..	130¼ ..	128 ..	127
Lake Shore.....	106¼ ..	104¾ ..	104½ ..	103¾ ..	100¾
Chicago & Rock Island	148 ..	148 ..	149 ..	149½ ..	147
New Jersey Central...	78¾ ..	76¼ ..	83¾ ..	81¾ ..	79
Del., Lack. & West....	88¾ ..	84¾ ..	85¼ ..	81 ..	82¾
Delaware & Hudson...	78¾ ..	75¾ ..	76½ ..	74½ ..	73¾
North Western.....	91¾ ..	90¾ ..	91½ ..	87¾ ..	86¾
Pacific Mail.....	29 ..	30¾ ..	35¾ ..	34¾ ..	35
Erie.....	44¾ ..	39¾ ..	42¾ ..	41¾ ..	41
Call Loans.....	5 @ 7 ..	5 @ 7 ..	5 @ 7 ..	5 @ 7 ..	5 @ 7
Discounts	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..	6 @ 7
Bills on London.....	4.80½-4.83¾ ..	4.81-4.83¾ ..	4.82-4.84½ ..	4.81½-4.84 ..	4.81½-4.84
Treasury balances, cur.	\$ 6,822,052 ..	\$ 5,984,617 ..	\$ 6,266,479 ..	\$ 6,022,487 ..	\$ 5,876,592
Do. do. gold.	\$ 110,181,077 ..	\$ 107,768,558 ..	\$ 105,897,103 ..	\$ 106,644,712 ..	\$ 107,665,064

The cash duties received at the New York Custom House in November were \$ 8,460,050, as compared with \$ 6,713,339 in November, 1878.

The Act of May, 1878, prohibiting the further contraction of greenbacks, and directing that they shall be re-issued, paid out, and kept in circulation, was passed in the House, April 19, yeas, 177, nays, 35, and in the Senate, May 28, yeas, 41, nays, 18. In the House, all the Republican members from the West voted for it, except Messrs. Garfield and Monroe, of Ohio, and Davis, of California. In the Senate, both the affirmative and negative votes were equally divided between the two political parties.

In its comments upon the President's Message, the *London Times* says :

In the current year ending next midsummer there will be received of surplus and applied to the reduction of debt sums probably amounting to \$24,000,000, and the anticipated surplus of the following year, if the present rates of taxation are maintained, is nearly \$40,000,000. If this rate of payment is continued, the time would soon arrive when the United States debt could be refunded at a less rate than four per cent.

It is, we believe, the prevailing opinion, in and out of Congress, that the reduction of the National debt which is now in progress, will, in all probability, make the rate of interest at which the Government can borrow money in 1881, lower than it is now.

Bids for \$ 500,000 of 4½ per cent. bonds of the City of Hartford were opened December 24. The awards were at an average premium of two and one-fifth per cent. ; \$ 200,000 were secured by Geo. K. Sistare's Son, of New York, and the remainder principally by Connecticut Savings banks.

The British trade returns for November, 1879, are published. As compared with November, 1878, the aggregate of imports and exports has increased £ 9,649,000, or from £ 41,646,000 to £ 51,395,000. The increase in the imports £ 8,658,831, and in the imports £ 1,090,286.

During the first eleven months of 1879 the total British silver imports were £ 9,769,970, and the total silver exports were £ 10,334,461. During the same the net exports of silver from Great Britain to China (including Hong Kong) were £ 157,046, and to India £ 5,417,754, as compared with £ 1,598,574 and £ 4,101,917 during the corresponding months of 1878.

Mr. Birch, the present Governor of the Bank of England, pronounces against the introduction of the bi-metallic system into Great Britain.

In the French Senate, December 1, Count de Douhet gave notice of a bill to require the Bank of France to suspend coin payments when its metallic reserve fell below 600 million francs in gold, or 1,000 million francs in silver, and not to resume until its total metallic reserve should be again augmented to 1,800 million francs.

On the 11th of December the Bank of France held in gold £ 30,194,835, and in silver £ 48,659,795.

On the 31st of October the coin and bullion in the Italian banks of emission amounted to \$ 30,480,000, and in the National Bank of Italy to \$ 17,225,000. There are no other reserves of the precious metals in Italy, and none are in circulation.

The New Zealand £ 5,000,000 loan offered, and largely taken, in London, in December, at 97½, was at five-per-cent. interest, and payable in ten years. The takers of the loan have the privilege, until March, 1881, of converting £ 100 of this loan into £ 120 of a four-per-cent. loan, payable at the end of forty years.

The India fiscal year begins April 1. For the first six months ending September 30, 1879, of the current fiscal year, the India merchandise imports were only 52,573 rupees more than the merchandise imports of the corresponding six months of the preceding fiscal year, but the merchandise exports showed a gain of 20,672,897 rupees, or about \$ 10,000,000. The increase was principally in cotton and indigo. From the improved prices of Indian produce, a greater increase of Indian exports is expected during the current six months.

Comparing the six months ending September 30, 1879, with the same six months of 1878, the treasure imports of India (principally silver) showed a gain of 21,738,639 rupees, or more than \$ 10,000,000.

DEATHS.

At PROVIDENCE, R. I., on Saturday, December 13, GEORGE BOWEN, President of the New England Commercial Bank of Providence.

At PHILADELPHIA, Pa., on Wednesday, November 26th, aged fifty-nine years, Dr. BENJAMIN F. CHATHAM, Cashier of the Philadelphia National Bank.

At BALTIMORE, Md., on Monday, December 8th, aged eighty-one years, JOHN S. GITTINGS, for forty years President of the Chesapeake Bank.

At BROOKLYN, N. Y., on Sunday, December 14, aged seventy years, ROBERT N. LOWRY, formerly President of the National Bank of the Republic, New York.

At INDIANAPOLIS, Ind., on Tuesday, December 3d, aged twenty-nine years, J. OLIN RADCLIFF, Cashier of the Meridian National Bank of Indianapolis.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XIV, }
FOURTH SERIES. }

FEBRUARY, 1880.

No. 8.

THE PUBLIC FINANCES.

The National revenues for the first two quarters of the current fiscal year compare, as follows, with the corresponding quarters of the preceding fiscal year :

	1878-9. <i>Customs.</i>	1879-80. <i>Customs.</i>	1878-9. <i>Internal revenue.</i>	1879-80. <i>Internal revenue.</i>
First quarter.....	\$38,868,268	\$44,083,498	\$28,572,144	\$29,409,692
Second quarter....	29,833,340	43,630,252	29,068,525	32,090,930
	\$68,701,608	\$87,713,750	\$57,640,669	\$61,500,622

For the two quarters the gain in the customs is \$19,012,142, and in the internal revenue \$3,859,953.

In his December report, the Secretary of the Treasury estimated the customs for the current fiscal year at 152 millions.

The receipts from customs for the current year, down to the date when that report was written, indicated a larger income for the whole year than the Secretary estimated for, but he stated that his calculation was made "on the assumption that the increased receipts during the past few months are abnormal, and mainly due to the filling up of the wants created by recent depression, rather than by the actual increase of trade."

When a Secretary of the Treasury, or anybody else, is estimating future revenues, it is erring on the safe side to estimate them too low. Clearly that is what has been done in this case. As a consequence, the Secretary's estimate of \$24,000,000 as the surplus for the current fiscal year, is also too low. It was more than \$15,000,000 during the first half of the year, although very much heavier payments were then

made for arrears of pensions than will be required for the last half of the year.

If Congress will resist every scheme of extravagant expenditure, and if the supporters of the public credit and National honor act together firmly in voting down such reductions of the revenue as would render it impossible to maintain sacredly the pledges of the sinking-fund laws, there is every reason to hope that \$5,000,000 of the outstanding National bonds may be bought up and cancelled every month for at least a year to come. Such a result would be gratifying at any time, and especially now. The loan markets are certain to be pressed during the whole year 1880, with the bonds and stocks of new railroads, and they need just such a support as the redemption of public stocks will furnish. And furthermore, every reduction of the total of the National debt will lower the rate of interest in the new transactions in 1881, when a portion of the debt will become redeemable.

	<i>Dec. 1, 1879.</i>	<i>Jan. 1, 1880.</i>
Gold coin and bullion.....	\$ 160,443,536	• \$ 157,790,420
Standard silver dollars.....	32,839,207	• 33,168,064
Subsidiary silver.....	18,432,478	• 18,881,629
Silver bullion.....	4,323,097	• 4,492,421
Gold certificates outstanding.....	13,195,460	• 11,596,140
Silver certificates outstanding.....	1,894,722	• 3,824,252

The increase of the stock of subsidiary silver continued during December, contrary to general expectation. The amount is embarrassingly large. The figure, October 1, was \$16,814,308, so that the increase in the three months after that date has been rather more than two millions.

As will be seen, the gold owned by the Treasury, which is ascertained by deducting the outstanding certificates from the amount held, was \$147,247,976 December 1, and \$146,194,181 January 1. On the 1st of November the amount of gold owned by the Treasury was \$157,140,113, which is the highest point it has ever reached.

The amount of standard silver dollars owned by the Treasury (after deducting outstanding certificates) was, on the 1st of January, \$29,343,812, and on the 1st of December, \$30,944,485. On the 1st of November it was \$30,632,263, and on the 1st of October it was \$30,423,150. In the three months ending January 1, although the current coinage was about \$7,000,000, there was a reduction of \$1,079,336 in the amount owned by the Treasury, so that about \$8,000,000 must have gone into circulation, partly in the form of certificates, but principally in the metallic form.

The present form of the Treasury monthly statements has been long established, but it is in one particular very objectionable. Gold and silver deposited by individuals merely for safe keeping, are put down as if they were owned by the Treasury and formed a part of its assets. On the other side of the account, the certificates issued for such deposits are

put down as liabilities of the Treasury. The same thing is true of the deposits of greenbacks made by the National banks, and of the certificates issued to them for such deposits. These deposit accounts ought to be stated separately and distinctly from the general concerns of the Treasury, with which they have properly nothing to do. They magnify both the debit and credit sides of the account, and confuse and mislead many persons who are not familiar with the method pursued. There are the still more serious objections, that the method pursued is essentially incorrect, and that it involves an admission of liability which is both unnecessary and imprudent. It would seem to be plain enough, that gold, silver, and greenbacks, left with the Treasury simply for safe keeping, and which the Treasury does not use and is not expected to use, are not its property, or in any sense a part of its assets. And it is also plain, that the liability of the Treasury to such depositors of gold, silver, and greenbacks, is not the ordinary liability of a debtor to creditors. If it is, it is quite time for Congress to consider the propriety of authorizing such deposits to be made. The Treasury receives no compensation whatever for giving the use of its vaults for such deposits. It is done for the accommodation of the depositors. In the case of gold and silver, there are public reasons for permitting such deposits to be made. There is no loss by abrasion when the metals are circulated in the form of certificates, and when such certificates are issued of small denominations, the Government will be likely to gain something by the loss of a fraction of them. But if there are any public reasons for permitting greenbacks to be deposited, we confess ourselves quite unable to see what they are. There are no objections to either class of deposits, provided the Government is only held to the ordinary liability of a bailee without hire, that is to say, for due diligence and vigilance in keeping the property, and for integrity in not itself using and misappropriating it. There are substantial objections to a form of Treasury statement which puts the liability of the country to such depositors, in the same category with its liability to the holders of Government bonds, interest coupons, and fractional notes. We doubt very much whether the Bank of America which gives the use of its vaults for the storage of the gold of the New York City banks, or the Merchants' Bank which does the same thing for the banks of Boston, will either of them make a statement putting their liability for such stored gold on the same footing with their liability to their ordinary depositors and to the holders of their circulating notes.

FINANCIAL POSITION AT HOME AND ABROAD.

Although the cessation, through December, of gold shipments from Europe this way continued through January, there is as yet no evidence that the balance of the merchandise foreign trade in favor of the United States has materially fallen within four or five months. As this balance has not been liquidated during the past two months by shipments of bullion, the unavoidable inference is that the Europeans must have been sending us back securities of various kinds. Indeed, some London journals affirm that they know this to be so.

For the month of November, 1879, the excess of merchandise exports from the United States over merchandise imports was \$28,854,188, as compared with \$31,848,888 for November, 1878. During November, 1879, the merchandise imports at New York exceeded the merchandise exports by the sum of \$2,468,769, which led some British writers into the error of supposing that the balance of trade was no longer in favor of this country. It has turned out, as we predicted in our last number it would, that the returns from all the ports show that the balance in favor of the United States was still very large.

Comparing the quarter ending November 30, 1879, with the corresponding quarter of 1878, the gain in the aggregate balance in favor of this country was nine million dollars. There was a comparative loss of three millions in November, 1879, but there was a gain of twelve millions in October, and during September there was neither loss nor gain.

During the month of December the excess of merchandise imports at New York City over merchandise exports was only \$5,083,015. It is, therefore, certain that taking all the ports together, the balance of trade in favor of this country must have been large.

A comparison of the foreign commerce of the four principal Atlantic ports shows the following differences in comparison with 1878 as to imports:

	<i>Imports, 1879.</i>	<i>Imports, 1878.</i>	<i>Difference.</i>
New York.....	\$ 348,000,000 ..	\$ 286,800,000 ..	\$ 61,200,000
Boston.....	47,439,537 ..	36,028,095 ..	11,411,442
Baltimore.....	15,241,666 ..	22,821,229 ..	7,821,229
Philadelphia.....	24,377,271 ..	21,048,800 ..	3,329,271

The exports show the following differences:

	<i>1879.</i>	<i>1878.</i>	<i>Difference.</i>
New York.....	\$ 352,000,000 ..	\$ 346,910,000 ..	\$ 5,090,000
Boston.....	55,127,626 ..	50,655,179 ..	4,472,449
Baltimore.....	68,493,892 ..	40,012,348 ..	28,481,544
Philadelphia.....	47,013,000 ..	46,240,700 ..	772,300

The tables given above relate to merchandise only and do not include specie.

All the differences noted above are increases, except in the case of the Baltimore imports, which decreased in 1879 by the important sum of \$7,821,229.

Taking the four ports together, the favorable merchandise balance was less in 1879 than in 1878 by only \$29,304,191.

As regards the foreign trade of Great Britain for the months of November and December, the adverse balance, instead of diminishing, has become greater. The British financial writers have been completely at fault. They could see nothing beyond the rise in the price of British iron, but they are at last forced to recognize the fact, which we have pointed out for a long time past, that a general rise of prices must increase the balance against a country like England, which always imports more than it exports.

For the month of November, the merchandise trade returns of Great Britain show the following comparison between 1878 and 1879 :

November.	Total imports.	Exports of British products and manufactures.
1878.....	£ 25,684,557	£ 15,961,669
1879.....	34,343,388	17,051,955
Increase in 1879.....	8,658,831	1,090,286

The increase in imports was 33.8 per cent., while the increase in exports was only 6.8 per cent. In November, 1878, the exports were sixty-one per cent. of the imports, but in 1879 they were only fifty per cent.

Among the imports in November, 1879, £9,478,600 were in raw materials for manufactures, being an increase of \$2,800,000 as compared with November, 1879. Of that increase £2,500,000 was due to larger quantities, and only £300,000 to higher prices. But prices had relatively a good deal more to do with the increase of £3,911,000 in the articles of food imported in November, 1879, as compared with similar importations in 1878. The London *Economist* of December 13, 1879, said that this increase of £3,911,000 was "attributable wholly to the five articles of wheat (including flour) barley, oats, potatoes, and butter, and in all, except the last named, the increase is somewhat larger in prices than in quantities."

On the other hand, British exports in November, 1879, showed a fall rather than a rise in prices, as compared with November, 1878, except in iron and steel, and except also in "chemicals," the prosperity of which has been made famous by one of Lord Beaconsfield's speeches.

For the December, the merchandise trade returns of Great Britain show the following comparison between 1878 and 1879 :

November.	Total imports.	Exports of British products and manufactures.
1878.....	£ 26,576,678	£ 14,661,029
1879.....	35,321,556	16,587,620
Increase in 1879.....	8,744,878	1,926,591

The increase in imports was thirty-three per cent., while the increase in exports was only thirteen per cent.

Upon these figures, the London *Economist*, of January 10, observes: "Last week we endeavored, in a measure, to gauge the sudden and extraordinary revival in the prices of commodities. The Board of Trade returns, for December, record in some degree the results of that revival. The exports of British manufactured goods are increasing steadily, and most of all to the dearest market, which is the United States. But by far the most prominent feature of these returns is the rush of foreign holders of raw materials to supply our markets, and thus to secure the high prices now being paid by us."

The aggregate balance of merchandise trade against Great Britain during the whole year 1879, including British re-exports of foreign goods, was £114,627,741, as against £123,125,752 in 1878. Small as the improvement is, more than the whole of it was during the early part of 1879, which closed with large losses.

The drain of gold from the Bank of England appears to have been checked at the beginning of December. The stock of coin and bullion, which was £27,733,246 on the 3d of December, stood at £27,629,023 on the 7th of January. The bank is reported to have gained £119,000 during the week ending January 14, and £280,000 during the week ending January 21, which would swell its stock to £28,028,023. But this gain since the beginning of December is considerably less than the loss of gold during the same time by the Bank of France, and the European stock of that metal appears to be in the aggregate still declining.

The following is a statement of the coin in the Bank of France, converting francs into pounds at the rate of twenty-five for one:

1879.		Gold.	Silver.	1879.		Gold.	Silver.		
May 31.....	£	42,440,000	£	45,880,000	November 27..	£	30,675,038	£	48,573,646
October 23....		33,800,000		48,360,000	December 4..		30,457,036		48,631,518
November 13..		32,149,644		48,308,441	December 18..		30,340,636		48,820,061
November 20..		31,393,241		48,442,223	January 8, 1880		29,285,228		49,167,281

The exact figures for December 25, 1879, and January 1, 1880, are not reported, but statements were made in round numbers that between December 18 and 25 the bank gained twelve million francs in coin (two-thirds of it being in gold), and that between December 25 and January 1 it gained three million francs in silver and lost twenty-five million francs in gold. The exact figures for January 8 are given above. The bank lost 3,034,000 francs in coin during the week ending January 15, and gained 8,125,000 francs in coin during the week ending January 22, but the proportions of the two metals in this loss and gain are not yet reported.

The situation in Europe, and especially in Great Britain, is peculiar and clearly critical. The stock of gold in the Bank

of England fell off seriously through the year 1879, while the adverse balance of trade which caused it to fall off is growing still more adverse. At the same time, the rate of interest in London has declined to about one-half of the bank rate, although that is only three per cent. Ordinarily, a balance of trade against Great Britain would be met by a sale of the foreign securities of which it is a large owner. In the present case, however, the glut of money in London attracts securities, instead of causing them to flow out. This is manifested in the recently reported purchases there of New York Central stock. On the other hand there are statements which ought to be reliable, that some London holders have been and are selling stocks. Thus, the London *Economist*, of December 20, said: "The Americans have this year bought back a very considerable quantity of their stocks from us."

The London *Standard*, of January 6, said: "Yesterday, £35,000 was taken from the market for America. This, however, is not regarded as initiating any considerable efflux at present. It is understood that arrangements are in progress for the transmission of a considerable amount of bonds, in partial liquidation of liabilities on account of grain and cotton imports."

The London *Times* treats the situation as critical, and in its issue of January 7, observes: "Should money, as seems probable, continue dear in the States, and should it be for a short time of low value here, the present rate of exchange may make withdrawals from the Bank of England for shipment to New York again profitable. Any further fall in the exchange must inevitably lead to a renewal of the heavy shipments so lately the rule. Such a state of affairs surely inculcates caution upon bankers and speculators alike, for we cannot now view with our former indifference a further depletion of our stores of gold. Were another £5,000,000 to be withdrawn, the probability is that this market would be subject to extreme pressure resulting in a renewed depreciation of values in every direction."

The London *Economist*, of January 10, says: "The position is altogether an extraordinary one. Money here continues much below the quotations ruling in any other commercial center, whether in the New or Old World. The exchanges on Berlin, Amsterdam, and New York, are very much against us, and the prices of commodities have been forced so enormously in this country that foreign merchants are flooding us with raw materials of every description, for which, of course, we shall have to pay. The position of the bank has been much weakened in the past three months, and it would take but little to reverse the course of this market sharply."

Notwithstanding these and similar warnings, values at the London Stock Exchange continued rising at the latest dates. The same thing is true at most of the other important finan-

cial centers in Europe, except at Paris, where values declined at the Bourse during the closing part of 1879, although taking the whole of the year they had risen very considerably.

At Vienna, they have not only risen through the whole year, but quite as much at the close of the year as during any part of it.

At Berlin, at the latest advices, speculation in securities and shares was never more rampant. It is even described as equal to that of the period which followed the receipt of the French war indemnity. The specially assigned cause is the action of the Government in purchasing up the railways. A telegram from Berlin (January 20) says: "The more thoughtful and reputable among the frequenters of the exchange are vividly reminded of the period of wild speculation which preceded the crisis of 1873, and are apprehensive of a repetition of it. And there can be no doubt that the government railway purchase project, and the undue haste which characterizes the financial operations connected therewith, are to a great extent responsible for the deplorable proceedings now taking place on the exchange."

THE STOCK OF GOLD.

In the Mint Bureau report, it was estimated that there was in this country November 1, 1879, in gold bullion in the Treasury, mints, and assay offices, the sum of \$49,931,035, and in gold coins, the following amounts:

In the United States Treasury.....	\$ 107,209,078
" " National banks.....	37,187,239
Elsewhere.....	161,354,180

\$ 305,750,497

The figure of \$161,354,180 for the gold coins outside of the Treasury and National banks, has been subjected to two criticisms. The first is, that it is at any rate in a good degree merely conjectural, and probably much too large. The second is, that even if such an amount of gold coin does exist outside of the Treasury and the National banks, the most of it must be locked up in private hoards, and so entirely withdrawn from actual use, that it is of no more importance in a financial point of view, than if it did not exist at all.

In making its estimate, the Mint Bureau took the figure of the gold coins in the country twenty years ago, according to the most careful and approved authorities. It added to that figure the subsequent domestic product and importations, and subtracted the subsequent exportations and computed consumption in the arts and otherwise. There is, as the Mint

Bureau report is careful to state, some uncertainty in all the elements of this calculation. The starting point itself of the calculation, which is the amount of gold in the United States twenty years ago, is only a matter of estimate. As to domestic production, and as to consumption in the arts and otherwise, no two authorities exactly agree, and it is also not doubtful that a good deal of gold comes into the country and goes out of it, without being entered at the Custom Houses. All that the Mint Bureau could do it has done. In presenting an estimate, it has made an intelligent use of the best data within reach, and has exhibited its methods of calculation, so that any one can judge for himself with what degree of confidence the results arrived at may be relied upon.

The second criticism upon the Mint Bureau report is thus summed up in a Boston paper (the *Herald*, of January 2) : "The official estimate rests, for the most part, upon conjecture. It starts from a guess at the amount of coin in the country twenty years ago, and is supported by more or less careful valuations of the gold production of the United States for two decades. If such a sum as \$161,354,180, or anything like it, reposes in the pockets of the people, much of the hidden stock lies so low that it could not be availed of, though the pressure were never so great. During the latter years of irredeemable paper, the tempting premium upon gold, and a charge, often ranging from one-eighth to one-quarter per cent. per diem, for the use of coin, failed to bring the hoarded metal to the surface. We are forced to the conclusion that at least seventy-five millions of the gold coin reckoned in the official statement lie as far out of reach as the treasure which was buried by Captain Kidd."

This criticism is just, and the view which it presents is an important one. We know that there is substantially no gold in current use in this country, except in the Pacific States, where it was never displaced by the greenback. There may be as much of it in existence outside of the Treasury and the banks, as the Mint Bureau estimates, but if so, at least half of it must be in such an immovable condition of inactivity as to have no effect on prices, nor can it be drawn upon either to meet an export demand resulting from an adverse balance of foreign trade, or to recruit the Treasury and the banks in an emergency. The Bank of France, which really includes and means the public treasury of France as well, has seemed entirely indifferent to the late drain of gold from its vaults, and the reason assigned for that is doubtless the true one, that it sees in the great gold circulation of that country a ready and ample resource for recuperation. No such resource exists here, and careful financiers will not fail to take account of that lack, in forecasting the future.

TREASURY COIN RESERVE.

Mr. Wood's Refunding bill has one section which has no relation whatever to the extension of that part of the public debt which becomes redeemable in 1881; we refer to the third section, which requires all the coin in the treasury in excess of twenty-five per cent. of the treasury notes in circulation, to be used in the purchase of Government bonds. If such a requirement is wise, it ought to be introduced and voted upon as a separate measure. The joining of two propositions having no natural connection with each other, in the same bill, may be a good parliamentary manoeuvre, or in other words, it may be skillful logrolling, but it is by no means favorable to fair and sound legislation.

The existing law on the subject of the coin to be held in reserve for the redemption of treasury notes, is the Resumption Act of 1875, which leaves the amount to the discretion of the Secretary of the Treasury. That official has thus far fixed it at forty per cent. of the notes in circulation, and this is to be in addition to the coin held to meet other coin liabilities of the Treasury, which are very considerable. It is quite conceivable that prudence may have dictated a larger coin reserve with which to begin resumption, and while it was new and untried, than may be required after a sufficiently continued success shall have established it completely in the public confidence. It is therefore quite possible that some reduction in the proportion of coin to paper may become expedient in the future working of the convertible treasury-note system. But for the present, there can be no occasion for interfering with the exercise of the Secretary's discretion in the premises. Resumption has so far been maintained under abnormally favorable conditions. The excess of exports over imports has been enormously large, and with gold flowing into the country as it did in 1879, it is very possible that resumption could have been maintained during that year with a proportion of coin as little as one-fifth of the outstanding notes, or with a proportion even less than that. When nobody wants specie it is very easy to maintain specie payments. But the balance of foreign trade is not to be always in our favor, and still less is European gold to be perpetually flowing into New York. In short, it is not to be fair weather forever, and the object of a substantial coin reserve is to be in readiness for whatever weather may come. We shall learn by experience, under varying conditions, how large a reserve of coin is needed. If the present Secretary of the Treasury, or any future Secretary shall obstinately maintain it at a maximum beyond what the deliberate judg-

ment of the country shall approve, it will then be time enough for Congress to interfere and take away his discretion in the premises. But the discretion was certainly not abused in fixing the amount of coin at the commencement of resumption, at two-fifths of the amount of paper; nor will it be abused, if that proportion is maintained for some time longer, and until a clearer view of the situation can be obtained.

We believe that under the present Secretary, and under most of his predecessors, as far back as Mr. Chase, there has been a very great excess of coin kept in the treasury, not for the purpose of maintaining the redemption of treasury notes, but for meeting other demand liabilities of the treasury. The Government has lost interest by idle accumulations, and business and commerce have been injured by a needless locking up of money. If Mr. Wood, or anybody else, will introduce as a separate measure, a properly guarded bill, fixing a maximum of the coin to be held for all purposes except maintaining resumption, a good deal below the average of what has been actually held for fifteen years past, we will do what we can in the way of supporting it.

TAXATION OF NATIONAL BANKS.

The surrender, in January, by the Metropolitan National Bank of New York, of \$2,205,000 of its circulation, being the whole of it except \$45,000, is an event which cannot fail to call public attention anew to the excessive aggregate of the taxes imposed upon such institutions. The bonds hitherto deposited by the Metropolitan Bank for this \$2,205,000 of circulation were the Government four-per-cents. They have now been withdrawn under the belief of its managers, that it was a more thrifty transaction to dispose of them at the premium at present obtainable in the market, than to leave them in Washington as a security for circulation, for the use of which they were subjected to a heavy annual tax. If such views were universal among National bank managers, the whole National bank circulation would be withdrawn. To whatever extent such views prevail the circulation will be reduced, or at any rate, that increase of it, which other existing circumstances tend to stimulate, will be checked and repressed. This aspect of the case is causing doubts of the wisdom of present modes of bank taxation to arise in the minds of many persons who are hostile rather than friendly to the National banks, and who would be willing enough to see them excessively taxed, provided such taxation did not defeat some one of their own objects. We refer now specially

to those persons who think that the volume of money is too small and ought to be increased, and who see that inasmuch as the maximum limit of the greenbacks cannot be raised, there is no practicable way of increasing the paper part of the currency except to augment the amount of the National bank-note circulation. A distinguished Southern Senator, never suspected of being a friend of the banks, has recently declared that the tax on their circulation should be repealed, because it tended to injuriously contract the currency. We need not doubt that the opinions which that Senator expressed, are held, more or less distinctly, by others who have not yet expressed them. The recent action of the Metropolitan Bank will tend to increase the number of those who will be influenced by such opinions, and it is not too much to hope that before the present session of Congress terminates something will be done, not to relieve the banks, but to relieve the public interests which are suffering by reason of the enormous and disproportioned taxation to which they are subjected.

What measure is best calculated to attract the support of the needed majorities in Congress remains to be seen. It is quite certain that that body is more likely to take off the tax on bank circulation, than it is to take off or reduce the taxes on deposits. But it may be that Congress, instead of touching any of the taxes, the proceeds of which come into the National treasury, might prefer to relieve the shareholders in National banks from some part of the State and municipal taxes now imposed upon them. As for example, Congress might incline to enact, that in valuing National bank shares for the purposes of local taxation, there should first be deducted so much of the property of the banks as is in the form of Government bonds deposited as security for circulation. It does not seem that such an enactment would go beyond the established and recognized prerogatives of the Government, or invade any rights of the States. The National revenues would not be diminished by it. At the West, and especially at the South, where there are comparatively few National banks, it would not produce much reduction of State and municipal revenues. Its principal effect in that direction would be felt in the North-Eastern States; but in that section of the country the National bank system is looked upon with the most general favor, and a measure necessary to invigorate it would not be opposed merely because it involved some loss of taxable resources.

In framing a bill upon this subject, it is of course not permissible to introduce any essentially vicious principle for the sake of securing parliamentary majorities. On the other hand, it is not best to insist upon merely speculative points of abstract perfection, which can be seen in advance to be fatal to any hopes of practical success. The true wisdom is to select within the limits of what is right, that which is

most expedient, and in this case the expedient form of a bill is that form which is most calculated to conciliate support in the West and South where it is especially needed.

In a recent letter upon this subject, one of our correspondents, a National bank officer, advances some views which differ from those generally held regarding the proper remedy for inordinate bank taxation. We append an extract from his letter :

I think that the Bankers' Convention are in error, and are doomed to disappointment in their efforts to bring about a reduction of taxation. They should claim the same exemption from local and municipal taxation for the United States securities held by banks as is allowed to those securities in *every other* ownership. On that ground they would have a right, and I think might expect, to succeed. And they should hold up in a strong light and make thoroughly manifest the *dishonesty* of treating the bank for one tax as a unit, and for another tax assessing the individual shareholders, so as to deprive the bank in one case and the shareholders in the other of the exemptions which are allowed to the same kind of property in other ownerships.

CONGRESS AND THE FINANCES.

Special inquiries, which we have made in Washington, as to the prospects of Legislation relative to the banks, the currency and the public debt, seem to indicate that during the present session very little will be done in Congress. Mr. Buckner's bill to compel the banks to hold specie for one-half of their lawful reserves was expected to be passed in the House, and if it had succeeded there the Senate would probably have passed it without much debate. A large body of men of all shades of financial opinion favored the measure for diverse reasons, and as it was the first bill which was brought to a vote, so it was the most likely of all the financial measures before the House to command a majority. Its failure is a suggestive indication that the existing law, regulating bank reserves, is deemed sufficiently stringent, and the financial history of the last fifteen years offers abundant illustration of the fact. Some efforts are making to impose restrictions on new National banks. In anticipation of such a contingency, it has been suggested that those banks whose charters expire in a few months from this time will do well to re-organize and renew their charters for twenty years from the present date. It is not generally known that those National banks which were established under the law of 1863, received their charters for nineteen years only, and that these institutions will close their chartered term in February, 1882. No obstacle now exists to prevent such banks from forming a new organization and obtaining a new term of twenty years. We believe that

none of these institutions have actually begun to avail themselves of the privilege of re-organization, but the agitation of the policy is spreading, especially in some of our western cities, and it will no doubt bear fruit before long. The plan which is regarded as most likely to be adopted is for the expiring banks to go into liquidation and form a new institution under the same or a similar corporate name.

Mr. Wood's refunding bill has not made much apparent progress. The Committee of Ways and Means have discussed it at several meetings, and various amendments have been suggested. The principle of the bill is, of course, to be commended. Economy in the administration of the Treasury is a sound and popular policy. If, as is claimed, four per cent. is a higher rate than, in the present condition of the money markets here and in Europe, our Government ought to pay upon its outstanding debt, Congress should fix some lower rate, and Mr. Wood's bill, or some similar measure, ought to become a law. It is, however, affirmed that this bill is founded upon erroneous views as to the facts. First, there are persons who claim that three per cent. is the highest rate which our Government ought to pay for money. Another class of financiers oppose Mr. Wood's bill because it does not authorize an inter-convertible bond at a low rate of interest, such as has been urged by Judge Kelley, in Congress, for some years past. On the other hand, Mr. Secretary Sherman, after many months of investigation and inquiry at home and abroad, has been led to the conclusion that to attempt to negotiate a refunding loan below four per cent. is to insure failure and to court disappointment. Mr. Wood and his friends seem to have some doubts on the subject; for they now propose, it is said, to offer the new three and a half per cents to the banks as security for circulation, with the assurance that the one per cent. tax on bank notes so secured will be repealed. If this condition is carried out, however, the fundamental principle of the bill would be given up; for what economy or saving would the Treasury secure by selling bonds at lower rates of interest, if, to the purchasers a bonus be offered of equal or greater amount in the shape of a repeal of the tax on circulation?

The taxes on the banks are heavy, and the most mischievous of these taxes should be repealed. The tax on deposits is indefensible. It is a tax on what the banks owe, and it ought never to have been imposed. The tax on bank capital, also, though less mischievous, should be repealed. No such taxes as these are levied in any other country than our own. But it is far otherwise with the tax on bank notes. This tax is believed to be just and equitable, and it has always been so considered in foreign countries as well as under our National banking system. For Mr. Wood's bill, therefore, to take off the tax on bank circulation in order to float 3½-

per-cent. bonds is to offer a bonus to the purchasers of the bonds, and to acknowledge that such a bonus is needful, which is precisely what Mr. Sherman's friends also affirm when they urge the four-per-cent. refunding bill and declare that we cannot sell refunding bonds at a lower rate of interest without some damaging and mischievous concessions, which would cost more than they would save to the country. Such are the main features of the various arguments on both sides of the discussion upon this bill, which the Committee of Ways and Means are still considering with some prospect of an early decision. During the course of the agitation two bills have been presented and referred to the committee, for repealing the ten-per-cent. tax upon the note circulation of banks not organized under the National Currency Law. M.

SOUTHERN AND WESTERN IMPROVEMENTS.

The suggestion is made in some quarters that works of public improvement will become substantially impossible hereafter, in those sections of the country where the credit of States, counties, or towns, has been impaired or destroyed by the repudiation or scaling of debts, or by the refusal or neglect to provide means for paying them. A city paper now before us says that "no public improvement of importance depending upon the aid of capital outside of the State can be successfully projected, while the credit of most of the Southern States continues at its present low ebb." The same thing, in various forms of language, is said of some Western States, whose counties, cities, and towns, are resisting the claims of their creditors, by refusals to assess and pay the necessary taxes, or by endeavors to set up before judicial tribunals technical defenses against the enforcement of their obligations.

The extravagant and improvident extent to which local public credit has been involved in the construction of railroads and similar works, cannot be too much deplored, and the resulting mischiefs are likely in many cases to be very lasting. We do not, however, anticipate as one of these mischiefs, any serious or permanent check to the development of any part of the country. The employment of public credit in any of its forms, in the construction of public works, although considerable in itself, has been insignificant in comparison with the magnitude of such works in the United States. Much the greater part of the capital which has been attracted, for example, to railroads, has been invested under the expectation of profits to be derived from the railroads themselves, in the shape of dividends on their stock and interest on their bonds, or in the shape of incidental, indi-

rect, and collateral advantages to those who make the investments. The stocks and bonds of all the railroads in the United States are rated nominally at not far from five thousand million dollars. An unknown but a considerable portion of that is without doubt merely nominal, or "water" as it is called, but the actual investment is enormous. The portion of it which was attracted by local public credit in all its forms, is quite insignificant in comparison with the whole amount. And furthermore, it is by no means certain that much less would have been invested if there had been no resort to the use of public credit.

Looking over the country at the present moment, we see immense works either in the course of construction or just completed, or on the eve of commencement, not only without the aid of local public credit, but without the aid of local assistance of any kind. Two railroads to the Pacific, the Northern and Southern, are now being built, and a third on the 35th parallel of latitude is reported to be determined upon, through territories which do not and cannot contribute one dollar towards them in any form. The City of Cincinnati has just completed, for commercial objects of its own, and exclusively with its own means, a railroad to Chattanooga, costing \$20,000,000. And we are now informed that companies and syndicates, looking for no aid in Texas itself, have arranged to build at a cost of \$25,000,000, a road 600 miles long, from Fort Worth to the boundary of New Mexico. The Atchison, Topeka and Santa Fe Company, having its headquarters in Boston, and understood to draw all its capital from that city, has been and is building its roads in Kansas, Colorado, and Mexico, at such a rate that it is almost impossible to keep up with it, and there are apparently well authenticated statements that it has matured a plan of running a line through the foreign territory of Mexico to the port of Guymas on the Gulf of California. The inference from all this is, that capital will go into public works which promise to pay, not only without the stimulus of local public credit, but without local assistance of any kind.

The Australian Colonies are now using their public credit in the London market, on a gigantic, and as many believe, on a dangerous, scale, to obtain means for building railroads. It is not certain that quite as much London capital would not have gone into those works, if no colonial credit had been used at all. So also, it is not certain that as much British capital would not have been invested in Indian railways, without as with the improvident guarantees of the Indian Government. Those who possess capital will obtain all the guarantees of a profit they can, and nobody will blame them for doing so, but at all events they will employ their capital upon the best guarantees within their reach, even if not exactly what they might prefer.

REFUNDING IN 1881.

[THIRD PAPER.]

THE purpose of making the debt of the United States a permanent institution like the British debt, although doubtless cherished in some quarters, is not as yet openly avowed by any of our statesmen. It is opposed to all American traditions. The debt of the revolutionary war, which was quite as onerous as that entailed by the civil war, considering the greater population and wealth of the present time, was put in a course of extinguishment as soon as the Government was organized under the present constitution. Of the three leading purposes for which Congress was authorized by that instrument to impose taxes, the fathers named, first of all, that of "*paying the debts*" of the United States, and history shows that it never ceased to occupy the first place in their thoughts and deliberations. The first President, Gen. Washington, in his various addresses to the legislative bodies, was urgent and incessant in impressing upon them the duty of providing in time of peace for debts incurred in time of war, and not by merely refunding them and postponing them to an indefinite future, but by paying them, so that the resources of the country should be left free for those future emergencies which his experience and solid judgment admonished him to look forward to as inevitable in the course of human affairs.

In his speech to Congress, December, 1790, he said :

"Allow me, moreover, to hope that it will be a favorite policy with you, not merely to secure the interest of the debt funded, but, as far and as fast as the growing resources of the country will permit, to exonerate it of the principal itself."

In his speech to Congress, December, 1794, he again called their attention to the "adoption of a definitive plan for the redemption of the public debt."

That thought was still among those uppermost in his mind, when he said in his farewell address to the country, on retiring from the presidency :

"Avoid likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions in time of peace, to discharge the debt which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burden which we ourselves ought to bear. Bear in mind, that towards the payment of debts, there must be revenue ; that to have revenue, there must be taxes ; and no taxes can be devised which are not more or less inconvenient and unpleasant."

But for the occurrence of the war of 1812-15 with Great Britain, the revolutionary debt would have been wholly extinguished within thirty years after the organization of the present Government. The debts, both of the Revolution and of the war of 1812-15 were, in fact, extinguished within eighteen years after the termination of the latter struggle.

In the debates in the Senate, which preceded the passage of the refunding law of 1870, nobody except Mr. Wilson, of Massachusetts, proposed that the maximum term of any part of the then existing debt, which was twice as great relatively to the means of paying it as it is to-day, should exceed thirty years from that date.

In the Senate, February 28, 1870, Mr. Sherman, of Ohio, said :

"The appropriation of twenty-five millions, or one per cent. of the principal, to be kept as a perpetual sinking fund, will pay off every dollar of our indebtedness, old and new, in from twenty-five to thirty years, depending somewhat upon the changes in the value of our bonds."

And again, March 2, 1870, Mr. Sherman said :

"The public debt is now \$2,500,000,000, one per cent. is \$25,000,000, and that must not only be applied every year, but it must be applied in the nature of a sinking fund."

And again, March 11, 1870, Mr. Sherman said :

"These particular revenues (from the customs) are pledged, mortgaged. You have no more right to take them for any other purpose than the public debt than you have to take my property."

Mr. Morrill, of Vermont, spoke frequently and decisively in favor of adhering in the most complete manner to all the pledges of the sinking fund provided when the debt was created. On the 3d of March, 1870, he said :

"The American people are emphatically a debt-paying people. They do not believe in perpetual mortgages."

As already noticed, Mr. Wilson, of Massachusetts, was alone and unsupported in the idea of extending any part of the debt beyond a term of thirty years after 1870, but even he was in favor of payments, which would now be treated in many quarters as dangerously rapid.

He said on the 11th of March, 1870 :

"What will be our condition at the end of ten years? At that time we shall have, perhaps, \$60,000,000,000 of property. If I had my way I would not pay more than twenty or twenty-five millions for the next ten years. Then, for the following ten years I would, perhaps, pay five or six hundred millions."

On the 9th of March, 1870, Mr. Wilson had proposed to negotiate such an amount (not expected to be large) of four-per-cent. fifty-year bonds as could be marketed at par. This proposition met with no support whatever. Mr. Sherman denounced it in the following vehement language :

"I should like to know how many Senators would be willing to issue a bond of the United States payable at the end of fifty years, without any right to redeem before that time? I could show that never, from the foundation of the Government to this hour, did the United States issue a bond under any circumstances that was not at the pleasure of the United States to redeem after twenty years, and mostly after fifteen years. I could show from the writings of Washington and Hamilton and Jackson, and all the fathers, that under no circumstances ought a bond to be issued payable absolutely so long a period from date."

A proposition to make the national debt perpetual, is so entirely at variance with the present settled judgment, as well as with all the historical precedents of the country, that no public man has as yet ventured to make it. All the plans, so far submitted, of refunding on long terms that portion of the debt which is redeemable in 1881, include provisions, which, if their effectiveness could be relied upon, would bring about the payment of the whole debt within a comparatively short time. The difficulty about these proposed provisions is, that their unreliability has been completely demonstrated by experience. In however good faith they are recommended to public confidence by the authors of these plans, it is still the duty of the country to judge for itself how much trust can be reposed in their successful working, and whether other and better provisions cannot be devised.

The four-per-cent. scheme of the Secretary of the Treasury and the 3½-per-cent. scheme of Mr. Fernando Wood, the Chairman of the House Committee on Ways and Means, agree in leaving the public debt subject to the immediate operation of the sinking fund, and which is to be continued until the debt is fully extinguished. Neither of them proposes a change in the present laws, which make an annual appropriation towards purchasing the principal of the debt of one per cent. of its amount, and also of the interest on such portions of the principal as have been or may be hereafter purchased.

Mr. Wood, before introducing his bill, had declared to a newspaper interviewer, that he intended to propose that there should be a fixed annual appropriation of \$ 100,000 towards the debt, and that so much of that sum as was not absorbed by the interest, should be applied every year to the principal. His bill, as actually introduced, does not contain any provision on the subject, and therefore leaves the present sinking-fund laws in full force.

On either plan, purchases of the principal would commence at once and would increase in amount from year to year. But under neither plan is there any guarantee that a single dollar would ever be applied to the principal of the debt.

There are no revenues set apart in any independent hands for that purpose. All the revenues pass under the control of the Treasury, and the present Secretary has declared, and with the apparent acquiescence of Congress, that money coming into the Treasury for sinking-fund purposes, can only be used for that fund, when there is a surplus left after providing for everything else. Previous Secretaries have acted on that rule without declaring it, and it may now be regarded as the settled practice on that subject.

Not only is there no guarantee of an annual reduction of the debt under either of these schemes, but they will both, if adopted, bring the public debt into such a condition as to render it almost certain that the work of reduction will be brought to a complete halt. If the bonds which become redeemable in 1881 are extended for either thirty years as Mr. Sherman proposes, or for fifty years as Mr. Wood proposes, the earliest period at which any bonds can be paid off will be 1891, when \$250,000,000 of the 4½ per cent. bonds mature. For eleven years from this time, it will be impossible to extinguish any part of the debt, except by purchases in the market and by paying a premium for every bond which is obtained in that way. The premium will be a high one if purchases are really made from year to year on the scale apparently contemplated in either of these schemes. But whether the premium is high or low, it will be the easiest of all things to excite popular clamors against paying a debt not yet due at the cost of any premium whatever.

In his speech in the United States Senate, January 15, Mr. Morrill, of Vermont, said:

"Assuming the interest-bearing debt of the United States at \$1,786,686,850, to be invested in four-per-cent bonds, and that an annual payment shall be made and invested as a sinking fund, with a semi-annual re-investment of interest at four per cent., and the whole debt would be extinguished in less than thirty-one years."

Instead of thirty millions, the sinking fund in 1881, under laws which cannot be repealed without an open disregard to national honor, will be \$39,828,225, as stated in the last December report of the Secretary of the Treasury, and if faithfully applied to the debt will extinguish it in a much shorter period than thirty-one years.

In presence of these facts, the country will certainly not be reconciled to the scheme of thirty-year four-per-cent bonds, by the argument urged by Mr. Morrill, that such bonds can probably be sold for some small premium. It is too obvious, that the payment of premiums at least ten times as great would be necessary, if they are really bought back under the operation of the sinking fund. The issue of long bonds, with any real intention of commencing at once to buy them back at

whatever bonus the holders may choose to demand, cannot possibly commend itself to the sturdy common sense of the American people.

The truth plainly is, that the plans of both Messrs. Sherman and Wood are consistent only with a policy of keeping the national debt forever at its present magnitude. If we are not now able, at a period of profound peace and great prosperity, to do something effectively from year to year towards reducing it, we never shall be. The form which the \$700,000,000, redeemable in 1881, shall assume, is entirely within the control of Congress. If it is intended to pay some portion of it from year to year, the new bonds can be made to mature accordingly from year to year. If the new bonds are all issued on thirty or fifty years, a practically insurmountable barrier will have been erected against any payment, either now or hereafter.

If there is a genuine, and at the same time an intelligent purpose of reducing, and finally extinguishing, the public debt, Congress has only to decide what rate of reduction is required by the pledges of the existing sinking-fund laws, and how much reduction in excess of what is so required is compatible with the condition of the country. The new bonds can then be made so as to mature in annual installments to correspond with the rate of reduction determined upon.

The city of Philadelphia determined, last autumn, to pay off \$10,000,000 of its floating debt in twenty-five years by equal annual payments. It issued for that purpose twenty-five series of bonds of \$400,000 each, falling due in from one to twenty-five years, bearing four-per-cent. interest, and negotiated them successfully at par. In that case, it is possible and probable that the bonds would have sold at a better advantage if they had all been issued on twenty-five years, with effective provisions for purchasing \$400,000 every year; but what the city would have gained in that way might have been lost many times over in the premiums it would have been required to pay in buying them back under the operation of a sinking fund.

In the peculiar condition of things in this country, we are well satisfied that \$700,000,000 of the national debt can be managed more cheaply on short bonds than on long ones, just as the British Government borrows money within certain limits more cheaply on exchequer bills than on consols. Nothing is more certain than that, as soon as it is settled that no more long bonds are to be issued, the \$1,000,000,000 of long $4\frac{1}{2}$ and four-per-cent. bonds now out will rise to such high premiums as to unfit them for the purpose of those who want a security instantly available without loss. The need for such a security in the United States is large and increasing. \$700,000,000 of short Government notes will not

over-supply it. And, furthermore, there is the obvious expedient, resorted to with success under Mr. Chase's administration of the finances, of borrowing money by allowing interest on deposits in the treasury.

There is fortunately ample time for discussing all the details of the best plan for dealing with that portion of the debt which becomes redeemable in May and July, 1881. It may not be, and probably will not be, practicable to concentrate the proper degree of public thought upon it until after the heat and strain and passions of the pending Presidential election are over; but the period which will remain after that will be long enough for, as it will be best adopted to, a calm, careful and deliberate consideration of the entire subject.

THE CITY OF GLASGOW BANK.

At the time of the failure of the City of Glasgow Bank the valuers of its assets estimated its interest in the Western Union Railroad at £475,000. The liquidators, in their report made in December, 1879, say that more than that amount has already been realized, and that they expect the final realization will reach £687,000. On the 16th of June, 1879, they received the overdue interest on the Western Union Railroad seven-per-cent. bonds, and exchanged those bonds, and also the stock they held in the road, for the six-per-cent. bonds of the Chicago, Milwaukee and St. Paul Railway Company, secured by a first mortgage of the Western Union Railroad. The bank has extensive real estate interests in the flourishing colony of New Zealand. Their conversion into money is not expected to be rapid. The dividends already paid to the creditors of the bank aggregate 67½ per cent. and a further dividend of 7½ per cent. is promised soon. The liquidators use language which implies that they expect it will be a work of years to collect and pay over the remaining 25 per cent.

The cash realized by the liquidators to October 22, 1879, was £4,856,666 by collection of the assets of the bank, and £4,452,366 from the shareholders under the two calls, the first of £500 and the second of £2,250 per share. It is not expected that any further call upon the shareholders will be made. The greater part of them have been ruined by the calls already made, as is explained in detail by the following from a British financial journal:

When the first call, which was for £500 per £100 stock was made, there were on the register 1,319 contributories, numbering 1,829 separate individuals. Of this number, only 521 were able to pay in full at once; and, while the nominal amount of the call was £4,232,320, the amount realized at the close of the year was

£ 2,106,286, or less than half. When the second call of £ 2,250 per share was made, there remained 1,518 individuals on the list, and of these only 112 paid in full at once, and while the nominal amount of the call was £ 7,813,957, the amount realized on October 22d was £ 2,351,079. By the first call 599 shareholders were ruined. Under the second call settlements were made with 354 shareholders who gave up all they possessed, others have become bankrupt, and the total list of 1,819 contributories has now been reduced to the following:

	No.	Amt. of Stock.
Contributories in their own right.....	130	£ 61,507
Trustees (representing fifty-three trust estates).....	130	28,455
Contributories liable as representing their wives..... (Stock included above).	4	—
Contributories, or bodies of contributories on second part of list, in a representative capacity.....	5	600
In all.....	269	£ 90,562

This is in addition to twenty-four contributories, the addresses of six of whom the liquidators have not been able to trace, while the other eighteen have placed themselves out of reach; and that, so far, few have attempted to evade their liability is a gratifying proof of the general integrity of the shareholders.

Several efforts have been made to induce the creditors of the bank to forego the interest on their claims since its failure, but it appears most probable that they will insist upon full payment of interest as well as principal. The main opposition to any forbearance comes from the London creditors.

The latest information upon the subject is, that the other Scotch banks have made an offer to pay cash for all claims against the Bank of Glasgow, to such creditors as would waive their right to interest, and that this offer has been accepted by the creditors with unimportant exceptions. It is supposed the whole, or principal part of the benefit of this waiver of interest will be enjoyed by the unfortunate shareholders of the Bank of Glasgow.

As illustrating the effect upon the City of Glasgow, of this great bank disaster, it is stated that the bankruptcies in that city for the year ending October 1, 1879, were 409; whereas the annual average during the preceding five years was only 186.

RAILROADS.—The extent of railroad construction in this country during the past eight years, is thus stated by the *Railroad Gazette*:

Year.	Miles.	Year.	Miles.
1872.....	7,340	1876.....	2,460
1873.....	3,883	1877.....	2,301
1874.....	2,025	1878.....	2,016
1875.....	1,561	1879.....	4,430

Of the 4,430 miles of new road built last year, no less than 3,187 miles—more than the total completed in the whole country in 1878—was west of the Mississippi, and nearly half of it in Minnesota, Iowa, Missouri, Kansas, Nebraska, and Dakota.

THE HISTORY OF MONEY.*

BY SIR JOHN LUBBOCK.

[FROM THE NINETEENTH CENTURY; NOVEMBER, 1879.]

By general consent, gold, silver, and copper have been the metals used as money. Iron, indeed, is said to have been used in Sparta under the laws of Lycurgus, but in this case there is no reason to suppose that it was ever coined. It seems to have been used, as it was, according to Cæsar, amongst the ancient Britons, in the form of bars. Pollux mentions that the inhabitants of Byzantium in ancient times used iron for coins instead of copper, and so have the Japanese, but, on the whole, this metal is much too heavy, in proportion to its value, for convenience. Coins of tin are reported to have been struck by Dionysius of Syracuse, and subsequently in Gaul under the reigns of Septimus Severus and Caracalla, but they appear to have been almost immediately abandoned again. Cast coins of this metal were in use amongst the ancient Britons: the similarity of such coins to those of silver constituted a very serious inconvenience. Glass seems to have been likewise, at one time, used for subsidiary coinage in Egypt and in Sicily. Platinum was tried in Russia, but was found unsuitable; lead is still used in Burmah; nickel in Belgium, the United States, and Germany; and in 1869 and 1870 we struck some nickel pence and half-pence for Jamaica. In addition to the commercial uses of coins, they are important from an historical point of view, and also in giving us authentic portraits of many interesting persons—Cæsar, Cleopatra, and many others.

I have already alluded to the high rates of interest which prevailed in former times. These of course were very injurious to commerce, and naturally provoked unfavorable criticisms, which, however, were by no means confined to usurious rates, but often extended to any charge whatever for interest. Indeed, the idea that there is some wrong about charging interest for the use of money is not the least remarkable, or disastrous, of the various prejudices, which have interfered with the happiness and comfort of man. The supposed axiom that *pecunia non parit pecuniam*, the misapplication of certain texts of Scripture, and the supposed interests of the poor, all contributed to the same error. Thus, in the reign of Elizabeth (1571) (13 Eliz. cap. 8) an Act was passed against usury and "corrupt chevisance and bargaining by way of sale of wares," which were declared to have abounded "to the importable hurt of the Commonwealth," declaring usury to be forbidden by the law of God, in its nature sin,

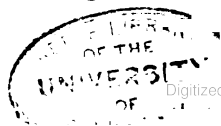
* Concluded from our January number.

and detestable. Quaintly enough, however, this was in the first instance limited to five years, but subsequently (39 Eliz. cap. 18) it was continued, on the ground that it was found by experience "to be very necessary and profitable to the Commonwealth of this realm."

It was for a long time, indeed until the middle of the last century, generally supposed that the rate of interest would, apart from legislative enactment, be regulated by the scarcity or abundance of money; an extraordinary fallacy, when it is considered that the interest itself is payable in money. It is now however admitted, by all those who have studied the subject, that the rate of interest is in the long run ruled by the average rate of profit derivable from the employment of capital. Of this a striking proof is afforded by the case of Australia, and still more by that of California, where, although, in consequence of their gold mines, that metal was peculiarly abundant, the rate of interest has been extremely high. The high rates which prevailed so generally in ancient times were to a great extent due to the uncertainty of repayment, both from the unsettled state of politics and from the uncertainty of the laws. I trust I may put in a word for ancient bankers, by pointing out that the high rates which they charged were not due to their covetousness, but to this insecurity of repayment. Instead, however, of endeavoring to cure the evil by removing the cause, legislators attempted to put down high rates of interest by rendering them illegal. In this they were not only not successful, but they produced the very opposite effect from that which they intended. Thus, in France, the legal rate, which had been five per cent., was lowered in 1766 to four per cent., but the result was to raise, not to lower the real rate, because the borrower had not only to pay interest, but to compensate the lender for the additional risk.

Again, in Mohammedan countries, notwithstanding that interest is expressly forbidden in the Koran—or rather perhaps to a certain extent in consequence of that prohibition—the ordinary rate is three or four times as high as in Europe. In England, after the Conquest, as in most other Christian countries at that time, interest was expressly prohibited, both by civil and ecclesiastical law: while, as the Jews were allowed under the Mosaic dispensation to charge interest to strangers, the business of money-lending fell naturally into their hands. Subsequently a similar privilege was accorded to the Italian or Lombard merchants—from whom of course, Lombard Street, still the center of banking, derives its name.

In the reign of Henry the Eighth, a statute was passed legalizing interest to the extent of ten per cent., under James the First it was lowered to eight per cent., under the republic to six per cent., and in the time of Queen Anne to five per cent., and the usury laws were not altogether abolished till



1839. As regards Scotland, interest was altogether illegal until the Reformation. In 1587 it was legalized up to ten per cent. This Act was repealed in 1552, but revived in 1571, the effect of rendering interest once more illegal having been to raise it from ten to fourteen per cent. Subsequently, in 1633, the legal rate was reduced to eight per cent., and in 1661 to six per cent. In Ireland, interest was forbidden until 1635, when it was legalized up to ten per cent., reduced in 1704 to eight per cent., in 1722 to seven per cent., and in 1732 to six per cent. The Statute of Anne, above alluded to, applied to the whole kingdom. In 1818, a Committee of the House of Commons was appointed, which reported strongly against the usury laws, but even then so strong was the popular prejudice that not until 1839 was it rendered legal to charge a higher rate of discount than five per cent. According to the *Code Napoléon*, six per cent. was the highest legal rate on commercial loans, and five per cent. on those on real property. In the United States, again, the rate is fixed by law, and varies in the different States, being, for instance, eight per cent. in Alabama and Texas; seven per cent. in New York, South Carolina, Georgia, Michigan, and Wisconsin: five per cent. in Louisiana, and six per cent. in most of the other States. It is unnecessary to say that these restrictions are quite inoperative. It is very remarkable that so many civilized countries still fail to appreciate the simple statement of Locke, that "it is in vain to go about effectually to reduce the price of interest by law; and you may as rationally hope to get a fixed rate upon the hire of houses or ships as of money."

We are generally told in histories of banking, as, for instance, in that by Gilbert, that the first National bank was that of Venice, founded in the year 1157, but I agree with Mr. McLeod, that this institution was not at first, in any sense, a true bank. The State being deeply involved in debt, its creditors were formed into a corporation and the debts made transferable like our consols. It was not until 1587 that the institution began to take money on deposit. The depositors received a credit on the bank's books equal to the actual weight of the bullion placed there, which the bank undertook to keep intact in its vaults, and to repay to the depositor at any time, or to transfer to any one else.

The earliest real bank was that of Barcelona, founded in 1401. In this case the city funds were made responsible for any moneys intrusted to the bank, which not only received deposits, but exchanged money and discounted bills. The bank of Amsterdam was founded in 1609. The so-called bank of St. George, at Genoa, dates back to 1407, but does not appear to have done genuine banking business until 1675. The bank of Stockholm, which commenced in 1668, was the first bank in Europe to issue bank notes, which until

that time were totally unknown in the West, although, as we have seen, they had long been in use in China.

Our coinage, however, is far more ancient than our banking system, in so far at least as our present information goes. Our ancestors, before the arrival of the Romans, are generally regarded as mere barbarians. Nevertheless, they were already acquainted with the art of coinage, which, as shown by Mr. Evans in his excellent work on *The Coins of the Ancient Britons*, appears to have commenced in Kent about 200 to 150 B. C., and to have spread over the south-east of England to Devonshire on the west and northwards as far as Yorkshire. The principal mints appear to have been at Camulodunum and Verulamium. The original coins were copies of Gaulish imitations of the staters of Philip of Macedon, which have a head of Apollo on one side and a chariot and horses on the other. Gradually, however, the execution became worse and worse, as shown in the illustrations, until at length no one looking at one of these coins for the first time would be able to tell which side was meant for the head of Apollo and which for the chariot and horses. The fact that the dies were much larger than the coins assisted in contributing to this result. Some of our coins are inscribed, and in one series we find the name "Cun.," short for Cunobeline, the Cymbeline of Shakespeare, from whose name one learned antiquary has absurdly supposed that our word "coin" was derived. Other interesting inscribed coins are those of Commius, supposed to be the Atrebatian mentioned by Cæsar; of Tincommius and Eppilus the sons of Commius; of Tasciovanus the father of Cunobeline; of Dubnovellaunus, probably the Damno Bellaunus of the inscription of Augustus at Ancyra. I ought to add that among the latter coins are various curious types of purely native origin. Nay, not only had the ancient Britons a native coinage, but they were so civilized as to have attained the art of forgery, the false coins being of base metal plated over with gold or silver.

After the conquest, the native British coinage was replaced by Roman coins, great numbers of which have been discovered, and some of which are said to be even now occasionally met with in circulation. After the departure of the Romans, the Saxons, about the sixth century, commenced striking stycas, or half-farthings, and sceattas, from which comes our proverbial expression, "paying one's shot."

Our mode of reckoning by pounds, shillings, and pence, was introduced in Saxon times, the £ 1 being a pound of silver, though the penny the $\frac{1}{240}$ th of £ 1 was the largest silver coin actually struck.

The "penny" is the most ancient representative of our coinage. The name first appears in the laws of Ina, King of the West Saxons, who began to reign in 688. The figure of

Britannia on our present specimens was copied from a coin of Antonius.

The mark was originally Danish, but is said to have been introduced here by Alfred; it contained at first 100, and afterwards 160, pennies. It was never struck, but was only a money of account. Throughout Norman times, the half-penny and farthing were, as a rule, not separate coins, but halves and quarters of the penny very neatly cut. Though some Saxon half-pence are known, these coins were not struck in any quantity till the reign of Edward the First. Our gold coins recommenced under Henry the Third, who coined gold pieces intended to pass for twenty pence. Edward the Third struck gold florins, current for six shillings. This coin being found inconvenient, he issued the "noble," sometimes called the "rose noble," worth six shillings and eightpence, or half a mark. This, with its half and quarters, was our only gold coin till the "angel" of Edward the Fourth.

Groats and half-groats were introduced by Edward the Third. They received their name from the French "gros," a large piece. It was one of the charges against Wolsey that he put his cardinal's hat on the money struck in the archiepiscopal mint at York. The "shilling" was first struck by Henry the Eighth. The silver crown, half crown, and sixpence commenced under Edward the Sixth. The sovereign of twenty shillings was first struck by Henry the Seventh. The guinea commenced under Charles the Second, in 1663, and was so called from the Guinea gold from which it was made: it was withdrawn in 1815, when the sovereign and half sovereign were again issued. In the middle ages the coinage was constantly deteriorated by having the edges clipped, now prevented by the milling of the edge, a process first used in 1560. The unsatisfactory state of the coin led to the use of "tradesmen's tokens."

But in addition to the deterioration of the coinage by wear and by clipping, the standard was gradually reduced by successive sovereigns. The denomination, weight, and fineness of silver coins have, however, remained unchanged since the time of Elizabeth; but the pound sterling and its relation to the silver coinage, was not finally fixed until 1717. Gold was not adopted as our legal standard of value until 1816. Silver and copper, as every one knows, are now token coins, and only legal tender to a limited amount, *i. e.*, the copper coins up to a shilling, and silver coins to forty shillings. The "mint price" of silver is 5*s.* 6*d.* an ounce Troy, *i. e.*, the ounce of silver is coined into 5*s.* 6*d.* The "standard" of silver is thirty-seven parts of silver to three of copper. The quantity of copper and silver coin issued is regulated by Government according to the supposed requirements of the country, but any one can take gold to the mint and have it coined into sovereigns free of expense. Practically, however,

this is never done, because the Bank of England is always ready to give coin for bullion, charging *1d.* an ounce, which is rather less than the loss of interest which would result from the time required for coinage. The sovereign is composed of twenty-two parts gold and two copper: most of those now in circulation are much worn, but when new they contain 113,001 grains of gold, and weigh 123,274 grains. An ounce of gold is therefore coined into £ 3 17s. 10½*d.*, which is generally termed the mint price of gold.

We sometimes hear surprise expressed that there should be a fixed price for gold. Gold, it is said, should be allowed to follow its market price. But when we are told that the mint price of gold is always £ 3 17s. 10½*d.* an ounce, all that is meant is that an ounce of gold is coined into £ 3 17s. 10½*d.* The price of gold is fixed in gold, or, in other words, sovereigns are always of the same weight. Sir Robert Peel asked his opponents the well-known question, "What is £1?" and the simple answer is, that £1 is a certain quantity of gold, verified by the stamp of the mint.

There appears to be much uncertainty as to when, or by whom, coins were first struck in Ireland and Scotland. As regards the former country, they are never mentioned in the *Senchus Mor*, which is said to have been compiled about A. D. 440, in which, when the precious metals are alluded to, which is but rarely, this is always by weight. Such is indeed the case even to a much later date. Thus, in 1004, Brian Boroihme offered twenty ounces of gold on the altar of St. Patrick at Armagh, though coins are said to have been in use as early as the ninth century. The earliest Scotch coins are supposed to belong to the time of Malcolm the Third, about 1050 A. D.

The derivations of the words relating to money and commerce are interesting and instructive. "Pecuniary" takes us back to the times when value was reckoned by so many head of cattle. The word "money" is from *moneta*, because in Rome coins were first regularly struck in the temple of Juno Moneta, which again was derived from *monere*, to warn, because it was built on the spot where Manlius heard the Gauls approaching to the attack of the city. "Coin" is probably from the Latin *cuneus*, a die or stamp. Many coins are merely so-called from their weight, as for instance our pound, the French livre, Italian lira; others from the metal, as the "aureus;" the "rupee" from the Sanscrit "rupya," silver; others from the design, as the angel, the testoon, from teste or tête, a head; others from the head of the State as the sovereign, crown; others from the proper name of the monarch, such as the daric, from Darius, the Philip, Louis d'or, or the Napoleon.

The dollar and thaler is short for the Joachimsthaler, or money of the Joachims valley in Bohemia, where these coins

were first struck in the sixteenth century. Guineas were called after the country from which the gold was obtained, and the "franc" is an abbreviation of the inscription *Francorum Rex*. The "sou" is from the Latin *solidus*. The word shilling appears to be derived from a root signifying to divide; and in several cases the name indicates the fraction of some larger coin, as the denarius, halfpenny, farthing, cent, and mill. The pound was originally not a coin, but a weight, and comes from the Latin *pondus*. Our pound was originally a pound of silver, which was divided into 240 pennies. The origin of the word penny is unknown. Some have derived it from *pendo*, to weigh, but this does not seem very satisfactory. Our word "sterling" is said to go back to the time of the Conquest, but the derivation has been much disputed. Some have supposed that it was first attributed to coins struck at Sterling, but for this there is not the slightest evidence; others, that the name was derived from coins having a star on the obverse, but no coins which could have given rise to such a name are known. The most probable suggestion is that it has reference to the Easterling, or North German, merchants.

Early English bankers seem to have been all goldsmiths as well as bankers, and it is, perhaps, just worth mentioning that in my own firm, as in several others, we still use certain books which are especially known as the "Goldsmiths." Sir Water Bowes, a goldsmith of the 16th century, is recorded by Herbert in the history of the Goldsmith's Company as having lent Henry the Eighth £300. Another great goldsmith of this period was Sir T. Gresham, the founder of Gresham College and of the Royal Exchange, which was opened by Queen Elizabeth on January 23, 1570. Even Alderman Backwell, who lost £295,994 16s. 6d., when the Exchequer was closed by Charles the Second, was a retail jeweler, and Pepys records on December 24, 1660: "I went to chuse a payre of candlesticks to be ready for me at Alderman Backwell's." Mr. Price, in his interesting paper on *Early Goldsmiths and Bankers*, gives several accounts current appertaining to this period, and still in existence at Messrs. Childs', including, for instance, one for Prince Rupert for plate, dishes, candlesticks, etc. The oldest of our existing banks are probably Messrs. Childs' and Messrs. Martin's. In the reign of Elizabeth, there was a goldsmith named John Wheeler, from whom the business passed to William Wheeler, junior, and subsequently into the hands of their apprentices, Messrs. Blanchard and Child, whose names appear in the *Little London Directory, 1677*. Sir Josiah Child, although he subsequently became a banker himself, attacked our profession with more vigor than common sense in his new *Discourse of Trade*. He says "this gaining scarcity of money proceeds from the trade of banking, which obstructs

circulation, advances usury, and renders it so easy, that most men as soon as they can make up a sum of from £50 to £100 send it in to the goldsmith, which doth and will occasion while it lasts, that fatal pressing necessity for money visible throughout the whole kingdom, both to prince and people." Sir Francis Child, called by Pennant the father of the profession, is said to have been the first to lay aside entirely the goldsmith's business and become a pure banker in our sense of the term. The "Grasshopper" in Lombard street claims to have been the place of business of Sir Thomas Gresham, though his actual residence was in Bishopsgate. In the directory of 1677, it was occupied by Messrs. Duncombe and Kent, from whom it descended to Messrs. Martin. Hoare's in Fleet Street goes back to James Hore or Hoare, who was warden of the Mint from 1679 to 1682, and who was probably established in business as early as 1661; they have occupied their present premises since 1692. The Bank of England, I may mention, was founded in 1694.

Although banking, in some form or other, can, as we have seen, be carried back to an early period in history, and even in our own country has long existed, still in our national accounts a very archaic system was pursued until quite recently. It is indeed scarcely credible that the old wooden "tallies" were only abolished by Mr. Burke's Act, which was passed in 1782, but did not come into full effect till 1826, on the death of the last of the Chamberlains.

The tally was a willow stick, not exceeding five feet in length, about one inch in depth and thickness, with the four sides roughly squared. On one of the four sides the amount was expressed in notches. On each of the two sides next to the notched side the description of the payment was written. The stick was split in half through the notches. One-half, constituting the tally, was given to the person making the payment into the Exchequer, the other half, the counter tally, or counterfoil, was kept at the Exchequer as a check.

There was no single notch for a larger sum than £1,000; a notch of the gauged width of $1\frac{1}{2}$ inch denoted £1,000; one inch, £100; three-eighths inch, £10; and half a notch of this last size, £1; of three-sixteenth inch, 1s.; and the smallest notch, 1d.; one half-penny was denoted by a small pounded hole.

In the Return on Public Income and Expenditure, July 29, 1869, the following account is given of the mode in which these tallies were actually issued.

The slip of parchment, or Teller's bill, as it was called, was thrown down a pipe into the Tally Court, a large room under the tellers' offices, notice being given to the Tally officer by a clerk calling out "down" through the pipe. The Teller's bill fell upon the large table in the Tally Court,

which was covered with a checkered cloth. In the Tally Court sat officers of the Clerk of the Pells, and of the Auditor as performing the duties of the Chamberlain of the Exchequer. The Teller's bill was first recorded by the officer of the Clerk of the Pells, in his book of *introitus* or receipt, and then passed over to the auditor's clerk, who entered it into a book called the bill of the day. A copy of each Teller's bill was written by the auditor's clerk upon an indented form of receipt (up to 1826 upon the wooden tally, the amount being expressed in notches only), and given upon his application, generally on the following day, to the receiver or other person paying in the money. At the close of the day, when all the Teller's bills had been sent down and entered, the bill of the day was sent on to the clerk of the cash-book, in which book all the receipts of the day were entered. The auditor's cash-book was the foundation of all the accounts of the receipt of revenue, weekly, quarterly, and yearly certificates of which were transmitted from the Exchequer to the Treasury, from which the annual accounts of revenue were prepared and laid before Parliament.

In early days our bankers and merchants used to deposit their superfluous cash in the Tower of London for safe keeping. Charles the First seized the money there, amounting to £120,000. A still more serious misfortune befell our predecessors, however, in 1672, when the Exchequer was closed by Charles the Second, at the instance of Lord Ashley and Sir Thomas Clifford, and when the amount seized was no less than £1,328,000. The first "run" on record took place when the Dutch fleet sailed up the Thames, burned Chatham, and destroyed Sheerness. I have already alluded to the fact that such references to bankers as appear in ancient literature are far from being always of a complimentary character; such is also the case even in recent times. Lord Eldon is reported to have selected his bankers by a sort of inverse competitive examination. He thought them the stupidest in London, and he said that if he could find stupider, he would move his account. And it is no doubt true that probity and prudence, tact and knowledge of human nature, are more necessary to a banker than the possession of great genius. It is, perhaps, natural that I should be disposed to attribute the unfavorable remarks to which I have referred, rather to jealousy than to conviction.

We may, I think, congratulate ourselves that we have contributed our fair share to those who have successfully labored to promote the welfare of the country. In political life, innumerable bankers have been useful members of the legislature. In some cases, our banking families have held high office. In literature, the honored name of Grote at once suggests itself, and in science I may be permitted to mention my own father. One might have supposed that

banking was rather too prosaic for poetry, but the names of Rogers, Wright, and Praed, prove the contrary. Among economists, we have Lord Overstone, Mr. Norman, Mr. Bagehot, Mr. Hankey, Mr. Newmarch, Mr. Palgrave, and others too numerous to mention. Indeed, though I am by no means a follower of M. Comte, there is one of his proposals which has much to recommend it. He suggests, in the *Catéchisme Positiviste*, that the supreme government in each country should be intrusted to three bankers, who would respectively take charge of commercial, manufacturing, and agricultural operations. "A ces triumvirs," he says, "le sacerdoce occidental dirigé par le Grand-Prêtre de l'humanité, devra dignement soumettre les réclamations légitimes d'un immense prolétariat." I should have been disposed to think that, at any rate, such a government would have had the great merit of doing its best to preserve the peace of the world, though I confess that of late some of my friends have developed a fierce military spirit which fills me with astonishment. But however that may be, I think we may fairly claim for the banking profession that they have done their best to deserve the confidence reposed in them. Let us hope the opportunities and advantages which will be afforded by the new Bankers' Institute will be a benefit to the profession, by extending a knowledge of the true principles of banking; and even perhaps to the public, by tending to remove those groundless apprehensions which from time to time, as for instance last year, have produced an entirely artificial stringency in the money market, and an elevation of the rate of interest, quite unnecessary in itself, and very prejudicial to the commerce of the country.

I cannot conclude without mentioning another class of banks, namely, the Savings banks, which have done so much to promote frugality among the poorer classes of the community. The original idea seems due to the Rev. Josiah Smith, of Wendover, who in 1799, in conjunction with some of his neighbors, arranged to receive small sums from the parishioners during the summer, repayable on demand, but to which he added a bonus if the balance remained until Christmas. The next Savings bank, that founded at Tottenham by Mrs. Priscilla Wakefield, in 1804, more nearly resembled our existing Savings banks.

CALIFORNIA FARMING.—A San Francisco correspondent of the London *Economist* writes as follows: "A farmer without his own capital may be obliged to borrow, or mortgage his land, paying from one to two per cent. monthly for the money he requires. The bankers and money lenders and those who let out farming machinery have prospered, but the farmers have seldom accumulated money."

THE EASTERN DEMAND FOR SILVER.

A correspondent of the London *Economist*, under date of December 11, 1879, says :

“India is suffering from a great dearth of shipping, and business for the time is almost suspended. It is only necessary to point out that the unfixed tonnage in Calcutta, at this date, is given as 3,000 tons against 80,000 tons at same time last year, whereas the freights ruling are: for Jute 85s. *via* Suez canal, against 30s. By sailing vessels, wheat freights are 55s. to 60s., as against 12s. 6d. a year ago; and linseed freights are 80s. as against 25s. The present harvest in India is some three or four weeks later than an average one, but from all accounts it appears to be one of the most abundant on record; and considering the great appreciation of prices recently in all descriptions of Asiatic produce, I do not consider it over-estimated when I give it as my opinion that the export trade of India will be quite £10,000,000 more during the incoming season than it was in the preceding one, which means a proportionately enlarged demand *via* silver and remittances to India.”

The export of silver from Great Britain to India was considerably more in 1879 than in 1878, notwithstanding the adverse circumstances mentioned above. The increase during the first eleven months was £1,315,837. The imports of silver from all quarters into India during the six months ending September 30, 1879, were greater by \$10,000,000 than the imports during the corresponding months of 1878. If the Indian crops to be exported during 1880 are as large as is supposed, and if excessive freight do not too much reduce the prices received by the exporters, India must have a good deal to receive in return, either of silver or goods, or both.

The India Council in London are much criticised for drawing so largely upon India during November and December. Their weekly drawings during these months have been for four million rupees, producing, at the average rate of 1s. 8d. per rupee, £333,334, or at the rate of £17,333,368 per annum. The criticism made is, that even if the drawings must be at so large an annual rate as that, in order to collect what is known as the India “tribute,” there might have been a temporary diminution when the export trade of India was temporarily embarrassed, so as to have avoided the depression of Indian exchange, and the consequent depreciation of the gold price of the rupee, which occurred in the closing months of 1879.

The absorption of the silver of the Western World by India is much greater than the absorption by China, but the Chinese demand for that metal is nevertheless a considerable

factor in fixing its value. This demand was very light during 1879. Comparing the first eleven months of that year, the net exports from Great Britain to China (including Hong Kong) were only £ 157,046, as compared with £ 1,598,574 during the same months of 1878. Comparing the year 1879 with 1878 the San Francisco silver export to China declined \$ 2,756,798. China has suffered enormously in recent years from famines. The last crops are reported to be good, but it may be some time before the empire recovers its normal condition of prosperity.

The following is a statement of the silver exports from San Francisco to China (including Hong Kong) for two years :

	1878.		1879.
Bars.....	\$ 7,696,346	....	\$ 5,907,533
Mexican dollars.....	2,372,036	....	2,346,796
Trade dollars.....	1,489,148	....	546,403
	<hr/>		<hr/>
Total.....	\$ 11,557,530	....	\$ 8,800,732

In 1877 the silver exports were \$ 16,410,794, which included 7,925,955 trade dollars.

Upon the whole, the probabilities are that the Eastern demand for silver for two or three years to come will exceed the average of the years 1878 and 1879.

The Wells, Fargo & Co.'s circular, issued at the end of 1879, gives the silver exports of that year to the East from Southampton, San Francisco, Marseilles and Venice, as greater by \$ 6,000,000 than the same in 1878. There was an increase of \$ 3,000,000 in the exports from Marseilles and Venice, caused principally by the large purchases of silver made by Englishmen in November and December in Venice, for shipment *via* Venice. This increase, however, was nearly offset by the diminution of \$ 2,756,798 in the San Francisco silver shipments to Japan and China. We have received the exact figures of the silver trade between Southampton and the East, for the first eleven months of 1879, which show a diminished net export of £ 125,691, or \$ 625,000, as compared with the same months of 1878. This arose, not from a diminution in the exports, which, in fact, increased, but from an extraordinary silver import in 1879 from China and Hong Kong, amounting to £ 348,908 for the first eleven months, as compared with £ 1,449 for the same months in 1878. This import was abnormal, and consisted to a considerable extent of American trade dollars, shipped to Southampton for reshipment to this country. It is certain that when the exact figures for December are received, they will show that the net export from Southampton to the East was considerably larger for the whole year 1879 than during the preceding year, but we do not think that they will show, in connection with the figures from other shipping points, that the Eastern absorption of silver was greater in 1879

than in 1878 by more than half of \$6,000,000. In fact, the circular of Wells, Fargo & Co. is not to be construed as making any statement of that kind. It seems to be confined to the gross exports of silver to the East, and not to take account of silver imports from the East, which are ordinarily exceedingly small.

REDUCTION OF THE NATIONAL DEBT.

In a city paper (*The American Exchange*) of December 19, are noted some opinions of New York bankers given to one of its reporters, which are in themselves well entitled to attention, and which, in addition, will furnish a convenient text for certain observations in respect to the management of the National debt.

Mr. Calhoun, President of the Fourth National Bank said :

I do not think that a 3½-per-cent. Government bond could be floated at all. The rate of interest is too low. Of the 4-per-cent. bonds very few went abroad, and those which remained at home are about all that we can take care of. Many of them are now being carried by banks and bankers in hope of a future market. No; in regard to money I do not think that low rates of interest will be permanent.

Mr. Buell, President of the Importers and Traders' National Bank said :

I do not believe that a 3½-per-cent. funding bond could be floated at par by the Government, and more difficulty would be experienced in floating a 4-per-cent. bond at present than when the former refunding operations were undertaken. For the next sixty or ninety days I expect to see the rate of interest remain about as at present—6 to 7 per cent. After that time the rate will probably be 5 or 6 per cent. until navigation opens, and of course, with the revival of business—and it is generally conceded that business is reviving—there is and will be less idle capital to seek investment in Government bonds.

The President of a prominent Nassau-Street 'bank which had operated largely in the 4-per-cent. bonds, said :

Although people cannot be brought to believe it, the day of cheap money has passed. The increase in business will take all surplus money at good rates of interest. The Government would make a mistake if it attempted to issue a bond of a lower rate of interest than 4 per cent. Such a bond could not be kept at par.

Mr. B. B. Sherman, President of the Merchants' National Bank said :

A 3½-per-cent. bond could not be floated even near par. There is plenty of employment for capital now, and business enough to keep it out of Government investments. If there were a great many Savings banks, trust companies, and other financial institutions that had to invest in Government bonds, such a low-rate bond might be issued; but the needs of that class have been supplied with 4-per-

cent. bonds. I think that many of the banks have on hand their old 4 per cents. and some more, too, for some of the members of the Syndicate, I think, have had to buy to keep the price up. There has been an extraordinary retention of currency by the West, and the South has received good prices this year for its cotton, and is now on the road to prosperity. This precluded the possibility of very low rates for money prevailing.

Mr. H. C. Fahnestock, of the First National Bank said :

No money would be invested at a rate of $3\frac{1}{2}$ per cent. when business enterprises now offer more. It would be much harder to sell a 4-per-cent. bond this year than it was last year. The idea of a successful $3\frac{1}{2}$ -per-cent. refunding operation is ridiculous.

The President of a leading National bank said :

Successful refunding operations cannot be carried on with a $3\frac{1}{2}$ -per-cent. bond. I don't care to have my name used, but that is my opinion. The time for cheap money is past, with the industries of the country reviving and the demands of business for more capital.

The President of another National bank, whose name is also withheld, is reported as saying :

What! float a $3\frac{1}{2}$ -per-cent. funding bond at par? No, sir; it could not be done. That is proceeding a little too fast. This country is not going to have the low rates of England for some time yet, if at all.

The reporter of the *American Exchange* states that he found "some bankers" who believed that average low rates of interest would prevail during 1880, and that a long $3\frac{1}{2}$ -per-cent. bond (say on 50 years) could be negotiated. The only name which he gives of a banker holding that belief, is that of Mr. A. S. Hatch, of the firm of Fisk & Hatch.

The idea which underlies all the opinions quoted above is the sound one, that we have entered upon a period of activity in business and in enterprises of all kinds, which will furnish abundant opportunities for the remunerative employment of capital, independently of investments in Government securities. A period, such as is thus anticipated, and as we believe anticipated upon good grounds, is precisely the time when the policy of a steady, gradual, but appreciable reduction of the National debt offers the most advantages and will be attended with the least disadvantages. There is no danger that it will produce a glut of loanable capital, while it will have a powerful tendency, beneficial alike to lenders and borrowers, of preventing a rise in the rates of interest to the ruinous and impossible rates which prevailed in this country prior to 1873.

A payment to the holders of the National debt of sixty million dollars annually of their principal, will make no approximation towards being an over-supply of capital in this country, during the active times which are ahead of us. On the contrary, such a payment is just the support which the American loan market requires under the pressure of the demand for railroads and similar public works at the South,

and in that much greater trans-Mississippi region, the extent, capacities, and possibilities of which we are just beginning in some measure to realize.

It is of course true that payments on the National debt will reduce the rates of interest paid by railroads and other enterprises. Such a reduction will be to the disadvantage of lenders, if the theory is sound, that their situation is always improved as the rates of interest are increased. But that theory is not sound, as the recent experience of the United States has most clearly shown. It is desirable for lenders, and indeed it is really so for everybody, that rates of interest should rise when they have sunk to abnormally low points from business stagnation. But when business activity has been restored and current rates of interest have become fairly remunerative, it is not desirable, even for lenders, that they should be pushed up much beyond that point. The mass of lenders gained about as little by the excessive rates prevailing prior to 1873, as anybody else. The years which followed will be long remembered as an epoch of scrambles between different classes of creditors, in which, in too many cases, those whose liens did not have an absolute priority over everything, went to the wall, and in which unsecured creditors hardly ventured to enter the lists at all.

We do not believe that it is the opinion of the mass of American bankers, and it is certainly not the opinion of the New York bankers, interviewed by the reporter of the *American Exchange*, that there will be any lack of employment for loanable capital in the immediate future, which will make the policy of reducing the National debt an injurious one to the holders of such capital. That the policy will tend to prevent a rise in the rates of interest is not to be denied, but conservative bankers know that what is most advantageous to them is a sound business, rather than a struggle for exorbitant and illusive profits.

In a letter written by the Secretary of the Treasury, December 27, 1879, immediately after a visit which he had made to New York, we find the following paragraph, which establishes the correctness of the report in the *American Exchange* of the opinions of New York bankers upon the probable active demand for capital in the immediate future :

That a 3½-per-cent. bond would not "now" sell for par, I am fully satisfied, and I see no reason to expect that such a bond will be more favorably looked upon as an investment in 1881 than it would be now. On the contrary, with the revival of industry and the great activity in manufacturing, signs of which are already to be seen in all parts of the country, and the constant and increasing demand for money arising therefrom, it seems to me to be not at all certain that we shall then be able to borrow freely at even 4 per cent. per annum, and of the correctness of these views I received the most positive assurances during my recent visit to New York.

CHARACTER OF BANK RESERVES.

The Comptroller of the Currency publishes the following statement of the different kinds of reserve held by the National banks in their own vaults, December 12, 1879.

NEW YORK CITY.

Specie.....	\$ 49,493,110
Legal-tender notes.....	7,653,513
U. S. certificates of deposits of greenbacks.....	2,310,000
Total amount held.....	\$ 59,456,623
Amount required.....	54,882,935

OTHER RESERVE CITIES.

Specie.....	\$ 15,589,026
Legal-tender notes.....	17,708,554
U. S. certificates of deposits of greenbacks.....	8,315,000
Total amount held.....	\$ 41,612,580
Amount required.....	27,779,624

STATES AND TERRITORIES.

Specie.....	\$ 13,194,938
Legal-tender notes.....	29,349,087
U. S. certificates of deposits of greenbacks.....	670,000
Total amount held.....	\$ 43,214,025
Amount required.....	16,507,103

UNITED STATES.

Specie.....	\$ 78,277,074
Legal-tender notes.....	54,711,154
U. S. certificates of deposits of greenbacks.....	11,295,000
Total amount held.....	\$144,283,228
Amount required.....	99,169,662

The following is a classification of the specie held:

Gold coin.....	\$ 60,034,992
Silver coin.....	4,909,222
Gold certificates.....	13,332,860
Total.....	\$ 78,277,074

As will be seen, gold certificates are reckoned the same as actual gold. No silver certificates are reported, and the Comptroller has decided that there is no law authorizing them to be reckoned as a part of bank reserves.

As we stated in our last number, we are not advised that there is any law specifically authorizing gold certificates to be so reckoned. The actual laws in regard to the issue of both classes of certificates are substantially the same. If there is any doubt on the subject, it should be cleared up by declaratory legislation. There is no reason why certificates for gold and silver deposited and retained in the Treasury should not be treated as gold and silver in hand, just as certificates for greenbacks deposited in the same place are treated.

Section 254 of the Revised Statutes of 1874, being a transcript of a law passed about ten years previously, is as follows:

Section 254. The Secretary of the Treasury is authorized to receive deposits of gold coin and bullion with the Treasurer or any Assistant Treasurer of the United States, in sums not less than twenty dollars, and to issue certificates therefor, in denominations of not less than twenty dollars each, corresponding with the denominations of the United States notes. The coin and bullion deposited for or representing the certificates of deposit shall be retained in the Treasury for the payment of the same on demand. And certificates representing coin in the treasury may be issued in payment of the interest on the public debt, which certificates, together with those issued for coin and bullion deposited, shall not at any time exceed twenty per centum beyond the amount of coin and bullion in the Treasury; and the certificates for coin and bullion in the Treasury shall be received at par in payment for duties on imports.

The third section of the law of February 28, 1878, directing the coinage of silver dollars, is as follows:

Section 3. That any holder of the coin authorized by this act may deposit the same with the Treasurer or any Assistant Treasurer of the United States, in sums not less than \$10, and receive therefore certificates of not less than \$10 each, corresponding with the denominations of the United States notes. The coin deposited for or representing the certificates shall be retained in the Treasury for the payment of the same on demand. Said certificates shall be receivable for customs, taxes and all public dues, and, when so received, may be reissued.

RUSSIAN COINAGES.

Appended to the *Annuaire des Finances Russes* for 1879, are tables giving the coinages at the Russian mints since 1800, to and including the year 1878. The *Journal of the Statistical Society* of London says of these tables: "They include the whole of the issues of platinum, gold, and silver coins that have been made in Russia during the last seventy-eight years, with the exception of certain special coinages, such as those struck in Finland, in Warsaw (up to 1867) and in Tiflis (from 1805 to 1832). The total amount issued during this period is about 1,242½ millions of roubles. Of this, fully two-thirds is in gold. The coinage of gold commenced in 1802. The amounts of this metal coined annually vary considerably. From 1802 to 1846 the increase, excluding certain exceptional years, was steady, and from 1846 till 1870 the coinage was never much above or below twenty millions, except in 1862 and 1863, when it rose to thirty-two and thirty-six millions respectively. In 1871 only 4,600,000 roubles of gold was coined, after which the quantity again increased. The amount coined in 1878 was thirty-four and a half millions. The annual coinage of silver has also varied considerably, but as silver has been in use in Russia for a long time, the increase on the amount coined in 1800 has not been great till within the last few years. In 1877 and 1878 the amounts were ten and ten and a quarter millions of roubles, and these are less than those of 1817 and 1818, which were respectively thirteen and a half and nineteen millions. In 1828 the Russian Government commenced to issue platinum coins, and about four and a quarter million roubles of these were struck between that date and 1845, when the coinage was discontinued."

CURRENT EVENTS AND COMMENTS.

IMMIGRATION FOR 1879.

The annual report to the Commissioners of Emigration showing the total number of citizens and alien passengers landed at the port of New York during 1879, was presented by Superintendent Jackson, of Castle Garden, in January. The total number was 175,589, of whom 135,070 were aliens. This shows an increase over 1878 of 54,220 in the total, and of 59,723 aliens. The countries from which they came were as follows: Germany, 33,514; Ireland, 22,624; England, 21,555; Sweden, 12,394; Italy, 7,220; Scotland, 6,087; Norway, 4,993; Switzerland, 4,683; Russia, 3,103; Wales, 2,890; Denmark, 2,891; Bohemia, 2,801; France, 2,331; Hungary, 1,987; Austria, 1,727; Holland, 1,088; Spain, 818; Belgium, 422; West Indies, 390; Luxembourg, 263; Canada, 259; China, 181; Nova Scotia, 163; South America, 137; Central America, 130; Mexico, 99; Isle of Man, 82; East Indies, 29; Greece, 28; Africa, 26; Portugal, 24; Australia, 23; Japan, 11; Turkey, 11; Roumania, 7; Asia, 4; New Brunswick, 2; Malta, 1; Armenia, 1.

MASSACHUSETTS.

The funded State debt, as given in the Governor's Message of January 8, is \$33,020,464, classified as follows: Railroad loans, \$17,738,996; war loans, \$10,468,188; public buildings, etc., \$4,813,280.

There are no temporary loans, and the funded debt has been neither increased nor nominally diminished during the past year. But it has really been reduced by an increase of the sinking funds, in respect to which the Governor says: "The several funds established to liquidate the public debt at maturity, amount, in the aggregate, to \$12,879,683.49. Amount of same January 1, 1879, \$11,908,546.74; increase during the year, \$971,136.75.

"It is expected that these funds, with their accumulations, and other resources set apart by law as contributions for the purpose, will be nearly, if not quite, ample for the retirement of the entire debt at maturity."

Of the funded-debt bonds, \$20,495,464 are sterling bonds and \$12,525,000 are dollar bonds.

It is difficult to understand why a State so rich as Massachusetts, and so full of moneyed capitalists, should have thought it worth while to issue a majority of its bonds in a currency intended to be attractive to British lenders, and somewhat difficult to understand why it should ever issue anything but short bonds to meet some temporary exigency. Of its funded debt, only \$1,308,000 is redeemable before 1883. Half of it is irredeemable before 1894-5, and \$3,599,024 is not redeemable until 1900.

FLORIDA.

In a speech at St. Augustine, January 15, General Grant said: "The soil products of some of our northern States are enormous, but I feel sure, although it may appear to be an exaggerated statement, that in time your sugar and semi-tropical fruits will exceed in value the products of any other State in the Union."

TRADE MARKS.

Although the Courts do not sustain the trade-mark legislation of Congress, they seem inclined to give protection in another form to the rights of manufacturers.

Judges Bond and Morris, in the United States Circuit Court, in Baltimore, filed an opinion, January 17, in a trade-mark suit of Henry Sawyer, of Boston, against James G. Horn, of Baltimore, perpetually enjoining Horn from putting up blueing in packages with blue labels and red perforated tops, similar to Sawyer's mode of putting up blueing; and also for damages sustained heretofore. The decision says: "What we decide is, that, whether the complainant has a trade-mark or not, he was the first to put up blueing for sale in the manner claimed by him, and as the goods have become known and are bought as his goods because of their peculiar shape, color, and label, no person has the right to use his form of package, the color, or label, or any imitation thereof, in such manner as to mislead purchasers into buying the goods for those of the complainant. Finding that the blueing put up by respondent has actually misled purchasers to the injury of complainant, we are of the opinion he should be enjoined, and should account to complainant in damages."

RAILROAD GAUGES.

In the Northern and Western States, and in Canada, nearly all the railroads, except the (so-called) narrow-gauge roads are on the standard gauge of four feet eight and a half inches. The Atlantic and Great Western, now six feet, is to be changed to four feet eight and a half inches. The Erie has both gauges. In the Southern States, nearly all the roads, about 8,400 miles, are on the five-foot gauge.

DUTCH INVESTMENTS.

In an account of a meeting at Detroit, January 6, of representatives of the various railroad interests connected with the new Grand Trunk route from Port Huron to Chicago, we find the statement that "W. H. Smithers, of Louisville (Ky.), looked after the Amsterdam administration of American securities, controlling twenty-six roads in the United States."

A PUGET'S SOUND RAILROAD.

The Boston *Advertiser* of January 9, says: "It is proposed to build a standard gauge railroad from Green River City, or some point on the Pacific Railroad in Wyoming, to Steilacoom, the most southerly point on Puget Sound. The proposed route would touch Fort Hall, cut through Camas prairie and the Grand Ronde valley, cross the Blue mountains and the Columbia basin, run along the Yakima valley, cross the Cascade mountains at the Cowlitz pass, and follow the Nisqually river down to Steilacoom. The road, when built, will open a new country as well as form another connecting link with the Pacific ocean. The 'Occidental and Oriental Railroad and Steamship Company' is in the hands of Boston gentlemen, and their articles of incorporation, together with profile maps, are on file at Steilacoom and the Interior Department, Washington. They have organized under a Territorial charter and the Congressional Act of March 3, 1875. With regard to the future of this road it is argued that it will save about fifteen hundred miles between New York and Shanghai, or one hundred hours of steaming. There can be no doubt that the Puget Sound region, in every natural respect one of the most opulent and promising sections of the country, has a great future before it."

BUENOS AYRES.

The United States Consul at Buenos Ayres reports that the financial, agricultural, and general condition of the Argentine Republic, is excellent. In 1852 there were 5,500,000 sheep in the Republic; in 1879, 56,000,000. To improve stock-breeding, sheep are imported at from \$90 to \$300 a head. The number of horned cattle is estimated at 14,000,000. Immigration had increased from 5,000 in 1860, to 36,000 in 1878, in a steady ratio. A third of the emigrants come from Italy; about eight per cent. being farmers, who with their families settle on the public lands. They are in a prosperous condition.

SHEEP HUSBANDRY.

The New York *Dry Goods Reporter*, in the course of an interesting article on the wool question, says:

Hardly a word has been spoken in favor of that patient, docile, and very valuable part of a farmer's property—the time-honored and very necessary companion of civilized man—the sheep. The United Kingdom comprising a comparatively narrow area produces in scoured pounds of valuable wool about the same quantity as the United States with its vast practically unlimited area of country, any part of which is available for the pasturage of sheep. Is it not strange that this country should at this late day be still importing yearly a greater or less amount of wool to supply its factories? When our factories are running full time, as they now are, we require a very large amount of foreign wool to supply the raw material, and we now find that our domestic supply is vastly inadequate, and wool of all sorts is coming this way from all parts of the world. And it would not be surprising to find that fifty millions of pounds of foreign wool will be required to meet the absolute requirements of our mills during the coming year. Is it not a matter of humiliation that this country should be so placed as to require wool from the Antipodes, when it should be in such a position as to be able to export instead of import?

John Randolph once said in debate that he would go a mile to kick a sheep, and that heresy of his has had its fruit, and sheep husbandry has never enjoyed its true place in our industrial pursuits. To-day Virginia, the home of John Randolph, owns virtually no sheep.

Millions of money are now being annually hazarded in mining, but who would think of putting money into a company to raise sheep and wool in the vast range of unoccupied territory west of the Mississippi? There are thousands of energetic men who would take hold of this matter if backed by capital, and yet where is there such a thing as a sheep-growing company with any large capital? We know that the magnates of the Nevada Bank of California are interested in such an enterprise, but how many more corporations are?

The legislation of this country in respect to wool was devised when "the vast range of unoccupied territory west of the Mississippi" was little known and quite out of reach. There has never been any substantial dissent in this country from the doctrine—without reference to abstract questions of protection and free trade—that home production of wool is essential to National independence and to any really sound National agriculture, and should be encouraged by efficient tariff duties. But until the Trans-Mississippi region was effectively reached, the idea prevailed that the cheaper and lower grades of wool could not be produced here in competition with the wools of South America, Australia, and the Cape Colony, and such grades have been either admitted from abroad free, or subjected to very light Custom-House charges. But it is now evident that there is no wool, of whatever description, which cannot be advantageously produced in some part of our illimitable domain, and legislation should now be adapted to this new state of things.

NATIONAL BANKS IN JAPAN.

The Comptroller of the Currency received, on January 9, from Yoshida Djiro, Japanese Charge d'Affaires *ad interim*, a letter with the names and capital, the amount of bonds and the currency value of the bonds, together with the reserves of the National banks, which have recently been organized in the Japanese Empire upon a similar system to the National banking system in this country. There are one hundred and fifty-three of these National banks. The First National Bank was organized October 1, 1873, in Tokio, and the 153d National Bank on October 15, 1879, at Kiyoto. The capital stock of these banks is 40,256,100 yens. The notes issued by them amount to 33,712,480 yens, secured by bonds amounting to 51,926,402 yens, having a currency value of 33,757,285 yens. The amount of reserves held was 5,428,120 yens. Circulation is issued at the rate of eighty per centum of their capital stock, except in the case of the Fifteenth National Bank, located at Tokio, which, by a special privilege, can issue more than eighty per centum. This bank has a capital of 17,826,100 yens, a circulation of 16,660,880 yens, secured by bonds of face value of 30,012,775 yens, the currency value of 16,661,928; its reserve was 1,165,220. The capital of the smallest bank is 50,000 yens, which corresponds to our system. The yen is nearly of the same value as the standard gold dollar of the United States.

BANKING CAPITAL IN ENGLAND.

The London *Bankers' Magazine*, of January, presents the following statement under the title of "The great addition about to be made to the capital employed in banking enterprise:"

"There can now be no doubt that the conversion of our unlimited joint-stock banks into limited, or reserve liability companies, will be attended by a very considerable addition to the capital employed in joint-stock banking. The two most important companies which have as yet notified their intention of taking this step are:—The London and Westminster Bank, which will issue 40,000 new shares, and the London and County Banking Company, which will issue 25,000 new shares, and the state of their capital accounts prior to and after the change will appear from the following figures:

	—Present capital accounts.—		—Capital accounts after— conversion.	
	Subscribed.	Paid-up.	Subscribed.	Paid-up.
London and Westminster....	£10,000,000	£2,000,000	£14,000,000	£2,800,000
London and County.....	3,750,000	1,500,000	8,000,000	2,000,000
	£13,750,000	£3,500,000	£22,000,000	£4,800,000

"In these instances we find that the subscribed capital will be augmented to the extent of sixty per cent., and the paid-up capital to the extent of thirty-seven per cent., and should anything like similar proportions be maintained in future conversions—and two such powerful examples are certain to have a large following—we may within a very short time find that something like £10,000,000 has been added to the working capital of the banking companies of the United Kingdom. Nor does it seem at all improbable that the companies already established as limited, will, out of sympathy, be found making additions to their resources after a similar fashion, when they find so many older institutions leading the way, and the great increase of power and responsibility, which such an expansion of capital will afford, will merit grave and careful reflection.

"The present relations between capital and the liabilities to the public must for the time, if not permanently, be altered materially. At the existing time joint-stock banking capital bears the proportion of about fifteen per cent. to the liabilities in the shape of deposits, notes in circulation, acceptances, etc., while, if we add capital and reserve fund together, their proportion to the other liabilities reaches about twenty per cent. If this proportion be increased to twenty-five per cent. or more, the margin of security afforded to the public in its most available form will be materially augmented."

BRITISH FARMERS.

At a meeting, December 10, 1879, of the British Associated Chambers of Agriculture, Lord Huntly, President of the Association, said, without contradiction from any one present: "There are many farms lying vacant in the Midland Counties which any one may have rent free for two or three years on undertaking to pay the rates, besides many within a few miles of the large towns, which are let at rents which do not pay the interest on the money that has been spent in putting them in order. In all parts of the country, with but few exceptions, the tenants, whether under lease or under yearly agreements, are nearly ruined, and remain on the land simply waiting to see if matters will improve."

About the same time, the Duke of Richmond said at Chichester: "If the depression should continue, there must be a general reconsideration and revision of the rental from John O'Groat's house to the Land's End."

LONDON OPINION.

The money article (December 3, 1879) of the *London Times* has the following paragraph: "We understand that an impression exists in some quarters abroad, owing to the publication of a pamphlet in favor of bi-metallism by one of the directors, that the views of the Bank of England, as a corporation, are bi-metallic. We have reason to know that those who entertain such an impression are entirely in error."

DANISH SHIPPING.

The number of Danish vessels and their tonnage was as follows, in the years named:

	<i>No. of vessels.</i>	<i>No. of tons.</i>		<i>No. of vessels.</i>	<i>No. of tons.</i>
1873.....	2,738	197,259	..	1875.....	3,200 . 250,643
1874.....	2,846	212,600	..	1876.....	3,203 . 260,189

During these years sixty-nine steamers were built, and 454 sailing vessels, the total of the former reaching 180, of 48,720 tonnage and 12,340 horse-power.

GOLD PRODUCTION OF 1879.—The Wells, Fargo & Co.'s estimate of the gold production for 1879 is \$31,400,000. The Director of the Mint states that during the first eleven months the actual deposits at the mints of domestic gold bullion were \$34,730,675, and he judges from the partial returns received for December, that the deposits for the whole year will be from \$37,500,000 to \$38,000,000. He thinks that the allowance made by Wells, Fargo & Co. for the gold carried outside of expresses by passengers, &c., is not large enough.

BANK OFFICERS' PROVIDENT FUNDS.

[FROM THE LONDON BANKERS' MAGAZINE.]

We continue, on this occasion, the record of the progress which has been made in establishing funds to provide retiring allowances for aged and infirm officers of banks, as we have done in the December number of this magazine* for 1877 and 1878. The most important movement of this description which we have to notice is that of the Union Bank of London. Mr. Robert Colquhoun Fergusson, the Governor, mentioned at the half-yearly general meeting of the proprietors, held 6th January, 1879, that it had long been the wish of the Board to establish a pension fund "for the benefit of their officers and clerks, as a body whose integrity, ability, and devotion to the interests of the bank were worthy of all praise. A nucleus for this fund already existed in their hands, amounting to £20,000, formed by the payments of the clerks themselves under their agreements when they entered into the service of the bank; and it would only be necessary to add moderate sums hereafter from their profits, which he was sure they would not grudge." A resolution to this effect was carried at the general meeting, and referred to a special general meeting of the proprietors, held on 26th February. Mr. Archibald Cockburn, the Deputy-Governor, presided on this occasion, in the absence of Mr. R. C. Fergusson, the Governor, who was unable to be present. Resolutions confirming the arrangement proposed at the general meeting were then carried, and the scheme, which was cordially accepted, was unanimously approved. The proceedings on the occasion, and the rules agreed to, will be found mentioned in the May number of this magazine.*

With regard to other banks, the annual report of the Hibernian Bank states that "the directors have allotted a further sum of £500 to the officers' pension fund. The half-yearly reports of the London and Westminster Bank, January 15th and July 16th, mentioned "making the necessary provision towards the pension fund and life insurance." The half-yearly report of the Bank of Bengal, 31st December, 1878, contains under the head of disbursements the item "pensions, rupees 9,802." The half-yearly report of the same bank, 30th June, 1879, contains the item "transferred to gratuity fund, rupees 500,000," with the observation, "The transfer to gratuity fund is in furtherance of a scheme for providing pensions or gratuities to the bank's European officers after long service as referred to in the Directors' report for 1874." In the accounts of the Bank of Madras to the 30th June, there is an item of an annuity to a former officer besides the amount transferred to pension and gratuity fund. The report of the Directors of the Aberdeen Town and County Bank, submitted at the annual meeting of the shareholders, 5th March, contains the entry, "Superannuation fund for bank's officers, £1,000." The report of the Bank of Australasia, 17th March, speaks of a retiring allowance to an officer who had served the bank for thirty-four years; a similar observation is found in the report of the Standard Bank of British South Africa, of 30th April, with reference to the retirement of another officer after "long and faithful service;" and the accounts record the usual item of transfer to the superannuation fund. The Royal Bank of Ireland accounts to 30th August note £1,000 transferred to superannuation fund. A retiring pension is mentioned in the report of the Birmingham and Midland Bank of the 28th May, after services of forty-two years; and the latest instance recorded is that of the London Chartered Bank of Australia, who at their recent meeting voted a handsome retiring allowance to their late Secretary. Doubtless, other instances of retiring allowances being granted, and of sums being allotted to provident funds and pensions, have occurred during the past year, besides those we have mentioned. The entries for these purposes, when made in the regular course of business, are no doubt included under other headings, and we may have omitted to notice others; but what we mention

* The London Banker's Magazine.

above shows that the subject is under notice. The reports of banks this year were unusually full of details respecting the condition of the business, and much space was given to statements which were drawn forth by the failures of the City of Glasgow Bank and the West of England Bank. High praises were given to officers, in many instances, for the zeal and intelligence shown during the trying times through which business has passed, and it is not to be supposed that these services will be allowed to pass unrewarded. We shall conclude with the remarks we have made on a previous occasion. Provident funds should exist in every banking office. Self-interest will lead to this conclusion, to base it on no higher considerations; for nothing will conduce more to the good working of a bank than the knowledge that all who are engaged in carrying the business on will receive an adequate support from it when age or infirmity compels them to desist from active employment.

INSTITUTE OF BANKERS IN SCOTLAND.

The scope and development of this institution are so clearly set forth by their annual circular, dated December 4th, that we present the announcements in full. It will be seen that the aim of this Institute, like that of the one lately formed in London, is entirely different from the objects of the "Bank Clerks' Associations" of this country. The work of the latter is mainly one of provision against the contingencies of death or disability, although the improvement of their members is also kept in view. But the object of the Institute of Bankers is the education of bank clerks for the duties of their distinctive profession. It is a high and worthy object, and the means toward it are chosen with excellent judgment and carried out with marked ability. That there is not only room but need for such Institutes in our own cities, cannot be denied.

The Council have the pleasure to announce that the fifth session of the Institute will be opened on Wednesday, 10th inst., in Edinburgh and Glasgow simultaneously. In Edinburgh an address will be delivered by James A. Wenley, Esq., Treasurer of the Bank of Scotland, and in Glasgow by Francis W. Clark, Esq., LL.D., Sheriff of Lanarkshire. In Edinburgh the place of meeting will, through the courtesy of the Master, Treasurer, and Assistants, be the hall of the Merchant Company, 14 Hanover Street; and in Glasgow, the Accountant's Hall, 106 West Nile Street. The hour of meeting in both cities will be eight o'clock P. M. All gentlemen connected with the banks are invited to attend.

The following arrangements have been made for lectures during the session:

I.—IN EDINBURGH.

Lectures on Political Economy.—The class for Commercial and Political Economy and Mercantile Law, in the University of Edinburgh, has again, by the kindness of the Professor, been opened to Institute students, without payment of the class fee. In connection with this subject a circular has already been issued by the Edinburgh Committee.

Lectures on Banking Law.—A course of six lectures on the law relating to banking will be delivered by Richard Vary Campbell, Esq., M.A., LL.B., Advocate. The lectures will be delivered at 5 Queen Street, Edinburgh, on Wednesday evenings at eight o'clock, commencing on 17th December, with an interval from that date till the 7th January, 1880.

Lectures on Banking.—The Council have further to announce that four lectures in Edinburgh, and a like number in Glasgow, on Banking, will be delivered by Leone Levi, Esq., F.S.A., F.S.S., Professor of the Principles of Commerce and Commercial Law in King's College, London; Doctor of Economic Science of the University of Tübingen, and of Lincoln's Inn, Barrister-at-Law. In Edinburgh, these lectures will take place in the hall, 18 George Street, on the following Mondays and Thursdays, viz., 22d, 25th, and 29th March, and 1st April, 1880.

II—IN GLASGOW.

In conjunction with the Institute of Accountants, the following lectures will be delivered in the hall, 106 West Nile Street, at eight o'clock, on the evenings mentioned :

1. Friday, 9th January, 1880, by William Guthrie, Esq., Advocate, Sheriff-Substitute of Lanarkshire. Subject: *Principles of Evidence*.

2. Friday, 23d January, 1880, by John Veitch, Esq., LL.D., Professor of Logic, Glasgow University. Subject: *The Growth of the Feeling for Natural Beauty in Scottish Poetry*.

3. Friday, 13th February, 1880, by R. C. Jebb, Esq., M.A., Professor of Greek, Glasgow University. Subject :

4. Friday, 27th February, 1880, by James Robertson, Esq., LL.D., Professor of Conveyancing, Glasgow University. Subject: *A Sketch of the Feudal System as Existing in Scotland*.

5. Tuesday, 23d March, and Friday, 26th March, Tuesday, 30th March, and Friday, 2d April, by Leone Levi, Esq., Professor of Commerce, etc., King's College, London. Subject: *Banking*.

Essay Competition.—The Council have resolved to establish an Annual Essay Competition, to be open to members and associates of the Institute, of which special notice has been already given. The subject chosen for competition in the present session is: *Theoretical and Practical Errors in Banking, as illustrated by Bank Failures in Scotland*.

Two prizes will be awarded—one of £10 10s., and one of £5 5s.

The essays must be given in to the Secretary of the Institute in Edinburgh, or to the Manager of the Bank of Scotland in Glasgow, on or before 30th March, 1880.

The judges on this occasion will be Archibald Robertson, Esq., Cashier, Royal Bank of Scotland, Glasgow, and Andrew Aikman, Esq., Joint Agent, Commercial Bank of Scotland, Glasgow.

Copies of the rules of the competition may be had at the Bank of Scotland, Glasgow, and from the Secretary of the Institute.

Reading Rooms and Libraries.—The principal newspapers, magazines, and other periodicals, are placed on the tables as published. The libraries contain a selection of works on economic and financial subjects, and in general literature. The rooms, both in Edinburgh, at No. 2 George Street, and in Glasgow, at St. Vincent Place, are open during every business day from four to ten o'clock P. M., except on Saturdays, when they are open from one to five o'clock P. M. Gentlemen connected with the banks, but not on the roll of the Institute, may be admitted as annual subscribers.

A library has been formed in Edinburgh for the convenience of members, associates, and students, not residing in Edinburgh or Glasgow. Application for books to be made to the Librarian at 2 George Street, Edinburgh. The expenses of carriage to be paid by the borrowers.

Examinations.—Examinations for the admission of members and associates will be held towards the end of April, 1880, and will extend over two days. A new Syllabus was issued in July last, copies of which may be had on application to the Secretary.

Classes.—The Institute has not this session opened classes of its own for those employees in the banks who wish assistance in their studies, but the attention of such as are resident in Edinburgh is directed to the classes connected with the *The Philosophical Institution* and *The School of Arts*, where efficient tuition is amply provided, and in Glasgow there are various similar sources of self-improvement open.

Members and associates are entitled to all the privileges of the Institute free of charge, and those who desire to attend the lectures are requested to apply for tickets admitting to all or any of the courses. Subscribers to the reading rooms will also receive similar tickets *gratis*. Other gentlemen in the service of the banks will require to pay a fee of five shillings.

J. S. FLEMING, *President*.

AND. WM. KERR, *Secretary*.

4th December, 1879.

THE STATE BANKS OF NEW YORK.

ANNUAL REPORT OF THE SUPERINTENDENT OF THE BANK DEPARTMENT.

The annual report of Henry L. Lamb, Acting Superintendent of the Bank Department, was submitted to the Legislature on January 14th. The following is a summary of its principal features:

At the close of the last fiscal year, Sept. 30, 1879, seventy-three banks of deposit and discount, organized under the laws of the State, were engaged in the business of banking. During the year six banking associations were closed and four new banking associations were organized. The trust companies remain the same in number as at the date of the last report. There are eight, and their condition has improved during the year. The quarterly reports of all the resources of the banks, ending September 21, 1879, show that the loans and discounts were \$51,174,579, against \$49,398,447 at the same time in 1878; from trust companies, State, National, and private banks and brokers, \$7,234,115, against \$5,784,989 in 1878; stocks, \$7,607,977, against \$8,437,190 in 1878; United States legal-tender notes and circulating notes of National banks, \$5,109,829, against \$8,147,427; specie, \$1,587,230, against \$2,744,534 in 1878; cash items, \$8,326,526, against \$6,720,845. The liabilities show capital of \$19,353,200, against \$20,568,200 in 1878; surplus fund, \$4,482,754, against \$4,559,209 in 1878; undivided profits, \$2,753,711, against \$5,671,043; circulation, \$37,684, against \$51,571 in 1878; due depositors on demand, \$52,259,589, against \$50,540,621 in 1878; due to trust companies, State, National and private banks and brokers, \$6,430,858, against \$6,811,117 in 1878; due State Treasurer, \$559,275, against \$726,757 in 1878. The total reports foot up \$86,693,182, against \$80,655,670 in 1878.

The pressure of onerous taxation has operated to enforce the reduction of the capital in several banking associations. The record of these transactions during the year shows a total reduction of \$500,000. The Superintendent has received and burned during the year \$545 of State bank bills. The total amount of circulating notes of both kinds canceled during the year, by redemption and by the expiration of the legal term for redemption, is \$108,957. The aggregate outstanding circulating notes of State banks on September 30, 1879, was \$426,864. At the close of the previous year it was \$535,821. The secured circulation outstanding on September 30, 1879, was \$89,285. The unsecured circulation outstanding at the same date was \$337,579. The securities held by the Superintendent in trust on September 30, 1879, amounted to \$1,186,363.

The report refers to the law of 1867, which provides that every banking association and individual banker, which is engaged in the business of banking, shall deposit \$5,000 in stocks with the Bank Superintendent, "as a pledge of good faith and guarantee of compliance with the banking laws of this State," and recommends that the deposit be reduced to \$1,000 in some interest-bearing stock of the State of New York or the United States. I think the sum which is named in this statute, and again in the amendatory act of 1877 (chap. 69), is excessive. I respectfully recommend that this law be amended, so that the deposit shall be \$1,000 in some stock of the State of New York or of the United States, bearing interest.

For five years—from January 1, 1873, to January 1, 1878—the total taxes paid by the State banks were \$4,773,867. The percentage for the period to capital was .2178; the average per cent. for a year was .0435. The bank officers show that they are taxed out of all proportion to other, or several other, classes of property, and that this is the result of a special statute, which seems designed to bear with oppressive rigor on the banks. They ask that their property be treated like other property, and that it be not singled out and made, as they claim, the victim of unequal and crushing taxation. The

aggregate stock of the corporations organized under the State laws for banking averaged, perhaps, \$24,000,000 during the period named. The State taxes (including county and town) paid upon such stock in five years exceeded \$3,000,000. The deposits in Savings banks during the same period averaged \$300,000,000. They were exempt from all taxation by the State. The report says:

I think it will be conceded that this discrimination of the law is unjust; that the burden of taxation should not be thrown upon one class of property while another is exempted from all taxes. This is the very condition which banks earnestly object to—to partiality, discrimination and oppressive assessments. The undisputed facts prove that their remonstrance is well founded.

The report discusses the question of the liability of shareholders of failed banks which have no circulation, and declares the opinion that the shareholders of such banks are not legally liable for the debts of the corporations. The Acting Superintendent suggests that oaths upon official reports to the Superintendent be abolished; that reports be signed by the proper officers; that such signatures be witnessed by some subscribing person, and that the making of a false report shall be deemed a felony. Unless this course is taken such oaths should be made only before an officer of intelligence, character and responsibility.

In regard to the effect of the State usury law the report says:

It is a debated question what the penalties will be if a State bank shall take more than six-per-cent. interest on a loan after January 1. State laws relative to usury do not apply to National banks (1 Otto. p. 29). The only forfeiture by a National bank for usury is the entire interest which the note or bill carries with it, or which has been agreed to be paid thereon. (Ibid.) The law of 1870, relating to State banks, was passed on purpose to place them on the same footing as National banks in regard to the penalties for usury. It seems to me that the act of 1870 still holds good. The effect of the interest law of 1879 is simply to change the rate of interest—but to do no more—as I interpret it.

The Superintendent discusses at length the tax on notes issued by State banks, and thinks, that a prohibitory tax in time of peace was never intended. He believes that the greenbacks should be retired, and continues:

Shall the State banks be denied the privilege and the right which they enjoyed for many years of issuing circulating notes? Conceding all that is claimed for the National bank notes, they are insufficient for the needs of the country if the greenbacks are to be withdrawn. Then there will be more National bank notes required, or some other paper currency. If any State which incorporates banks will make it a fundamental condition that the circulating notes of such banks shall be perfectly secured, why may not such banks be permitted to issue notes with advantage to the country? But if the paternal idea of the functions of Government should be deemed the most prudent and most useful, a limited repeal of the prohibitory tax could be enacted. It could be declared that banks incorporated by any State shall have the right to issue bank notes for circulation, without tax on the same, if evidence satisfactory to the Secretary of the Treasury of the United States be furnished to him that such circulation is secured in the manner and to the extent that the bills of the National banks are, by the deposit of stocks of the United States in trust for this purpose. That would guard the bill-holder, and would meet the objection that the old style of "red dog" or "wild cat" issues of notes would be renewed by State banks. To such limited repeal I see no practical objection.

In conclusion, Mr. Lamb says: I have presented several suggestions of specific amendments of the banking laws which I believe ought to be made.

In addition to that, I add the other general one which I made last year, to wit: "That the banking laws of the State need complete and thorough revision." This is demanded in order to reduce the legislation of forty years upon the subject of banking to a simple, direct and practicable code adapted to the situation which exists at present.

REVIEW OF THE STOCK AND MONEY MARKET FOR
1879.

The year has been characterized by great advance in the prices of stocks. The advance has not been absolutely continuous, but has been nearly so. The principal break was in November, but it was soon recovered from, although the market has not since been as wildly active as it was before.

The change in the money market, as compared with the preceding three or four years, has also been very decided. Instead of an unbroken ease and a general range of from one to four per cent. on call loans at the Exchange, no quotation lower than two per cent. was made after January, while in every month there was some quotation as high as seven, except in July when the highest quotation was six. In March and April, and also in each of the last five months of the year, the highest quotation was seven and a commission. In October, a commission of five-eighths in addition to interest was paid. The rates of discount upon commercial paper have been more steady, and have at no time reached high points, although, upon the whole, rising. At the beginning of the year, the rates upon sixty to ninety days indorsed dry-goods notes were four to five; upon four months acceptances, from four and one-half to five; and upon four to six months, good single names, from five to six. At the end of the year, these rates had advanced respectively to five and one-half to six; six to six and one-half, and six and one-half to seven.

The great event of the year was, of course, the resumption of coin payments on the first day of January. It occurred without a jar or ripple, and would have been unobserved if the public had not been constantly reminded of it by the newspapers. The parity of paper and coin having been restored several weeks previously, no demand was made for coin. All anxiety on the subject was over in a day, and it was instinctively felt that an era of prosperity was ushered in. The sales of four per cents., under the offer for popular subscriptions, became so large that from January 1 to January 18, both inclusive, calls were issued for the redemption of \$90,000,000 of outstanding bonds at a higher rate of interest. On the 21st of January, the Treasury made an arrangement with a syndicate consisting of the following banking firms in London, viz.: Messrs. Rothschild, J. S. Morgan & Co., Morton, Rose & Co., and J. and W. Seligman & Co., for the exclusive sale in Europe of the United States four per cents. They took \$10,000,000 on that day, with the option, provided they took \$5,000,000 more monthly until July 1, of then having the entire balance (if any) of the loan, which, however, was to remain open until July 1 to popular subscription. The arrangement with this syndicate was regarded as settling the question of the ability of the Government to obtain all the money it might desire at four-per-cent. interest. The success of resumption, the large and continuous popular subscriptions to the four-per-cent. loan, and the syndicate arrangement of January 21, naturally caused a very buoyant feeling and a general upward tendency in the prices of bonds and shares dealt in at the Stock Exchange.

The total calls of bonds in January were, \$150,000,000; in February, \$100,000,000; in March, \$30,000,000; and in April, \$261,869,500, which covered all the bonds subject to call.

During the year, the entire amount of greenbacks presented for redemption has been only \$11,328,445. This has been nearly offset by the deposit of \$9,789,242 in gold, to be exchanged for greenbacks, and would have been offset many times over, if the Treasury had been in a condition to make as many exchanges of that kind as were desired.

By an order of the Secretary of the Treasury, greenbacks have been received at the Custom Houses since January 1, upon the same footing as coin. The legality of this order is disputed in some quarters, but it is admitted that it has contributed very materially to the smooth and easy working of resumption. During the latter months of the year, the greenbacks paid at the Custom Houses have been much less than the gold paid. During the whole year, only

\$78,562,000, have been received in greenbacks at the New York Custom House, and during the last three months in the year only \$9,176,000.

Sterling exchange was at par, or so much higher as occasionally to threaten an exportation of gold, during the first six months of the year. On the 20th of June, some gold shipments were actually made. During the last six months, and since the abundant harvests here, and the failure of the harvests in Europe, it has been continuously below par, and so much below, as to cause a gold importation aggregating \$80,000,000, a thing wholly unprecedented, and which, but for its actual occurrence, would have been pronounced impossible.

The increased demand for money has been more conspicuous in New York City, than in any other part of the country. In New York City itself it has been principally manifested in commercial paper, and at the Stock Exchange. Neither in New York, nor elsewhere in the United States, has it shown itself in the prices of old permanent securities, or in the rates at which new permanent securities have been put on the market. On the contrary, the operations of refunding public and corporate bonds at a reduced interest, have been continuous and unchecked during the entire year.

The increased rates of interest (the largest increase having been in New York City) upon call loans and upon commercial paper, are not ascribed to any diminution of the volume of money, which has in fact largely increased, or to any derangement of the money market by the refunding operations of the Government, which were so managed as to produce no disturbance. The activity of money is universally set down to the account of the improvement in business, and of the vast operations in stocks which necessarily accompanied the great rise in their average prices. And it is the more common opinion that a larger part of this rise is only a legitimate recovery from a depression which had been unjustifiably extreme, and a legitimate realization of a substantially bettered condition of general affairs. At the same time, it is very apparent and is universally recognized, that many stocks quite deficient in any real merits, have been carried up in the general rise. Care and discrimination in buying are never to be looked for in markets which are under the influence of such "booms" as have characterized 1879.

Comparing the prices at the beginning and end of the year, and without regard to intermediate fluctuations, all the leading stocks show a rise, and the large majority of them show a great rise. The advances for the year have been in New York Central, fourteen and seven-eighths; in Canada Southern, twenty and one-quarter; in Erie, common, nineteen and seven-eighths; in Erie, preferred, thirty-one and one-half; in Louisville and Nashville, forty-nine and one-half; in Western Union Telegraph (notwithstanding some large stock dividends), six and one-quarter; in Pacific Mail, twenty-three and three-eighths; in North-Western, common, forty; in North-Western, preferred, twenty-six and seven-eighths; in St. Paul, common, thirty-eight and one-quarter; in St. Paul, preferred, twenty-three and one-half; in New Jersey Central, forty-seven and one-quarter; in Delaware, Lackawanna and Western, forty and five-eighths; in Delaware and Hudson, thirty-six; in Lake Shore, thirty-one; in Wabash, thirty-one and one-half; in Rock Island, twenty-seven; in Chicago, Burlington and Quincy, twenty-four; in Union Pacific, eighteen and three-quarters; in Michigan Central, fifteen and one-half; in Illinois Central, eighteen and three-quarters; in St. Louis and Iron Mountain, thirty-six; and in Kansas Pacific, seventy-five, the rise in it having been from nine to eighty-four.

Thirty-two railroads show an increase of gross earnings in 1879, as compared with 1878, from \$100,739,573 to \$109,988,940, and an increase in December, 1879, as compared with the same month in 1878, from \$8,283,869 to \$10,328,680.

The crops in this country in 1878 were abundant, but those of 1879 were even more abundant, and have also been sold at some improvement in prices. The Agricultural Bureau estimates the money value of cotton, tobacco, hay, potatoes, and the cereal crops in 1879 at \$1,904,480,659, as compared with \$1,488,570,866 in 1878.

January.—Within twenty-four hours after the resumption of coin payments, on the first day of the month, entire public confidence in its permanence and success was manifested. The money market was easy and undisturbed through

the month. The subscriptions to the Government loans were so large that calls were made for \$150,000,000 of the old bonds outstanding. Sterling exchange ranged from 4.87½ to 4.89½, the demand being increased by the necessity of remittances to cover the called bonds sent over from Europe. The increasing belief that the Government could borrow all it needed at four per cent., gave an upward turn to all securities recognized as sound. At the beginning of the month, the stock market was governed by the views of those who maintained that resumption would stimulate business and run up the prices of share property. The market continued to manifest this temper until near the end of the month, when a vigorous movement of the bears effected a sharp downward turn in prices.

February.—Sterling sight exchange was above par during the entire month, ranging from 4.88½ to 4.89½. The money market was easy and undisturbed. The lowest quotation was two per cent. The calls for outstanding Government bonds aggregated \$100,000,000. The stock market was fluctuating and feverish, until it was temporarily quieted by a sale made by Jay Gould to J. Keene and others, of 100,000 shares of Union Pacific. It was understood that Mr. Gould accepted in part payment a large block of North-Western stock. The lull in the stock market was very short, when there was another demoralization in prices such as was witnessed at the end of January.

March.—Sterling sight exchange ranged from 4.88 to 4.90, and it was believed that shipments of gold were only prevented by an arrangement made by the Secretary of the Treasury, in February, for the sale in London of \$30,000,000 of the four per cents. The called bonds continued to come from Europe on a large scale. The money market was for a short time disturbed to the extent of causing a commission of one-thirty-second per day to be paid in addition to interest, by apprehensions connected with the subscriptions to the new fours. The Secretary of the Treasury quieted these alarms, by declaring that money would not be drawn from the bank depositories making subscriptions, except as it was wanted to pay called bonds. The stock market was very quiet during the month. The bull party was restrained by fears of a stringent money market from attempting to advance prices. At the same time, as subsequent events showed, the leaders of the bear party were inactive at the Stock Exchange, because they were absorbed in the acquisition of the Kansas Pacific and other trans-Mississippi stocks, then obtainable at very low prices. The calls for outstanding Government bonds during the month were \$30,000,000.

April.—Sterling sight exchange ranged from 4.88 to 4.89. The subscriptions for the new fours became enormous, and on the 17th of the month had absorbed the whole amount offered. The calls for the old bonds made during the month aggregated \$261,869,500. This complete success of the Government refunding operations gave an impetus to prices at the Stock Exchange, which continued without substantial interruption until November. No such period, in duration and extent, of rising prices in share property, was ever witnessed here, or perhaps in any country. The money market continued easy.

May.—Sterling sight exchange ranged from 4.88½ to 4.90. This high figure was caused principally by the flow of called bonds from Europe. Looking merely to the condition of foreign trade, sterling exchange should have been below par. The money market continued easy till the last of the month, when there was some stringency, caused by investments in refunding certificates, by the greater activity of general business, and by the heavy operations of the Stock Exchange, where prices continued steadily upward.

June.—Sterling sight exchange ranged from 4.88½ to 4.90, and there were some small shipments of gold. The stringency in the money market, noticed at the end of May, continued more or less through June, although no higher quotation than seven-per-cent. interest was made. The rise of prices at the Stock Exchange continued. On the 11th of June, Western Union Telegraph stock reached the highest point of the year, the long-expected scrip dividend having been then made. The Wabash, Kansas Pacific, and their connected stocks were all rising, and so were the coal stocks, the advance in them being led by the New Jersey Central. So all-embracing was the rise, that the outside public were beginning to say, and to act, as if they believed that a profit was sure in buying anything.

July.—Sterling sight exchange began to fall, the lowest quotation for the month being 4.85½, or below par. It was now settled that the bread crops were to be abundant in this country and deficient on the other side of the Atlantic, although the full extent of the failure of the European harvests was not then foreseen. It was thus certain that the exports of cereals would be very large, and the imports of gold actually commenced. This tended still further to expand stock prices. Money continued easy. No higher quotation was made than six-per-cent. interest.

August.—Sterling sight exchange ranged from 4.83½ to 4.85, and the gold imports increased. About the middle of the month there was a stringency in the money market, carrying up the rate to seven per cent. and a commission of one-sixteenth. This was ascribed in some quarters to manipulation. Another reason assigned for the stringency was a call by the Treasury upon the banks, for a settlement of their four-per-cent. subscription. As a measure of relief, the time of settlement was extended to October 1. This, however, did not wholly put an end to the stringency, and it became apparent that the operations in general business and especially of the Stock Exchange, were employing and absorbing an unusual amount of loanable capital. Public confidence was, however, fully sustained by the heavy exports of breadstuffs and provisions, and by the increasing imports of gold, and values of the Stock Exchange continued to advance with some exceptions. There was a break in the speculation in Lake Shore, in consequence of the failure of an expected lease to the New York Central, and in the coal stocks, in consequence of a failure to bring about a combination to control the price of coal.

September.—Sterling sight exchange ranged from 4.84 to 4.84½, and the gold imports continued. Still, the money market was not easy. The lowest quotation made for the month was three per cent., and the highest was one-eighth commission in addition to seven-per-cent. interest. At the Stock Exchange, prices moved up with increased velocity, and towards the last of the month they seemed to pass out of the control of the professional operators. The outside public made the prices, by bold, and by no means discriminating, purchases. Advantage was taken of the general excitement to bring forward a good many stocks which had long sunk out of sight, and which might very well have been left in a still undisturbed obscurity.

October.—Sterling sight exchange ranged from 4.83½ to 4.84½, and the gold imports continued. The demand for money seemed, however, to be insatiable, and the most extravagant rates were submitted to. A quotation was made as high as five-eighths commission in addition to seven-per-cent. interest. Notwithstanding the imports of gold and the constant coinage at the mints of domestic gold and silver, the demand for money wherewith to pay for Western crops became so great, that the surplus reserve of the New York City banks, which had averaged more than \$13,000,000 in January and February, fell to an average of \$567,344. Bankers became alarmed at the extremely high prices of stocks, and began to exercise a discrimination in accepting what are known as fancy stocks as security for loans. In addition, the Comptroller of the Currency took very decided grounds against the practice of certifying the checks of stock brokers beyond the amount of their actual deposits at the time of certification. But notwithstanding all these counteracting causes, the price of stocks was fully maintained.

November.—Sterling sight exchange ranged from 4.83½ to 4.84½. The gold imports continued, but so also did the stringency in the money market. The rate for call loans was as high as from six to seven nearly every day, and one quotation was made as high as three-eighths commission in addition to seven-per-cent. interest. The rates would have been much higher if the Treasury had not relieved the market by paying out in the first ten days of the month \$10,600,000 for \$10,000,000 of the sixes of 1881, purchased for the sinking fund. Aided by the stringency of money, in connection with the common belief that stocks had been forced to points at which they could not be sustained, the bears became every day bolder, and from the middle of the month raided the market vigorously. The decline in stocks on the 19th and 20th, was marked and decisive. On the 21st the fall assumed in the early part of the day the proportions of a panic. Outside holders either gave orders to sell at whatever

prices were attainable, or were sold out by brokers who thought that it was their first duty to save themselves. Later in the day, the powerful and wealthy cliques interested in sustaining prices succeeded in partially rallying the market. It continued, however, depressed and feverish until the 26th, when the announcement was made that Mr. Vanderbilt had sold firm 150,000 Central shares at 120 to a syndicate embracing European and American bankers and some persons (not bankers) connected with the Wabash stocks, and had also given them an option (accepted a few weeks later) for 100,000 more shares at the same price. This transaction, the greatest single transaction in stocks ever known here or in any country, restored confidence for many reasons. It was apparent, among other things, that it gave Mr. Vanderbilt the means of sustaining the large line of stocks in which he was popularly supposed to be interested. The month closed at the Stock Exchange with high prices, although the amount of daily transactions was much reduced.

December.—Sight sterling exchange continued below par, the range being from 4.84 to 4.85½. Shipments of gold from Europe substantially ceased, although considerable sums, which had been shipped in November, were received here in December. The Treasury made offers early in the month for \$1,000,000 of the sixes of 1881 for the sinking fund, but only succeeded in buying about half that amount. The money market was active during the whole month, and near the end of it a commission of one-sixteenth was paid in addition to seven-per-cent. interest. At the Stock Exchange there were many and sharp fluctuations, but on the whole, no permanent general change in either direction. The volume of transactions shrunk to normal proportions. Early in the month there was a depression in the Government fours, in consequence of the recommendations by the President and Secretary of the Treasury, that an additional issue of about \$700,000,000 be made, to take up the debt falling due in 1881. But the market soon rallied, from a doubt whether Congress would permit the issue of any more fours at any time, and also from the general belief that nothing would at any rate be done before another year.

1879.	Opening.	Lowest.	Highest.	Closing.	Range in 1878-	
					Low.	High.
U. S. 6's 1881 coup.....	106¾	Aug. 29 104¾	June 23 107¾	107¾	105¾	110¾
" 5's funded 1881 coup.	107	" 27 101¾	Jan. 15 107¾	103¾	102¾	107¾
" 4½'s " 1891 " ..	104¾	March 21 104	May 21 107¾	106¾	101¾	105¾
" 4's " 1907 " ..	99½	April 1 99	Dec. 30 104¾	104	99¾	102¾
" 6's cur. 1898 Reg.....	119¾	Jan. 4 119¾	May 31 125½	122	117¾	122¾
Western Union Tel.....	96½	Aug. 4 88¾	June 11 116	102¾	75¾	102¾
Atlantic & Pacific Tel....	—	—	—	—	—	—
Chicago & North West ..	50¾	Jan. 3 49¾	Nov. 12 94¾	90¾	32¾	55¾
" " " " " Pref.	78¾	" 3 76¾	" 12 108	105¾	59¾	79¾
Chic., Mil. & St. Paul.....	37¾	" 4 34¾	" 13 82¾	75¾	27¾	54¾
" " " " " Pref.	77	" 4 74¾	" 13 102¾	100¾	64	84¾
Chic., R. I. & Pacific	120¾	" 8 119	" 13 149½	*1147½	98¾	122¾
Del., Lack. & West.....	43¾	" 2 43	" 12 94	83¾	41	61¾
Delaware & Hudson Canal.	38	" 2 38	" 12 89½	74	34¾	59
Morris & Essex.....	76	" 3 75¾	" 12 103¾	102	67¾	80¾
New Jersey Central.....	33¾	" 2 33¾	" 15 89¾	80¾	13¾	45¾
N. Y., Lake Erie & West..	22¾	" 4 21¾	" 15 49	42¾	7¾	22¾
N. Y. Cen. & Hud. River..	114¾	March 24 112	" 28 139	129	103¾	115
Lake Shore & Mich. South.	69	Jan. 6 67	" 28 108	100	55¾	71¾
Michigan Central.....	73¾	" 2 73¾	" 28 98	89¾	58¾	75¾
Ohio & Mississippi.....	7½	" 4 7½	" 15 33¾	*28¾	6¾	11¾
Illinois Central	80¾	March 26 79¾	" 18 100¾	99¾	72¾	87
Union Pacific.....	66¾	Jan. 31 57½	" 1	92¾	85¾	73
Panama	—	—	—	—	—	—
Pacific Mail	13¾	Jan. 13 10¾	Nov. 1 30¾	32¾	12¾	23¾
Canada Southern.....	45¾	" 3 45¾	" 12 78¾	66	38	45¾
Chic., Burlington & Quincy.	111	" 2 111	Dec. 31 134¾	*135	99¾	114¾
Clev., Col., Cinc. & Ind'p..	34¾	" 2 34¾	Nov. 13 85¾	*79	23	38¾
Chicago & Alton.....	79¾	April 9 74¾	" 17 100¾	100	66¾	85
Hannibal & St. Joseph.....	13¾	Jan. 4 13¾	" 12 41¾	33¾	10	17
" " " " " Pref....	34¾	" 10 34	" 15 70¾	66¾	21¾	41¾
Wabash.....	22	March 13 17¾	" 28 62¾	42¾	12¾	23¾

NOTE.—An asterisk (*) denotes a bid quotation, and a dagger (†) sales ex dividend.

MERCANTILE FAILURES OF 1879.

According to the Annual Circular issued by the Mercantile Agency of Messrs. Dun, Barlow & Co., it appears that the mercantile failures for 1879 were 6,658 in number, compared with 10,478 in 1878, a decrease of 3,820. In 1878 the indebtedness due by parties who failed was \$ 234,000,000, while in 1879 the liabilities were only \$98,000,000. In order to show that the reduction last year is not only great as compared with 1878, but compares most favorably with other years, the following table is given, by which the failures and liabilities since 1872 are shown :

Year.	Failures.	Amount of Liabilities.	Year.	Failures.	Amount of Liabilities.
1872.....	4,069 ..	\$121,065,000 ..	1876.....	9,092 ..	\$ 191,117,000
1873.....	5,183 ..	228,499,900 ..	1877.....	8,872 ..	100,669,936
1874.....	5,830 ..	155,239,000 ..	1878.....	10,478 ..	234,383,132
1875.....	7,740 ..	201,000,000 ..	1879.....	6,658 ..	98,149,052

The following table is given showing the geographical distribution of the failures, and the percentages in each locality in 1879 :

States.	Number in business	No. of Failures.	Per cent. of Failures.	Amount of Liabilities.	Average Liabilities.
Eastern States.....	82,332 .	970	one in every 85 .	\$ 15,577,282 .	\$ 16,059
Middle States.....	230,537 .	2,290	one in every 100 .	35,534,191 .	15,517
Southern States....	100,574 .	1,076	one in every 93 .	15,876,703 .	14,755
Western States.....	256,583 .	1,608	one in every 159 .	21,207,519 .	13,188
Pac. States and Ter.	32,226 .	714	one in every 45 .	9,953,358 .	13,940
Total for U. S.	702,157 .	6,658	one in every 105 .	\$98,149,053 .	\$ 14,741

Upon these figures, Messrs. Dun, Barlow & Co. observe :

"The difference in the aggregate between 6,658 in number in 1879, as compared with 10,478 in 1878, seems much greater when it is realized that, in 1879, only one trader in every 105 failed, as against one in every 64 in 1878. Extending the comparison back over some years, these are the results : In 1876 every sixty-ninth man succumbed ; in 1877 every seventy-third, in 1878 every sixty-fourth, while for 1879 it was only every one hundred and fifth trader who laid down his load. In an army of over 700,000, an improvement so marked would certainly beget a most hopeful confidence in its chances of success. A comparison of these figures with those that unfortunately still prevail in Canada, gives point to the marvelous improvement in the United States, though in the Dominion the signs of better times are unmistakable.

"All the conditions which were enumerated a year ago, in our circular, as indicating a probable return of prosperity, still exist, but in even greater force, now that the prosperity hoped for has been attained. A fear has been felt by some that the activity in trade, and especially the advance in values, could not be maintained ; and that the improvement in business generally was not of sufficiently gradual growth to be lasting. But, as the months go by, the signs of reaction seem less and less marked. Speculation, it is true, has been indulged in as regards numerous articles, and at one time bid fair to become destructive ; but it was not allowed to go far enough to seriously increase production, or to disturb domestic or foreign trade, and the year closed with numerous encouraging signs of steadiness in extent and character of trade, and also a firmness in prices, which are consistent only with a healthy demand. The bank returns from the clearing houses of twenty-two leading cities, through which the banks settle their balances, indicate that the volume of trade for December was larger, by nearly fifty per cent., than for the same month in 1878 ; and the percentage of increased business over last year was even greater in that month than for any other month in the year. Considering the activity of the preceding three months, and the fact that speculative operations were

largely restricted, the showing for the last month of the year is significant. The ability of the country to buy and pay for all the merchandise manufactured and imported need not be doubted in the face of its productive power and what it has to sell, as indicated by the increased volume and variety of its exports.

"The cost of living for the vast class whose expenditure is mainly for food and clothing has not advanced in the same ratio as the power to earn money has increased; while the number of unemployed is less than at any time within the past seven years. If this is the condition of those who are nearest the base of the superstructure of society, it is the surest sign of a healthy prosperity. Next to them comes the great army of agricultural producers, and all dependent upon them. These have had several years of remarkable good fortune, culminating in the past year with prices beyond all expectation, and yielding such returns as to make all who participated, not only able to buy largely, but also to pay promptly. The rapid movement to new and fertile regions by skilled farmers, and, above all, the steady stream of foreign emigration that flows to our shores, visibly augment the producing power of the country, and its capacity to absorb and pay for what is needed to create a prosperous internal trade. The development of the mineral resources has also attracted numbers to mining regions, who formerly were over-crowding other avenues of business, or were absolutely idle, but who now earn for themselves a liberal compensation in new fields of exertion. The operatives in almost every manufacturing district are busily employed, and all who are willing to work may do so with a fair remuneration. The traders who live by supplying all these classes with the necessaries and luxuries of life have shared in the general improvement, and the competition being somewhat lessened in many localities, through failures and other causes, the opportunities for a profit seem to be increased. Ascending the scale to those in circumstances somewhat easier, the condition of things is certainly much improved. Numerous assets of slow character have begun to yield a return; indebtedness has been largely extinguished or put in easy shape for ultimate liquidation.

"In fact, a review of all classes, upon whose condition the soundness and activity of the trade of the country depend, begets the belief that the prosperous period which has now set in is likely to continue. The large profits of 1879, which were made up largely of suddenly enhanced values, will hardly be duplicated during the current year; but that the volume of business will continue large, and that a fair return will be realized, is surely a reasonable expectation. There are few disturbing elements discoverable, except they are forced upon the country by politicians or speculators; while the indications are numerous that the permanence of the present prosperous period is assured.

"The sudden transition from a long and severe depression to a condition of the highest prosperity in the trade of the country, may be productive of other things besides large profits, enhanced values, and improved prospects. The tendency to overbuy at high figures, to stimulate production beyond the real demand, and, above all, the extension of unwise credits, as the result of largely increased sales, are dangers which every sagacious business man will be most careful to avoid in just such times as these. While the debt-paying power of numerous traders has been immensely increased by the revival of trade, it must not be forgotten that there are thousands of business men whose condition, nine months ago, was well nigh hopeless. The condition of this class cannot have been transformed from chronic insecurity to entire safety by the magic of a few brief months of renewed confidence and unwonted activity in trade. It is true that a vast number of traders, owing to the enforced contraction of the last few years, were in the best possible condition to avail themselves of the sudden return of prosperity, and consequently the number of those who have improved their condition is very great; but there yet remains a great army whose position did not permit participation, to any large extent, in the sudden gains which have been made, while, of course, no degree of prosperity will make safe for credit those who lack business capacity, or those whose character must, in any case, make them unworthy of confidence."

THE RIGHTS OF CHECK HOLDER.

TRANSFER OF TITLE BY FOREIGN ASSIGNMENT HAS PRIORITY OVER LOCAL ATTACHMENT.

UNITED STATES CIRCUIT COURT, S. D. NEW YORK, NOV. 25, 1879.

Rosenthal vs. Mastin Bank et al.

Action by Max Rosenthal against the Mastin Bank of Kansas City, Kersey Coates, and the Metropolitan National Bank of New York, to have certain moneys adjudged the property of plaintiff, and a claim held by him payable therefrom. The opinion states the case.

BLATCHFORD, J.—This is a suit in equity brought by the plaintiff, a citizen of New York, against the Mastin Bank, a Missouri corporation, and Kersey Coates, a citizen of Missouri, and the Metropolitan National Bank, a banking corporation established under an act of Congress, and doing business in the City of New York. The suit was brought in the Supreme Court of New York, and was removed into this court by the plaintiff.

The facts of the case are these: On the 1st of August, 1878, the plaintiff, at Kansas City, Missouri, paid to the Mastin Bank, which was located there, the sum of \$2,000, in exchange for which said bank delivered to him a draft dated at Kansas City August 1, 1878, and signed by its cashier, addressed to the Metropolitan National Bank, New York, and containing this direction: "Pay to the order of Max Rosenthal nineteen hundred and ninety-eight dollars." At that time the Metropolitan National Bank had in its hands the sum of \$1,998, belonging to the Mastin Bank. Said draft was presented to the Metropolitan National Bank on the 5th day of August, 1878, by the plaintiff and payment of it was demanded, but said bank refused to pay it, or to pay the \$1,998, and the draft was protested and notice of such presentment, refusal and protest was given to the Mastin Bank.

The Metropolitan National Bank then had, and ever since has had and now has, the said sum of \$1,998 in its possession. After such demand and refusal, the plaintiff commenced a suit in the Supreme Court of New York, for the city and county of New York, against the Mastin Bank, in which suit moneys belonging to the Mastin Bank in the hands of the Metropolitan National Bank were attached, and thereupon the latter bank gave to the sheriff a certificate dated August 5, 1878, which said, "We hold twenty-three hundred dollars from funds to the credit of the Mastin Bank, Kansas City, Missouri, in matter of attachment of Max Rosenthal, plaintiff, for nineteen hundred and ninety-eight dollars." On the 17th of October, 1878, the plaintiff recovered judgment in said suit for \$2,133.15. On the next day the sheriff, in behalf of the plaintiff, demanded the amount of said judgment from the Metropolitan National Bank, but said bank refused to pay it, stating that the money was claimed by the defendant, Coates, as assignee of the Mastin Bank, by virtue of an assignment made August 3, 1878, at Kansas City, by the Mastin Bank to said Coates. Coates claims said \$1,998, by virtue of such assignment. The assignment is dated August 3, 1878, and assigns to said Coates "all the lands, tenements, goods, chattels, effects and credits of the said the Mastin Bank, of every kind and nature wherever situate, to have and to hold the same unto him, the said Kersey Coates, and his heirs, successors and assigns, in trust for the use and benefit of all the creditors of the said the Mastin Bank, in proportion to their respective claims as by the law in case of voluntary assignments made and provided."

By a paper at the foot of said assignment, dated the same day and signed by said Coates, he accepted said trust. The assignment and acceptance were recorded on the same day. The Metropolitan National Bank was notified of said assignment on the 5th day of August, 1878, by a telegram. The bill claims that by the delivery of the draft to the plaintiff, the Mastin Bank transferred to

him \$1,998 out of its moneys, which were then in the hands of the Metropolitan National Bank, and that he is the owner of the said \$1,998. By a stipulation, all of the defendants waive the right of a trial at law, and the plaintiff agrees that the sheriff will not bring any action against the Metropolitan National Bank by reason of any of the matters in issue in this suit.

The prayer of the bill is, that the said sum of \$1,998 may be adjudged to be the property of the plaintiff, and may be paid by the Metropolitan National Bank to the plaintiff, free from any claims or liens thereon of the defendant, Coates, or any of the other defendants. The Mastin Bank and Coates have put in a joint and several general demurrer to the bill for want of equity, and the Metropolitan National Bank has also demurred severally to the bill for want of equity.

The question presented for decision is, whether the Metropolitan National Bank ought to pay the \$1,998 which it owes, as a debtor to the plaintiff. It is contended for the plaintiff, that he could have sued the drawee on the draft, before its acceptance, and even before presenting it to the drawee, and that the assignment to the defendant, Coates, after the drawing of the draft and before it was presented to the drawee, did not carry to Coates the title to the \$1,998 or affect the right of the plaintiff thereto; that Coates took the property of the assignor, under the assignment, subject to all the equities existing against it in favor of the plaintiff; that Coates succeeded only to the rights of the assignor, and that the drawing of the draft operated as an assignment to the plaintiff of \$1,998, then in the hands of the drawee.

It was decided by the Supreme Court of the United States in *Bank of Republic vs. Millard*, 10 Wall. 152, that the holder of a check drawn on a bank cannot sue the bank for refusing payment of it, in the absence of proof that it was accepted by the bank or was charged against the drawer. In that case the court says: "It is no longer an open question in this court since the decisions in the cases of *Marine Bank vs. Fulton Bank*, 2 Wall. 252, and of *Thompson vs. Riggs*, 5 id. 663, 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, becoming part of its general funds and can be loaned by it as other moneys.

"The banker is accountable for the deposits which he receives as a debtor, and he agrees to discharge these debts by honoring the checks which the depositors shall from time to time draw on him. The contract between the parties is purely a legal one and has nothing of the nature of a trust in it." This subject was fully discussed by Lords Cottenham, Brougham, Lyndhurst, and Campbell in the House of Lords, in the case of *Foley vs. Hill*, 2 H. L. Cas. 28, and they all concurred in the opinion that the relation between a banker and a customer who pays money into the bank, or to whose credit money is placed there, is the ordinary relation of debtor and creditor, and does not partake of a fiduciary character, and the great weight of American authority is to the same effect. As checks on bankers are in constant use, and have been adopted by the commercial world generally as a substitute for other modes of payment, it is important for the security of all parties concerned, that there should be no mistake about the status which the holder of a check sustains toward the bank on which it is drawn. It is very clear that he can sue the drawer if payment is refused, but can he also in such a state of case sue the bank? It is conceded that the depositor can bring assumpsit for the breach of the contract to honor his checks, and if the holder has a similar right, then the anomaly is presented of a right of action upon one promise for the same thing existing in two distinct persons at the same time.

On principle there can be no foundation for an action on the part of the holder unless there is a privity of contract between him and the bank. How can there be such a privity when the bank owes no duty and is under no obligation to the holder? The holder takes the check on the credit of the drawer in the belief that he has funds to meet it, but in no sense can the bank be said to be connected with the transaction. If it were true that there 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 it; and although other checks, drawn after it was issued, but before payment of it was demanded, had exhausted the funds of the depositors. If such a result should follow the giving of checks it is easy to see that bankers would be compelled to abandon altogether the business of keeping deposit accounts for their customers. If then the bank did not contract with the holder of the check to pay it at the time it was given, how can it be said that it owes any duty to the holder until the check is presented and accepted? The right of the depositor, as was said by an eminent judge (Gardner, J., in *Chapman vs. White*, 2 Seld. 417), 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 depository. This is a well established principle of law and is sustained by the English and American decisions. *Chapman vs. White*, 2 Seld. 412; *Butterworth vs. Peck*, 5 Bos. 341; *Ballard vs. Randall*, 1 Gray 605; *Harker vs. Anderson*, 21 Wend. 373; *Dykers vs. Leather Manufacturing Co.*, 11 Paige 616; *National Bank vs. Eliot Bank*, 5 Am. Law Reg. 711; *Parsons on Bills and Notes*, ed. of 1863, pp. 59 to 61 and notes; *Parke, Baron*, in assignment, in *Bellamy vs. Majoribanks*, 8 Eng. Law and Eq. 522, 523; *Wharton vs. Walker*, 4 Barn. and Cress. 163; *Warwick vs. Rogers*, 5 Mann. and Gr. 374; *Byles on Bills*, chapter Check on a Banker; *Grant on Bank- ing*, London ed., 1856, p. 967.

The few cases which assert a contrary doctrine it would serve no useful purpose to review.

The decision in the case cited is for this court the law of this case; so far then as this suit is a suit on the draft against the drawee to recover the amount of the draft, it cannot be maintained, for the draft was not accepted by the drawee, nor was it charged by the drawee against the drawer. The draft was a draft or check in the ordinary form, not describing any particular fund, or using any words of transfer of the whole or any part of any amount standing to the credit of the drawer, but containing only the usual request. Under the settled law of New York, where the draft was payable, this was not an assignment of the funds of the drawer in the hands of the drawee. *Attorney-General vs. Continental Life Insurance Co.*, 71 N. Y. 325, 330, 331. Before the draft was accepted the drawer could withdraw the deposit or countermand the draft.

In this case, before the draft was presented to the drawee, the drawer assigned to the defendant Coates the entire debt due to it from the drawee, being a sum larger than the amount*of the draft, as would appear from the certificate given to the sheriff by the drawee, and including the \$1,998 which the plaintiff claims to receive from the drawee in this suit. The validity of this assignment as a lawful instrument under the laws of Missouri is not attacked or impeached by any pleading or evidence. In this case the assignment is one of "all the lands, tenements, goods, chattels, effects, and credit" of the Mastin Bank "wheresoever situate, in trust for the use and benefit of all the creditors of the said Mastin Bank in proportion to their respective claims, as by the law, in case of voluntary assignments made and provided." The debt from the Metropolitan National Bank to the Mastin Bank was a debt due from a bank located in this State, and was property in this State belonging to the Mastin Bank. The assignment from the latter bank to Coates being a voluntary conveyance valid by the laws of Missouri, as must be assumed, operated to transfer to the assignee the debt to the assignor from the Metropolitan National Bank, and as such assignment was prior in time to the attachment of the plaintiff, the latter cannot hold the debt attached as against the claim of the defendant Coates under the assignment. It does not appear that the assignment to Coates is invalid under any statute or other law of this State. *Ockerman vs. Cross*, 54 N. Y. 29.

There is nothing in the terms of the certificate given by the Metropolitan National Bank to the sheriff which gives to the plaintiff any greater rights than he otherwise would have had. The attachment was against money due as a debt to the Mastin Bank, and the certificate merely set apart so much money to answer the plaintiff's claim, if established. Nor is it material that Coates

did not receive payment of the debt from the Metropolitan National Bank before the attachment was levied.

There is nothing which shows that the attachment was levied, or that the draft was even presented before the drawee was notified of the assignment.

The demurrers are allowed with costs to the defendants to be taxed, with leave to the plaintiff to move on notice, on payment of such costs, within twenty days after service of a copy of the order to be entered on this decision, to amend the bill.

John Henry Hull and Joseph I. Stein, for plaintiff; Holmes and Adams for the Mastin Bank and Coates; Peabody, Baker and Peabody, for the Metropolitan National Bank.

LEAP YEAR AND COMMERCIAL PAPER.

Respecting the legal status of the 29th day of February, so many inquiries have reached us from subscribers, that we devote some space to an elucidation of the point. Towards the close of 1879, an article in the *Albany Law Journal* called attention to a law of New York on the extra day in leap year, and gave to that law a construction unexpected to business men. The article said :

As leap year is coming, it is well to know what the law of leap year is. The law, it is said, takes no note of parts of days, and as to the 29th of February, it takes no notice of the whole day. The 28th and the 29th are computed as one day. For example: Suppose a note is dated on the 28th of February, 1880, payable one day from date. Ordinarily it would be payable on the 4th of March, and so it is in leap year, and not on the 3d. In Indiana, the question has recently come before the Supreme Court in respect to service of process in 1876, the last leap year. The law there requires ten days' previous service for the entry of judgment. In the case before the Court, the judgment was premature if the 28th and 29th of February were to be computed as one day. The Court said: "It must be regarded as settled in this State that the 28th and 29th days of February in every bi-sextile year must be computed and considered in law as one day." The question is set at rest by our statute, 1 R. S., m. p., 610, s. 3, which provides that the added day of a leap year and the day immediately preceding, if they shall occur in any period so as to be computed, shall be reckoned together as one day. This embraces statutes, deeds, verbal or written contracts, and all public or private instruments.

The view expressed above is, however, contradicted by a careful review of the statutes in question, which is made at the request of a number of business men of Syracuse, by W. H. Gifford, Esq., of the Syracuse bar, whose position and reputation give to his deductions high value. His conclusion is, in effect, that under the statute, it is only in contracts in which the word "year" or "years" is used, that the extra day in leap year, and the day preceding, are to be counted as one; while in contracts limited to days or months, the 29th of February is counted as any other day. Mr. Gifford's presentation of the matter is as follows :

Much uneasiness has been caused among bankers and other business men, by an article as to the 29th day of February, in connection with the maturity of commercial paper, copied in the *Daily Journal* of the 6th instant, from the *Albany Law Journal* of October 25th, 1879.

The article in question leads to erroneous conclusion, by first supposing a case to be the law of this State, which it is not, viz.: "Suppose a note is dated on the 28th of February, 1880, payable one day from date, ordinarily it would be payable March 4th, and so it is in leap year, and not on March 3d;" then citing a decision from Indiana Reports, to establish such supposed case, and finally asserting that the question is set at rest in this State by our statute,

citing Section 3, 1 R. S., marginal paging 606, which section 3 has no application to the case supposed whatever.

Said section 3, 1 R. S., m. p. 606; 2 R. S. (Banks and Bros'. 6th ed.), p. 798, is as follows: "Section 3. Wherever the term 'year' or 'years,' is, or shall be, used in any statute, deed, verbal or written contract, or any public or private instrument whatever, the year intended shall be taken to consist of 365 days; a half year of 182 days; and a quarter of a year of 91 days; and the added day of a leap year, and the day immediately preceding, if they shall occur in any period so to be computed, shall be reckoned together as one day."

Now, it must be apparent to every one, on reading this "Section 3," that it has no application to, and nothing whatever to do with computing the days or months, in ascertaining the time of the maturity of bills and notes which are payable in a specified number of *months* or *days*; both because it says nothing about any such case, and also because a specified number of days in a note, etc., must, within the fair intent of the contracting parties, and business custom, mean that number of days of twenty-four hours each—especially in the absence of usage or agreement or statutory provision to the contrary; and, so many months means that number of calendar months, as appears by the section immediately following said "Section 3," which is as follows:

"Section 4. Whenever the term 'month' or 'months' is, or shall be, used in any statute, act, deed, verbal or written contract, or any public or private instrument whatever, it shall be construed to mean a calendar and not a lunar month, unless otherwise expressed."

And that said "Section 3" is all there is left in this State of the English statute, 21 Henry III [on which statute the Indiana decision was founded], appears by the "Reviser's note" as to said "Section 3," which note is as follows: "The third section of this title is founded partly on the common law as recognized by our Courts, and partly on the statute of 21 Henry III, which was included in the general repeal of British statutes, and has never been re-enacted in this State; but as its provisions are necessary to the perfection of the rule, it has been deemed expedient to incorporate them in the proposed section." (5 *New York Statutes at Large*, page 283.)

The original of said English statute, 21 Henry III, referred to as authority in said Indiana case, and said *Albany Law Journal* article, is as follows:

"Statute De Anno Bissextili, made at Westminster, Anno. 21, Hen. 3, Anno. Dom. 1236.

"The day of the leap year and the day before shall be holden for one day.

"The King unto his Justices of the Bench, greeting:—Know ye that where within our Realm of England, it was doubted of the year and day that were meant to be assigned unto such persons being impleaded, when and from what day in the year going before unto another day of the year following, the year and day in a leap year ought to be taken and reckoned how long it was:

"II. We, therefore, willing that a conformity be observed in this behalf everywhere within our Realm, and to avoid all danger from such as be in plea, have provided, and by the counsel of our faithful subjects, have ordained, that to take away from henceforth all doubt and ambiguity that may arise hereupon, the day increasing the leap year shall be accounted for one year, so that because of that day, none shall be prejudiced, that is, impleaded, but it shall be taken and reckoned of the same month wherein it groweth; and that day and the day next going before shall be accounted for one day. And, therefore, we do command you, that from henceforth you do cause this to be published afore you, and be observed. Witness myself at Westminster, etc."

[Vol. 1, *English Statutes at Large*, p. 32, Mag. Cha. 14, Ed. III.

In conclusion, it hardly seems possible that any one, having these statutes before him, so can read and construe them as to draw the inference that they were originally intended to provide a rule for the computation of the time of the maturity of bills and notes given for a specified number of days or months; or reasonably claim that either of them, in the absence of all provision therein in that behalf, in any way affects the well-established custom and law for such computation.

One of the most experienced notaries in this city (Mr. Robert Owen, editor

of the *Notaries' Journal*), in a circular to his correspondents has expressed upon this subject the same opinion as that of Mr. Gifford. Mr. Owen says :

"The cases in Indiana holding that the 29th of February has no legal status, arose under a decision there, that the English statute, 21 Henry III, which provides "that the 28th and 29th of February, in the bissextile year, are to be treated as one day," was in force in that State. See Vol. 2, *Notaries' Journal*, 108, 150. See also *BANKER'S MAGAZINE*, December, 1879, page 471.

"In this State the Statute in question has no force, having been repealed by the laws of New York 1829, ch. 21, p. 66.

"The provisions of the New York Revised Statutes, as to "Computation of Time" (1 R. S. 610) do not re-enact 21 Hen. III. Section 3 applies, I think, only to years, half years and quarter years, being founded partly on the common law and partly on the statute 21 Henry III, as its provisions were necessary to the perfection of the rule introduced in section 3 (*see Reviser's notes to section 3*); (5 *Edm. R. S.* 283). In construing this section, I think the court would follow the ruling of *Commercial Bank vs. Varnum* (49 N. Y.) which holds that in a statute, relative to commercial paper, the word "days" does not include "months and years," and would hold that in the computation of time "year," "half year" and "quarter year," does not apply to "months," which are provided for in section 4, or to a given number of days.

"The rules governing commercial paper are founded upon the custom of merchants, which in this State has always treated the 28th and 29th of February as two days (*see BANKER'S MAGAZINE*, November, 1879, page 390; *see also views of Judge Mallott, 2 Notaries' Journal, 108.*)"

We understand that the Indiana cases have been overruled by a late unreported case in Indiana (*Helphenstine vs. Vincennes Nat. Bank*). See in *BANKER'S MAGAZINE*, Dec., 1879. See also letter of G. P. Jacobs, 21 *Albany Law Journal*, 39.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE *BANKER'S MAGAZINE*.*

I. PRESENTATION AFTER CHANGE OF RESIDENCE.

We sent for collection two drafts drawn on army officers, one of them at Newport Barracks, one at Fort Snelling. Without the knowledge of the drawer both officers had changed stations. Our New York correspondent returns Newport draft without protest. Our Chicago correspondent protests Fort Snelling draft, the notary indorsing on draft the place where the drawee is now stationed, showing that he knew where he could be found. In our opinion, protest at Fort Snelling was not justifiable. What do you say?

REPLY.—Assuming that this draft had not been accepted by the drawee, we entirely agree with our correspondent that the protest was not justifiable. It would have been unavailing to charge the drawer or other party to the bill, and being useless, it was, of course, improper. *Daniel on Negotiable Instruments*, § 460, states the law as to presenting bills for acceptance as follows: "If the drawee has removed his residence from the place to which it is addressed—or really resided at a different place—the bill should be presented at his new or real place of domicile, if the holder can ascertain it by diligent inquiries." It is only when the drawee's place of domicile cannot be ascertained, or when he has absconded, that the bill may be treated as dishonored.

*The answers to such of these inquiries as refer to points of law, rather than of banking practice, are furnished to us by Mr. M. M. Weston, 53 Tremont Street, Boston.

II. COMPUTATION OF INTEREST.

Is the interest upon a demand note to be computed by days, or months and days? In other words, which is legal in this State [Massachusetts]?

REPLY.—We understand the custom to be to compute interest in this, as in other cases, by months and days. This custom has been sanctioned by the courts. *Agricultural Bank vs. Bissell*, 12 Pick. 586.

III. THE TWENTY-NINTH OF FEBRUARY.

Will you give your opinion as to the law respecting the extra day in leap year? I enclose an article which states that in this State [New York] "the added day of a leap year, and the day immediately preceding, if they shall occur in any period so as to be computed, shall be reckoned together as one day."

REPLY.—The rule quoted applies only to contracts in which the word "year" or "years" is used. We discussed the question at some length in our last November number, page 390, and our view of it was confirmed by a letter from a prominent attorney in Indiana (a decision of whose Supreme Court is supposed to be authority for the *rule as stated in the inquiry*), which letter is printed in the December number, page 471. The method of reckoning the 29th of February when paper is payable in a certain number of *months* after date, is discussed in the January number.

The article alluded to by our correspondent, the statutes referred to, and a full consideration of the subject, will be found on another page of our present issue.

IV. LIABILITY FOR CHECKS NOT GOOD.

Does a bank render itself liable by entering a cheque on a depositor's book if that cheque is afterward returned to it as not good? There is no question in my mind at all, but that the bank has not committed itself, and that the depositor is obliged to refund; but there are some connected with my bank who differ from me.

REPLY.—When checks on another bank are deposited with the Receiving Teller, for the credit of the depositor, they are to be considered as for collection. If not paid on due presentation, they may be returned and the credit on the pass book cancelled or the depositor's account charged. It has even been held (by the Supreme Court of California *National Gold Bank vs. McDonald*) that when a check on the same bank is entered as cash and subsequently ascertained to be not good, the amount may be recovered from the depositor.

V. THE RIGHT OF SET-OFF IN DISCOUNTING.

A gave B a note for \$150 which was discounted for him, but before maturity both A and B failed, and the note remained in possession of the bank unpaid.

Several months afterward A came into the bank and offered for discount a note signed by himself for \$200, indorsed by two responsible parties, and the cashier, by authority of the directors, discounted it and handed him over his unpaid note and balance in money, which he refused to take and demanded the return of the \$200 note. This was refused, and he left it and the balance in the bank, and the note matured, was not paid, and indorsers also refuse payment. Had not the bank a right to deduct amount of old note from funds in its possession, *i. e.* proceeds of new discount?

REPLY.—We infer from the above statement that A was not a depositor in the bank, that the second note was left by him for discount in the ordinary way, and that when he called at the bank to see if the directors had authorized the

discount, payment of the first note was attempted to be enforced as described. Under these circumstances we think the bank had no lien upon the second note to secure A's debt to it, and no right to deduct the amount of the first note from the proceeds of the discount. Such a set-off could only be enforced against a depositor. The second note was delivered to the bank to be discounted, not for the purpose of paying or securing what was due on the first; and when A found what the bank proposed to do, he had a right to object. Nor can the indorsers on the second note, assuming them to have indorsed for A's accommodation, be held liable, because, under the circumstances, the bank holds the note against A's consent, and has given no value for it. If, instead of being accommodation indorsers, they had been liable on the note to A, then the bank might possibly recover the amount of it from them, and rely upon the statute of set-offs, if there is one in Maine (from which State the inquiry comes), in case A should sue for the proceeds of the discount. But the circumstances stated afford no such opportunity to compel payment of A's debt by the strong hand as it were; and we think that such attempts should be made, in cases where they are deemed necessary, with a good deal of caution.

VI. BANK OFFICERS AS NOTARIES.

Is it legal for a Cashier of a bank, who is a Notary Public, to protest paper belonging to his own bank, said paper being drawn payable to his own order as Cashier? Although he may do it at the request of the President, he being equally an interested party, can securities be legally held?

REPLY.—In the absence of statutes which may exist in any State, we know of no general rule of law which forbids a bank officer acting as notary in protesting paper held by his bank. And, as it is well settled that paper payable to "A B, cashier," is payable to the bank of which he is cashier, we see no greater difficulty in the cashier's acting in this case, than there would be if the paper were payable in terms to the bank. It is said, however, in *Morse on Banking*, that a bank which employs one of its own officers to act as notary, becomes responsible for his performance of his duties; and this seems to us a practical objection to the policy of so doing.

VII. DAMAGES FOR REFUSAL OF CHECK WHEN GOOD.

Is a bank liable for damages if, through carelessness or negligence, it should refuse to pay checks, and suffer them to be protested to the great injury and annoyance of the drawer, when he has money to his credit ample to pay?

REPLY.—If a bank refuses, without sufficient justification, to pay the check of its customer, the latter has ground for an action for damages against the bank. It is said, on good authority, that even where actual loss or injury by the refusal is not shown, the damages that may be recovered are more than nominal, for the reason that such refusal is a practical slur upon the plaintiff's credit and repute in the commercial world.

RATE OF INTEREST ON NOTE AFTER MATURITY.

SUPREME COURT OF THE UNITED STATES.

Holden vs. Freedman's Savings and Trust Co.

SWAYNE, J.—This record presents no ground for controversy as to the facts, and only one legal point that requires consideration. But for the importance of that point as a matter of local law, we should dispose of the case without a formal opinion.

On the 13th of October, 1870, at the City of Washington, Charles H. Holden, the appellant, made his promissory note of that date to John B. Wheeler, or order, for five thousand dollars, payable four years from date, at the Bank of Washington, with interest at the rate of ten per cent., payable semi-annually. On the same day he executed to David L. Eaton a deed of trust of certain property in the City of Washington to secure the payment of the principal and interest of the notes as they should respectively fall due. On the 19th of October, 1870, Wheeler indorsed and delivered the note to appellee, Talbot, who paid him at the time, as the consideration of the transfer, the sum of \$5,000. Talbot thereupon became a *bona fide* holder of the instrument. On the 28th of July, 1873, he executed to his co-appellee—the Savings and Trust Company—his promissory note for \$1,500, payable at ninety days, and pledged the note of Holden as collateral security. Talbot's note is still unpaid. The interest on Holden's note was paid up to the 13th of April, 1873, and seventy-five dollars on account of interest was paid subsequently. The principal and the residue of the interest are unpaid. Eaton, the trustee in the deed of trust, died on the 13th of February, 1873. On the 30th of September, 1871, Holden conveyed the trust premises to John Chester, one of the defendants. This bill was filed on the 18th of November, 1874. It prayed that a trustee should be appointed in place of Eaton; that the successor so appointed should be directed to execute the trust, and for general relief. The court below found, among other things, that Holden was indebted to Talbot on the note in the sum of \$5,000, "with interest thereon at the rate of ten per cent. per annum from the 13th of April, 1873, less the sum of seventy-five dollars," and that the Savings and Trust Company had a lien on the debt for \$1,500, and interest from April 13th, 1875. It was decreed that a new trustee should be, and he was thereby, appointed, and that in default of payment of the amount due from Holden, and the costs, the trustee should proceed to sell the premises described in the deed of trust, &c. From this decree Holden appealed to this court.

The note of Holden, including days of grace, matured on the 16th of October, 1874. Up to that time there can be no doubt that the rate of interest to be paid was that called for by the note. But what is the rate chargeable thereafter? The court below allowed continuously the rate expressed in the note. Was this correct? This is the question we are called upon to decide.

The subject of the interest in its historical aspect was considered by this court in *National Bank of the Commonwealth vs. Mechanics' National Bank*, 94 U. S. 437.

The statutory provisions relating to interest in the District of Columbia are as follows:

(1) The rate of six per cent. per annum is allowed upon all moneys due, where there is no contract upon the subject.

(2) Parties may stipulate in writing for ten per cent. per annum or any less rate.

(3) If more than ten per cent. is taken upon any contract, all the interest received may be recovered back, if it be sued for within a year.

The rule heretofore applied by this court, under the circumstances of this case, has been to give the contract rate up to the maturity of the contract, and thereafter the rate prescribed for cases where the parties themselves have fixed no

rate: *Brewster vs. Wakefield*, 22 How. 118; *Bernhizel vs. Furman*, 22 Wall. 170. Where a different rule has been established, it governs of course, in that locality. The question is always one of local law.

The subject was fully examined in the recent case in this court, of *Cromwell vs. County of Sac.* 94 U. S. 351. We need not go over the same ground again.

Here the agreement of the parties extends no further than to the time fixed for the payment of the principal. As to everything beyond that, it is silent. If payment be not made when the money becomes due, there is a breach of the contract, and the creditor is entitled to damages. Where none has been agreed upon, the law fixed the amount according to the standard applied in all such cases. It is the legal rate of interest where the parties have agreed upon none. If the parties meant that the contract rate should continue, it would have been easy to say so. In the absence of a stipulation, such an intentment cannot be inferred. The analogies relied upon to support a different view are obviously distinguishable from the case in hand.

The decree will be altered according to these views.

THE PUBLIC DOMAIN.

The annual report of the work of the General Land Office which has been prepared by the Acting Commissioner, J. M. Armstrong, shows that during the fiscal year ended June 30, 9,333,353 acres of the public lands were disposed of, and 9,484,996 acres surveyed, in addition to the 734,591,236 acres previously surveyed. The total number of acres of the public domain still unsurveyed is about 1,081,000,000 acres. The amount of land surveyed during the last fiscal year exceeds by 414,769 acres the area surveyed in the preceding twelve months, and while the report shows a falling off of some 773,000 acres in cash sales, State selections, scrip locations, and land patented for railroad grants, the increase in the area taken up by settlers under the Homestead and Timber Culture laws has been sufficient not only to counterbalance this falling off, but to make the aggregate disposals for the year greater by 647,204 acres than the total for the previous year. The increase in homestead entries was 841,766 acres, and in timber culture entries, 896,139 acres. Referring to the large number of undelivered patents remaining on file in the office—nearly 2,000,000, covering not less than 150,000,000 acres, no small proportion being lands purchased of the Government more than half a century ago, and lying in the States of Ohio, Indiana and Illinois—the Commissioner again urges the necessity for an appropriation sufficient to pay for completing lists of these patents, with a view of bringing to the knowledge of persons in interest the fact that such patents remain in the office, and how they can be obtained. The Acting Commissioner reviews the recommendation of the last annual report for legislative action on the subject of lapsed railroad grants, looking either to the enforcement of the forfeiture of the grants or the extension of the time for the completion of the roads. The reason for the recommendation is stated to be that great bodies of land, which cannot be patented to the State or corporations under the grants, are withheld from sale entry, and there are no means now by which settlers can acquire title to them. The recommendation of previous annual reports for a consolidation of the Homestead and Pre-emption laws is renewed. The relations of the two systems are pointed out, and the opinion is expressed that the subject should receive the attention of Congress at an early day.

The report states that an examination made by a competent geologist, deputed for the purpose, shows the existence of large deposits of both coal and iron in the public lands in Alabama. Most of the coal-fields are far removed from means of transportation, the expense attending their proper development is large, and the available capital in that region limited. It is, therefore, recommended that the advisability of disposing thereof on the same terms as agricul-

tural lands, following the course adopted with regard to mineral lands in Missouri and Kansas, be favorably suggested to Congress. Referring to the absentee Shawnee lands, the New York Indian lands, and the Miami lands in Kansas, legislation is recommended to provide for disposing of such portions thereof as remain vacant, for the reason that frequent application is made for permission to enter these tracts by the persons occupying them, which, in the absence of proper legislation, cannot be given.

The Acting Commissioner reports that under the various acts of the Forty-fifth Congress, and with the aid of the appropriation of \$40,000 granted last March for the protection of timber on the public lands, efforts have been made to suppress the depredations, but they are yet extensive, and the interests of the Government and those of the people now residing, or who may desire to settle, in the region of the public timbered lands, require that they should be still pursued with unremitting earnestness and vigor. Fifteen Special Agents are detailed to investigate cases of trespass and collect testimony in the various public-land States and Territories, and during the past year they have been transferred from one field to another, as circumstances indicated they could best serve the public interests. Their reports are referred to in detail to show the great extent to which the timber depredations have been, and still are being, committed throughout almost every timber region of the United States. In Arkansas alone, for instance, the annual loss to the Government by the destruction of valuable timber is estimated at not less than \$500,000.

MR. WARNER'S CURRENCY BILL.

The subjoined is the full text of the bill introduced in the House of Representatives, January 12th, by Hon. A. J. Warner, of Ohio :

A Bill to stop paper inflation and provide for needed increase of volume of currency by free coinage of gold and silver and gold and silver certificates. Whereas on the first day of January, eighteen hundred and eighty, the volume of paper money in the United States was six hundred and ninety millions of dollars; and whereas said volume of paper money has been increased since July last, and is still being increased, by the addition of from two and a half to five millions of dollars per month in the notes of banks, while metallic money is at the same time limited by legal restriction of the coinage of one of the precious metals; and whereas the increase of the paper volume by the further issue of bank notes must and does operate to displace and prevent the circulation of coin; and whereas to restrict metallic money and authorize by law private corporations to create and put into circulation as money, without limit, their own paper, is opposed alike to public interest and sound principles of political economy: Therefore

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That from and after the passage of this act the issue of additional National bank notes, designated to circulate as currency shall cease. SEC. 2. For any needed increase of currency the mints of the United States shall be open to the public for the coinage of gold and silver into standard coins on the same terms and conditions as to receipt, delivery, and coinage; gold coins to be returned for gold bullion, and silver coins for silver bullion. SEC. 3. Certificates shall be issued upon bullion and coin of the two metals on the same conditions and subject to like regulations, and to be alike receivable for all dues to the Government; such certificates, if issued on bullion, shall specify the weight and nominal value of the bullion in standard coin of that metal, and shall be redeemable in the same metal; if issued on coin, they shall specify the kind of coin upon which they are issued, and certificates issued on coin shall be payable only in coin of like metal. All coin and bullion for which certificates are outstanding shall be retained in the Treasury for the redemption of the same: *Provided,* That coin certificates returned to the Treasury in payment of dues to the Government may be re-issued, but bullion certificates so returned shall be cancelled, and the bullion for which they were issued shall be converted into coin.

MR. WOOD'S REFUNDING BILL.

Subjoined is the full text of the bill offered in the House of Representatives, January 12, by the Hon. Fernando Wood, of New York :

A BILL to facilitate the Refunding of the National Debt.

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled :

That all existing provisions of law authorizing the refunding of the national debt shall apply to any bonds of the United States bearing a higher rate of interest than four per centum per annum, which may hereafter become redeemable; and the Secretary of the Treasury is hereby authorized, in the process of refunding the national debt, to exchange directly at par bonds of the United States bearing interest at $3\frac{1}{2}$ per centum per annum, except as otherwise provided for in section 5 of this act, and redeemable at the pleasure of the United States after fifty years from the date of their issue, but in all other respects like those authorized by the act of July 4, 1870, entitled "An act to authorize the refunding of the national debt," and acts amendatory thereto, for any bonds of the United States outstanding and uncalled, bearing a higher rate of interest than four per cent. per annum, and in any such exchange interest may be allowed on the bonds so redeemed for a period of not less than one month, nor more than three months, and whenever any of the bonds so redeemed bear interest at five or six per cent. per annum the Secretary of the Treasury may allow to the holders, in lieu of the interest provided for above, the difference between the interest on such bonds from the date of exchange to the time of their maturity, and the interest on the $3\frac{1}{2}$ -per-cent. bonds for a like period, provided that no authority in this act shall be construed into authority to increase the public debt.

SEC. 2. Authority to issue bonds to the amount necessary to carry out the provisions of this act is hereby granted.

SEC. 3. The said Secretary is hereby directed to invest the money in the Treasury from time to time in excess of twenty-five per cent. of the outstanding legal-tender notes in the purchase of maturing six and five-per-centum bonds from the lowest bidder, after due public advertisement, at the rate of not less than \$10,000,000 in each month, until the whole of the said excess over twenty-five per cent. shall be invested; provided, however, that the said five-per-cent. and six-per-cent. bonds can be bought at a price at which they will yield not less than $3\frac{1}{4}$ -per-cent. interest for their unexpired term; but no more than \$10,000,000 par value of said maturing bonds shall be purchased in any one month, and all bonds so purchased shall cease to bear interest and shall be cancelled.

SEC. 4. The act approved February 26, 1879, authorizing the issue of certificates of deposits is hereby amended so as to continue and limit the amount of certificates to be issued to \$50,000,000, to be outstanding at any one time, and fixing the rate of interest to be allowed thereon at $3\frac{1}{2}$ per cent. per annum for one year, after which interest shall cease, and the said certificates shall be convertible at the option of the holders, when presented in sums of fifty dollars or multiples thereof, into the coupon or registered bonds authorized by this act; and whenever any of the said certificates shall be converted into bonds the same shall be cancelled and destroyed, but the Secretary of the Treasury may, in his discretion, issue new certificates in place of those so converted, up to the limit of \$50,000,000, until the aggregate amount of the bonds authorized by this act and of the said certificates combined, then outstanding, shall equal the amount of bonds hereby authorized.

It shall be unlawful for any person or persons to form combinations by which to procure said certificates of deposit authorized under this act for the purpose of sale to others, or for acting as agents of others, and any

person so offending shall be liable, on conviction, to be fined \$1,000 or imprisoned not to exceed one year.

The Secretary of the Treasury is authorized and directed to make suitable regulations in compliance with this act, providing that the expense for the disposing of the certificates and bonds authorized to be issued shall not exceed one quarter of one per centum.

SEC. 5. From and after the passage of this act the only bonds receivable as security for national bank circulation shall be the bonds herein authorized.

SEC. 6. This act shall be known as "The Funding Act of 1880," and all acts and parts of acts inconsistent with this act are hereby repealed.

RAILROAD BANKRUPTCIES.—The year 1879 proves to have witnessed the winding up of more railway companies than any previous year, and more than twice as many as our record showed for 1876. At least sixty-five roads, representing a nominal investment—besides a large amount of unpaid interest and debts—of \$234,000,000, have been sold under foreclosure during 1879. About one-third of this represents capital stock, which in most cases has been entirely wiped out by this process, while the bonded debt has undergone a severe scaling down. The following summary gives a comparative view of the annual work of foreclosure since 1876, the year when we commenced the compilation :

<i>Years.</i>	<i>No. of roads.</i>	<i>Mileage.</i>	<i>Capital invested.</i>
1876.....	30 .	3,846 .	\$217,848,000
1877.....	54 .	3,875 .	197,984,000
1878.....	48 .	3,902 .	311,631,000
1879.....	65 .	4,909 .	243,288,000
Total in four years....	197 .	16,532 .	\$971,752,000

In the last four years, therefore, about one-fifth of the entire railway mileage and capital of the United States has been compelled to change ownership by forced sale. The list of sales may be considered almost the "clearing-up shower" of the storm. During the year 1880 a considerable number of roads will be sold, notably the Atlantic and Great Western, representing \$105,000,000 alone, but very few new foreclosure suits have been commenced. That the era of bankruptcy has passed is shown by the very small number of roads for which receivers were appointed last year. We have been able to learn only of the following :

<i>Roads.</i>	<i>Mileage.</i>	<i>Capital invested.</i>
Bellaire and St. Clairsville (N. G.).....	6 .	\$160,000
Cincinnati Eastern (N. G.).....	48 .	200,000
Denver & Rio Grande (N. G.).....	330 .	15,500,000
Milwaukee and Northern.....	129 .	4,215,000
Springfield, Jackson and Pomeroy (N. G.)...	108 .	1,275,000
Willamette Valley.....	36 .	850,000
Total, six roads.....	657 .	\$22,200,000

The remarkable decrease in the number of receiverships is shown by the following table :

<i>Years.</i>	<i>No. of roads.</i>	<i>Mileage.</i>	<i>Capital invested.</i>
1876.....	42 .	6,622 .	\$467,000,000
1877.....	38 .	3,637 .	220,294,000
1878.....	27 .	2,320 .	92,385,000
1879.....	6 .	657 .	22,200,000
Total in four years....	113 .	13,276 .	\$801,879,000

—Chicago Railway Age.

FINANCIAL MATTERS IN WASHINGTON.

In the Senate, January 15, Mr. Alison, on behalf of the majority of the Finance Committee, made an adverse report on the Bayard resolution.

Mr. Bayard, from the same committee, presented the views of the minority as follows :

The undersigned, believing that the industrial, commercial and financial prosperity of the country, in order to be enduring and secure, must be based upon a money of actual and intrinsic value, and that our Government has no power and is incompetent to endow its paper obligations with such value, and the United States Treasury notes in existence and in circulation, being now redeemable in gold and silver coin at the option of the holders, do recommend the withdrawal of the compulsory legal-tender power of such notes, and the passage of the subjoined resolution.

(Signed)

FRANCIS KERNAN,
THOMAS F. BAYARD.

(Here follows the Bayard resolution—that Treasury notes shall be receivable for all dues to the United States on duties and imports, and shall not be otherwise a legal tender.)

Admitting the principle of the resolution as to the power of the Government to make paper legal tender, I reserve my action upon the resolution as to the time of the withdrawal of the power heretofore given.

(Signed)

WILLIAM A. WALLACE.

Reserving the right of amendment.

(Signed)

JUSTIN S. MORRILL.

Mr. Morrill called up his resolution instructing the Finance Committee to inquire whether the public debt can be refunded at less than four per cent., and proceeded to address the Senate on the subject. Mr. Morrill thought that with the renewed business activity idle capital is being so rapidly absorbed that other investments, with larger returns, are likely to be more successful than even the most popular United States securities. Against such powerful and varied competition the Government may not be able to dictate terms on which it will borrow. He reviewed the late refunding operations, and stated that, though the new four per cents are now at three to $3\frac{3}{4}$ per cent. premium, the rise is recent, and for some time it was doubtful whether they would rise or fall. There are few other securities that have not advanced more. For the risk run the actual gain would not be considered as too much. The methods by which Great Britain obtained loans at three per cent. were extremely improvident. Great Britain raised from 1793 to 1816 \$2,600,550,000, but the stock actually issued and bearing three per cent. interest was \$3,881,000,000. At four per cent., and an annual payment of \$30,000,000 as a sinking fund, semi-annually reinvested, our debt of \$1,786,686,850 would be extinguished in less than thirty-one years. On \$800,000,000 for fifty years at $3\frac{1}{2}$ per cent., we would pay \$1,400,000,000 interest, while at four per-cent. for thirty years we would pay but \$960,000,000. It may be argued that the National banks, at least, would be compelled to exchange the \$200,000,000 deposited by them in the Treasury on whatever terms Congress dictates. But a $3\frac{1}{2}$ -per-cent. bond deposit would be a heavy reduction in security for circulation; besides, considering the heavy restrictions and taxes on banks, it is likely that if based on bonds at $3\frac{1}{2}$ per cent., a large surrender of banking privileges would be inevitable.

In the House, January 14, Mr. Warner, of Ohio, from the Committee on Banking and Currency, reported back the resolution directing the Secretary of the Treasury to report, under what law and under what conditions the United States Treasury became a member of the New York Clearing House, and whether said Clearing House accepts treasury certificates payable in silver coin in settlement of balances, or whether the settlement of balances in

standard silver dollars or silver certificates is prohibited by the rules of the Clearing House. Adopted.

On the same day, in the House, Mr. Buckner, of Missouri, chairman of the Committee on Banking and Currency, reported back the bill providing, that the National Banking Act be so amended as to require every banking association to keep, in gold or silver coins of the United States, one-half of the reserve fund required by law.

Mr. Martin, of Delaware, asked Mr. Buckner to permit him to offer the following amendment:

"Be it further enacted, That from and after the passage of this act the treasury notes of the United States shall be receivable for all dues to the United States excepting duties on imports, and shall not be otherwise a legal tender, and any of said notes hereafter reissued shall bear this inscription."

Mr. Buckner declined to yield, and the further consideration of the bill was then postponed until the next day.

January 15, the House of Representatives resumed the consideration of the bill in relation to the reserves of National banks, and Mr. Price, of Iowa, made a speech on the general financial situation. In advocating the bill he declared himself as opposed to any tinkering with the currency, either as to the quantity or quality of the paper which was circulating. He opposed stopping the silver coinage, which he maintained to have been essential to the success of resumption, and declared his fixed hostility to the scheme of a single gold standard. He was also opposed to taking away the legal-tender quality of the greenback. All prudent men spoke in thunder tones and said, "Let well enough alone."

Mr. Lewis, of Alabama, followed Mr. Price in favor of the bill, and argued that business required that at least one-half of the reserve should be in gold and silver—the money of the world.

The Bayard resolution was finally disposed of by the Senate Finance Committee January 14, the committee standing three Democrats and one Republican in favor of the resolution and three Republicans and two Democrats against it. Messrs. Bayard, Kernan, Morrill and Wallace voted in the affirmative, and Messrs. Alison, Ferry, Jones of Nevada, Beck and Voorhees voted in the negative.

At the meeting of the House Committee on Coinage, Weights and Measures, January 14, the bill introduced by Mr. Weaver was discussed at length, and in the following amended form was agreed upon, and the chairman was instructed to report it to the House and urge its passage:

That the Secretary of the Treasury be, and he is hereby, directed and required to disburse gold and standard silver coin of the United States equally, in payment of all interest obligations accruing on the funded debt of the United States, and in payment of matured coin obligations of the Government, and in payment of current expenses.

In the House Committee on Ways and Means, January 15, there was a discussion of Mr. Wood's refunding bill, of which the following report is given in the correspondence of the *New York Times*:

"An effort was made by Mr. Wood to have the committee decide upon the rate of interest as a separate proposition, but several members were of opinion that the rate of interest and the length of the bond were inseparable, and that the rate could not be established until the term for which the bond was made was first decided. Mr. Carlisle plainly indicated that he regarded a term of fifty years, at even a lower rate of interest than $3\frac{1}{2}$ per cent. as unwise, and Mr. Mills frankly said that he would vote for no bond which proposes a long term.

"Judge Kelley reminded the committee that Mr. Chase had regarded the right of the Government to terminate loans at its option as more important than the rate of interest; hence, we had the five-twenties, giving the Government the right to pay off or refund at the end of five years, with the option of permitting the loan to run for twenty years, and the ten-forties, enabling the Government to refund or pay at the end of ten years, with the option of continuing the loan for forty years. The reservation of these options had enabled us to reduce the rates of interest to four and $4\frac{1}{2}$ per cent. He alluded to

the fact that the French rentes and British consols were interminable loans, which the governments, respectively, bought in open market when they had surplus revenue, and said that the United States was the only solvent country that issued loans for fixed periods, though it was within our own experience that when our income was in excess of expenditures, and we desired to pay off outstanding loans, we had to buy them in at a premium of from sixteen to twenty per cent. He was, therefore, opposed to the issuing of a fifty-year loan, and believed that posterity would regard the issue of our thirty-year four-per-cent. bonds as a crime or the blunder of men ignorant of the laws of finance. In response to gentlemen who had suggested that we might have foreign wars, he contrasted the countries of Europe with the United States, and pointed to the fact that neither Great Britain, Ireland, France, Germany, Austria, nor Italy, compared in extent or resources with some of the smaller of our States. 'Our population,' said he, 'doubles in less than twenty-five years, and our wealth largely more than quadruples while our population is doubling. Every civilized nation beyond the Atlantic is contributing to our wealth and military power by immigration, and to legislate under the fear of a foreign war would be little better than puerile.' He further said he was opposed to the issue of any bonds until the Government should have established the postal savings-bank system, which would give it from \$500,000,000 to \$800,000,000 in time to pay off the bonds of 1880 and 1881. The establishment of this system involved no experiment. England, France and Germany had tested it and perfected all its details. While traveling abroad he went to the post-offices of each of these countries and had seen people make their deposits of a few shillings, or pounds, or francs, or marks, and had seen others drawing such sums, and England had a steady fund of about \$700,000,000 thus borrowed from the people at 2½ per cent. Such a system, he said, if adopted, as it long since should have been in this country, would have averted the losses of the working people through fraudulent or mismanaged savings banks. The papers of to-day brought news of the failure of one such institution in Kentucky, and, going back to the failure of the Freedmen's Savings Bank, it would have saved the thrifty laborers of the country many tens of millions of dollars and the Government the enormous gratuities it has bestowed upon syndicates and pet banks. A postal savings bank and a system of convertible bonds by which the Government should receive the gold and silver coin and legal-tender paper of the people on deposit, and refund it on call, would give it the means of meeting its maturing obligations, would give the laboring classes a safe depository for their money, and would bring our interest account home and enable us to pay it to the American taxpayers, instead of perpetuating the system of absenteeism under which we now pay it to foreign capitalists in coin or its equivalent."

In the Senate, January 21, Mr. Coke, of Texas, spoke at large against the Bayard resolution. He made the new point, that it violated the fourteenth amendment of the U. S. constitution, which makes all public securities invaluable. He said that it was an essential part of the contract set out on the face of the greenbacks, that they should be legal tenders.

In the House, January 21, the bill requiring National banks to keep half their reserves in specie, was killed by a vote of two to one.

The only amendment voted upon was one offered by the Banking Committee, requiring the banks to keep their coin resources in their own vaults. This was rejected—33 to 79. The House then refused—yeas 79, nays 158—to order the engrossing and third reading of the bill, which vote of course killed the bill.

A correspondent of the *N. Y. Journal of Commerce*, says:

The overwhelming defeat of the Buckner Bank Reserve bill in the House to-day was something of a surprise. It was brought about by a combination of some anti-national bank members and Greenbackers and other members who, though friends of the National bank system, fancied that the real purpose of the bill was to make an attack upon the resumption reserve in the Treasury. The vote was entirely non-partisan. The result indicates very clearly that a majority of the House is determined not to pass any financial bills of any importance this session. There is a growing belief on the part of many that legislation relative to funding will finally be postponed till next winter, inasmuch as the small amount of bonds falling due this year can be redeemed by using surplus revenue.

In the House, January 20, the pending bill being that of Judge Buckner to require half of the National bank reserves to be kept in coin, Mr. Lounsbury of New York (Dem.) made a speech and gave notice of an amendment to take away the legal-tender power of the greenbacks.

Mr. Chittenden, of New York, spoke at large on the financial subject, and summed up his views in the following words:

"I would deprive greenbacks of their legal-tender quality to take effect prior to next July. I would also stop minting silver dollars to-day, and as soon as practical convert all the silver bullion now on hand, owned by the Government, with twenty-five million of the useless silver dollars, into gold, and with the gold thus acquired I would, in regular course of business, pay and extinguish an equal amount of greenbacks. I would further pay off greenbacks with surplus revenue instead of buying bonds not yet due, cautiously but steadily, and at least as rapidly as the National bank currency expands under the operation of natural and safe laws."

Mr. Culberson, of Texas, introduced a bill to terminate the National banking system. The preamble to the bill alleges, among other things, that the system tends to perpetuate the National debt, whereas it ought to be paid off.

Mr. Warner, of Ohio, offered a bill to provide for paying the bonds of the United States maturing in 1880 and 1881.

It authorizes the Secretary of the Treasury to issue to the public, in exchange for lawful money of the United States, certificates of deposit not exceeding \$500,000,000, in denominations of \$25, \$50, \$100, \$500, and \$1,000, bearing interest at the rate of four per cent. per annum, redeemable at the pleasure of the Government after three years, taken by lot, and payable in fifteen years.

Section 2 provides that the money received for the certificates authorized under this act, and all other money in the Treasury at any time belonging to the United States, in excess of twenty-five per cent. of outstanding legal-tender notes, shall be applied every month to the redemption, first, of bonds bearing six-per-cent. interest, and then of bonds bearing five-per-cent. interest; and when no such bonds are redeemable, then to the purchase of either class of said bonds from the lowest bidder, after due public advertisement, at the rate of not less than \$20,000,000, per month, until the whole of the excess of the said twenty-five per cent. shall have been so invested, provided that no purchase shall be made at a price that will not save to the Government at least three per cent. per annum on the bonds so purchased.

Section 3 authorizes the Secretary of the Treasury to make suitable regulations to carry out the provisions of this act, providing that the expense of certificates shall not exceed one quarter of one per cent.

Section 4 provides that further to facilitate and to render more speedy and easy the payment of the maturing interest-bearing debt, the mints of the United States shall be open to the public for the free and unlimited coinage of gold and silver bullion into the standard coin of the United States.

In the House Committee on Ways and Means, there was a further discussion of the refunding question. The advices of the N. Y. *Tribune*, say:

"It is learned that while two or three members did not take part in the discussion, those who did were unanimously in favor of as low a rate of interest as three and a half per cent. Two Members of the committee even suggested that a three-per-cent. bond might be advisable."

The N. Y. *Times* correspondent, says:

"The refunding bill was discussed in a colloquial way, but no attempt was made to poll the committee on any proposition contained in the bill. The indications are that the committee will not agree to report a bill to authorize a long-period loan. Some members of the committee think it would be unwise to make a long-term loan in view of the prosperity now being enjoyed by the country. These gentlemen argue that if this prosperity continues, the Government will be able to pay off and cancel the funded debt by its surplus revenues, at the rate of \$100,000,000 a year, and that, should a long-term loan be authorized, the surplus revenues, after refunding was completed, could not be applied to reducing the bonded debt until 1907, when the four-per-cent. loan becomes due. Judge Kelley offered an amendment to the bill to

make the bonds redeemable at the option of the Government, five years from the date of their issue, no time being mentioned in his amendment when the bonds shall be payable."

In the Senate, January 21, Mr. Beck, of Kentucky, spoke at length against the Bayard resolution.

In the House Committee on Banking and Currency, Gen. Ewing proposed the following:

"Resolved, That the consideration of all bills, resolutions, petitions and executive communications heretofore referred to this committee affecting the volume or character of the currency be postponed until the first meeting of the committee in December next."

After some discussion the resolution was defeated, Messrs. Buckner, Ewing and Price voting in the affirmative and Messrs. Chittenden, Crapo, Davis, Fort, Ladd and Lounsbury in the negative.

No further action was taken.

NATIONAL BANK AND LEGAL-TENDER CIRCULATION.

STATEMENT of the Comptroller of the Currency on January 1, 1880, 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
Amount outstanding January 14, 1875.....	351,861,450
Amount outstanding May 31, 1878.....	322,555,965
Amount outstanding at date*	340,961,216
Increase during the last month.....	2,342,558
Increase since January 1, 1879.....	18,638,362

LEGAL-TENDER NOTES.

Amount outstanding June 20, 1874.....	\$ 382,000,000
Amount outstanding January 14, 1875.....	382,000,000
Amount retired under Act of January 14, 1875, to May 31, 1878.	35,318,984
Amount outstanding on and since May 31, 1878.....	\$ 346,681,016
Amount on deposit with the Treasurer United States to redeem notes of insolvent and liquidating banks, and banks retiring circulation under Act of June 20, 1874.....	13,374,757
Increase in deposit during last month.....	252,978
Increase in deposit since January 1, 1879.....	2,802,992

JOHN JAY KNOX, *Comptroller.*

* Circulation of National Gold Banks not included in the above, \$ 1,426,120.

The Comptroller of the Currency reports that the amount of additional circulation, issued during the month of December, was \$ 2,576,580, and the amount of bank notes retired was \$ 234,022, showing a net increase of \$ 2,342,558. The total amount of additional National bank circulation issued during the year ending December 31, 1879, was \$ 26,597,870, and the amount retired was \$ 7,959,508; showing the net increase of bank circulation during the year to be \$ 18,638,362. The total amount of National bank circulation outstanding on December 31 is \$ 340,961,216, not including the circulation of National gold banks, which is \$ 1,426,120.

BANKING AND FINANCIAL ITEMS.

DIVIDENDS.—The Comptroller of the Currency, since the date of the tables of his annual report, and since November 1st, 1879, has declared dividends payable to the creditors of National banks, as follows:

		Per cent.	Tot. div'd.
Nov.	22. Commercial National Bank of Saratoga Springs, N. Y.	15	75
Dec.	4. Lock Haven National Bank of Lock Haven, Pa.	10	70
"	12. Northumberland County Nat. Bank of Shamokin, Pa.	12½	75
"	22. First National Bank of Kansas City, Mo.	10	40
"	27. National Bank of the State of Missouri, St. Louis, Mo.	5	75
"	29. First National Bank of Bethel, Conn., 10 per cent. on balance of principal and interest.		
Jan'y	1. Merchants' National Bank of Fort Scott, Kansas.	30	45
"	5. German National Bank of Chicago, Ill.	20	45
"	5. First National Bank of Bozeman, Montana.	30	70
"	8. Walkill National Bank of Middletown, N. Y.	30 & int.	100
"	12. First National Bank of Warrensburg, Mo.	10	20
"	12. Central National Bank of Chicago, Ill.	5	60
"	12. First National Bank of La Crosse, Wis.	10	45

NEW YORK CITY.—At a meeting of the Board of Directors of the Importers and Traders' National Bank on January 14th, Mr. James Buell, the President, declined a re-election on account of continued ill-health, and Mr. Edward H. Perkins, Jr., Cashier, was elected to fill the position. Mr. Russell Sage was re-elected Vice-President, and Mr. Edward Townsend was appointed Cashier.

FAILURES.—The Grocers' Bank of New York City, which has been for some time embarrassed, suspended on January 2. It has \$300,000 capital and about \$700,000 circulation, and has gone into the hands of a receiver, Mr. Stephen V. White. The bank had been discounting largely for a New York wire manufacturer, named J. Lloyd Haigh, who failed a day or two previously with \$300,000 liabilities, and this forced the bank to suspend. It was subsequently made known that a large amount of forged paper had been set afloat by Haigh, who had been in good standing.

On January 9th much surprise was caused by the announcement that a deficiency amounting to about \$35,000 had been discovered in the accounts of B. C. Bogert, the Treasurer of the Produce Exchange. Mr. Bogert had been treasurer of the Exchange, with the exception of one year, since its organization, and his standing as a faithful officer was never questioned. The discovery of a breach of trust on his part was, therefore, a shock to all the members of the Exchange.

Mr. Bogert was in the flour and feed business for over twenty years. He kept his own bank account and that of the Exchange at the Merchants' Exchange National Bank. Upon inquiry at the bank the finance committee found that their deposits, instead of \$31,000 as represented, were but \$301.65. Later in the day, the report was received that Mr. Bogert had died suddenly. It was subsequently learned that he had committed suicide.

THE MERCHANTS' EXCHANGE NATIONAL BANK made a loan to the defaulter Bogert of \$51,000 upon bonds whose legality is disputed since his death, but for which the issuing township is undoubtedly bound. Some criticisms followed the announcement of Bogert's transactions with the bank, which were effectively answered by the statement of the bank January 20th, and by the following endorsement upon the Statement Book of the bank by the United States Bank Examiner:

"Examined January 21st, 1880, and found to correspond with this Statement Book in every detail. In my opinion, the stock is worth *one hundred and ten or more*, after making a liberal deduction for contingencies.

"CHAS. A. MEIGS,
"National Bank Examiner, N. Y."

EXAMINATION OF NATIONAL BANKS.—Mr. Buckner has introduced in the House of Representatives a bill in relation to the examination of National banks, which directs the Comptroller of the Currency to cause a special examination to be made into the affairs of any National bank, whenever requested so to do by the *bona fide* owner or owners of not less than fifty shares of the capital stock of the bank to be examined. The shareholders requiring such examination are authorized to conduct it themselves, or they may designate a competent person to do so, the examiner to possess the authority and be subject to the laws now in force, or which may hereafter be enacted in relation to national bank examiners. A proviso to the bill requires that the shareholder calling for a special examination shall not be a director or officer of the bank to be examined, and that the expense of the examination shall be borne by the shareholders at whose request it shall be made.

SAN FRANCISCO.—The Clearing-House officers elected for 1880 are as follows: *President*, A. McKinlay; *Secretary*, Jas. S. Hutchinson; *Clearing-House Committee*, A. McKinlay, Thos. Brown, H. W. Glenny, A. Scrivener, S. G. Murphy; *Manager*, Charles Sleeper.

KENTUCKY.—The election of Mr. Logan C. Murray, President Kentucky National Bank, to the Presidency of the Clearing-House Association, is a compliment to that gentleman of which he is entitled to feel proud. He is the youngest bank president in the city, and the Clearing-House Association has done well to secure his energy and ability for its service in the honorable and responsible place to which they have unanimously assigned him.—

Louisville Commercial.

MARYLAND.—The Governor says in his message: "The funded debt of the State at the end of the fiscal year was:

Sterling debt bearing interest at five per cent.....	\$4,432,222 24
Currency debt bearing five per cent.....	186,684 88
Debt bearing three per cent.....	269,000 00
Debt bearing six per cent.....	6,371,700 23
Total amount.....	\$11,259,607 35

"As an offset to this debt the State holds stocks and bonds upon which interest is promptly paid amounting to \$3,535,327.07, leaving as the net debt upon which interest has to be provided, \$7,674,280.18.

"The defense loan, which was negotiated for the payment of bounties in 1868, will fall due in 1883. By its terms it can be provided for and taken up at any time after ten years from the date of issue. I recommend that provision be made at this session to retire this loan by the issue of one for a similar amount bearing five per cent. interest, payable in fifteen years. The credit of the State is so justly high that a loan of this character could, I am told, be readily negotiated."

This is not rating the credit of Maryland as high as it is rated by outsiders. Philadelphia borrows money at four per cent., and there is no reason why Maryland should pay any more.

BOSTON.—As stated in a recent message of Mayor Prince, the financial position of Boston is as follows: Gross funded debt December 1, 1879, \$43,022,816; sinking funds, \$16,578,186; mortgages due the city for sales of bonds and other available means, \$348,852, making a total of \$16,927,039, and leaving the net debt \$26,095,777. The Mayor adds:

"This net debt includes the Cochituate water debt, \$12,101,273; Mystic, \$1,153,000—total, \$13,254,273. Deducting this water debt we have as the city debt, exclusive of water debt, \$12,841,503.

"I deduct the water debt, because in a certain sense it may not be regarded as a liability, as the net income of the water department in 1879, after paying interest on the funded debt and expenses, was \$218,757, as shown by the report of that board."

The situation compares most favorably with that of the average of American cities, but there is really no reason why Boston should owe a single dollar in excess of productive investments like water works. We hope Boston will lose no time in setting the good example of having no interest account to pay.

CONNECTICUT.—The message of the Governor states that the public debt of the State is the same as last year, and is represented by four classes of bonds, as follows: January 1st, 1863, redeemable after twenty years, bearing six-per-cent interest, \$ 877,000; January 1st, 1864, redeemable after twenty years, at six-per-cent. interest, \$ 1,318,550; October 1st, 1865, redeemable after twenty years, at six-per-cent. interest, \$ 1,741,100; May 1st, 1877, redeemable after ten years, at five-per-cent. interest, \$ 1,031,000—total, \$ 4,967,650.

OHIO.—According to the Governor's message, the State debts are:

Loan payable June 30, 1881, six per cent. interest.....	\$ 4,072,640
Loan payable December 31, 1886, six per cent. interest.....	2,400,000
An irredeemable debt, composed of school and other trust funds, on which six per cent. interest is allowed.....	4,289,718
Total.....	\$ 10,762,358

The local indebtedness on the 1st day of September, 1879, was as follows:

Net debt of counties.....	\$ 2,872,834 49
Net debt of townships, including debts created by boards of education other than for separate school districts.....	161,321 10
Net debt of cities (first and second class).....	36,036,069 77
Net debt of incorporated villages.....	99,151 85
Net debt of school districts (special or separate).....	1,451,197 32
Total local debts.....	\$ 41,490,574 53

WISCONSIN.—The message of the Governor, January 15, states that the indebtedness of the State consists of war bonds outstanding, \$ 11,000; certificates of indebtedness to trust funds, \$ 2,241,000; currency certificates, \$ 57. Total, \$ 2,252,057.

The indebtedness of the counties, cities, towns, villages and school districts in the State amounts to \$ 10,115,898, according to the returns made to the Secretary of State. The total public indebtedness of the people of Wisconsin is, therefore, \$ 12,367,955, or at the rate of about \$ 8.50 per capita of estimated population, and 3½ per cent. of the assessed valuation.

Fond du Lac.—Mr. J. C. Perry, for many years cashier of the German-American Savings Bank, has resigned his position in that institution, to accept the charge of the collection department and correspondence of the First National Bank of Fond du Lac, Wis.

CANADA.—From the table prepared by Messrs. Dun, Barlow & Co., the reports of Canadian bankruptcies in 1879 show no improvement as compared with 1878. The number of failures was 1,907 as compared with 1,697 in 1878, and the amount of liabilities was \$ 29,347,937 as compared with \$ 23,908,677. Comparing Canada with the United States, there was one failure in every twenty-nine persons in business in the former, compared with one failure in every one hundred and five persons in business in the latter. It is quite probable that the number of bankruptcies in Canada in 1879 was increased by a movement to repeal the bankrupt law, which was successful in one branch of the Canadian Parliament. For the future, a great diminution in the number of bankruptcies may be looked for. The improvement in business affairs there is now quite as marked as it is here.

MONTREAL.—The shareholders of the Mechanics' Bank have offered the creditors twenty-five per cent. as a compromise. Large creditors are willing to accept, but the smaller ones want thirty-three.

The Ville Marie Bank has applied for an act of Parliament to enable it to liquidate. The shareholders will get fifty per cent. of their subscribed capital.

The Hochelaga Bank shows a deficit of \$ 77,000, which was abstracted by a dishonest cashier. The shareholders have resolved to continue business, as the outlook is now so much better.

A telegram (January 22) from Montreal, says, "The Merchants' Bank has sold its Milwaukee bonds, which, three years ago, were deemed valueless, at a good price. It is said that the amount obtained is nearly \$ 1,000,000."

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
"	National Bank of Kinderhook.	Hugh Van Alstyne, <i>Pr.</i>	W. R. Mesick.
"	Union Bank, Medina	E. Chapin Bennett, <i>Cas.</i>	J. M. Kennan.
"	National Bank of Schuylerville.	D. A. Bullard, <i>Pr.</i>	G. L. Ames.
"	First Nat'l B'k, St. Johnsville.	Joseph Smith, <i>Pr.</i>	J. W. Cronkhite.
OHIO	First National Bank, Alliance.	P. C. Pettit, <i>Cas.</i>	.....
"	Commercial Bank, Delphos	W. H. Fuller, <i>Act. Cas.</i>	O. Jettinger.
"	First Nat'l B'k, New Richmond.	Franklin Fridman, <i>Pr.</i>	W. G. Moore.
"	Centreville Nat'l B'k, Thurman.	M. E. Beman, <i>Cas.</i>	R. P. Porter.
PENN.	Mechanics' National Bank, Philadelphia	John Rommel, Jr., <i>Pr.</i> Gustavus English, <i>V. P.</i>	George H. Stuart.
"	First Nat'l Bank, Bethlehem.	William Underdown, <i>Cas.</i>	J. Rommel, Jr.
"	First Nat'l Bank, Meadville.	George H. Myers, <i>Pr.</i>	C. A. Luckenbach.
"	Nat'l Bank of Lawrence Co., New Castle	Henry Dirst, <i>Cas.</i>	R. W. Derickson.
"	Farmers' Deposit Nat'l B'k, Pittsburgh	R. Crawford, <i>Cas.</i>	C. Clarke.
"	Freehold Bank, Pittsburgh.	S. George, Jr., <i>Pr.</i>	W. Walker.
"	First Nat'l Bank, Wrightsville.	T. H. Given, <i>Cas.</i>	S. George, Jr.
"	Fourth Nat'l Bank, Providence.	J. P. Spear, <i>V. P.</i>	.....
"	Roger Williams Nat'l Bank, Providence	L. H. Wedney, <i>Cas.</i>	J. P. Speer.
"	First Nat. Bank of Smithfield, Slatersville	Barton Evans, <i>Pr.</i>	W. McConkey.*
R. I.	Fourth Nat'l Bank, Providence.	Thomas Boyd, Jr., <i>Cas.</i>	H. R. Chace.
"	Roger Williams Nat'l Bank, Providence	Charles H. George, <i>Pr.</i>	J. W. Taft.
"	First Nat. Bank of Smithfield, Slatersville	M. E. Torrey, <i>Cas.</i>	W. H. Waterman.
"	First Nat. Bank of Smithfield, Slatersville	Chas. S. Seagrave, <i>Cas.</i>	W. H. Seagrave.
TENN.	Brownsville Savings Bank	R. G. Thomas, <i>Pr.</i>	R. S. Thomas.
"	First Nat'l Bank, Murfreesboro.	Edward L. Jordan, <i>Pr.</i>	J. W. Childress.
"	First National Bank, Nashville	N. Baxter, Jr., <i>Pr.</i> Samuel J. Keith, <i>V. P.</i> J. P. Williams, <i>Cas.</i> Theodore Cooley, <i>A. C.</i>	..... ..... ..... .....
WIS.	Germ.-Amer. B'k, Fond du Lac.	Louis Muentner, <i>Cas.</i>	J. C. Perry.
VT.	First Nat'l Bank, St. Albans.	Romeo H. Hoyt, <i>Pr.</i>	E. A. Sowles.
"	Merchants' N. B., St. Johnsbury.	W. S. Struter, <i>Cas.</i>	W. E. Haven.
PR.ONT.	The Molsons Bank, Ingersoll.	C. W. Clinch, <i>Manager.</i>	Not Church.

*Deceased.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from January No., page 578.)

N. Y. CITY	.....	Grocers' Bank; in liquidation.
CAL.	Sacramento	Capital Savings Bank; suspended.
GA.	Augusta	Branch's Son & Co.; failed.
IOWA	Clear Lake	Clear Lake Bank (Burnap & Daniels); suspended.
"	Jesup	Buchanan Bank; closed. Business trans. to Farmers' Bank.
KY.	Franklin	First National Bank; in liquidation.
"	Louisville	Savings Bank of Louisville; suspended.
MO.	Platte City	Cockrill & Co.; winding up.
MISS.	West Point	G. W. Foster & Co.; closing and retiring.
N. J.	Elizabeth	Dime Savings Bank; reported as applying for a Receiver.
N. Y.	Cazenovia	E. S. Card & Co.; suspended.

The editor of this Magazine knows of a prominent Western banker who desires to connect himself with some bank or banking house. His extensive acquaintance, coupled with a practical experience in the business of over a quarter of a century gives him an eminent fitness. He has filled with great acceptance a number of prominent and important positions of trust, and can present the best of testimonials.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from January No., page 579.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
CAL....	San Diego..... \$ 20,000	Consolidated Bank..... O. S. Witherby, <i>Pr.</i> Bryant Howard, <i>Cas.</i>	First National Bank.
COL....	Silver Cliff.....	Stebbins, Post & Co.....	Kountze Brothers.
GA....	Quitman.....	Clayton, Groover & Co....	National Bank of Republic.
ILL....	Chicago..... \$ 300,000	Hide & Leather Nat'l B'k.. Charles F. Grey, <i>Pr.</i> Byron L. Smith, <i>Cas.</i>	National Park Bank.
" ..	Abingdon.....	People's Bank of Abingdon. Madison C. Bates, <i>Pr.</i> James B. Mackay, <i>Cas.</i>	Imp. & Tra. Nat'l Bank.
" ..	Keithsburg.....	Farmer's Bank (Drury, Burgett & Co.)	
IOWA...	Sheffield.....	Sheffield Bank..... F. B. Taylor, <i>Pr.</i> L. B. Carhart, <i>Cas.</i>	First National Bank, Chicago.
KANSAS,	Hays City.....	Bank of Hays City (Hill P. Wilson.)	
KY.....	Covington.....	T. J. Shepherd & Son.....	National Park Bank.
" ..	Hopkinsville...	City Bank..... Lucian Jones, <i>Pr.</i> George C. Long, <i>Cas.</i>	
MICH...	Edmore.....	Webber & Just.....	Ninth National Bank.
" ..	North Branch...	Pioneer B'k (F. B. Howard & Co.)	Michigan S. B., Detroit.
MO....	Canton.....	Bank of Canton (Aldrich & Lockwood.)	
" ..	Platte City.....	Exchange Bank (Wells & Co.)	
N. H....	Concord..... \$ 50,000	Mechanicks' National B'k.. Josiah Minot, <i>Pr.</i> James Minot, <i>Cas.</i>	Shawmut Nat'l Bank, Boston.
N. M. ..	Las Vegas..... \$ 100,000	San Miguel Nat'l Bank.... M. A. Otero, <i>Pr.</i> Jacob Gross, <i>Cas.</i>	Donnell, Lawson & Co.
N. Y. ..	Camden.....	First National Bank.....	Third National Bank.
" ..	Ogdensburg...	Daniel G. Dorrance, <i>Pr.</i> John G. Dorrance, <i>Cas.</i> Nat'l B'k of Ogdensburg.. James R. Bill, <i>Pr.</i> E. N. Merriam, <i>Cas.</i>	Amer. Exch. Nat'l Bank.
OHIO...	Hillsboro..... \$ 50,000	Merchants' National Bank.. Henry Strain, <i>Pr.</i> E. C. Ferris, <i>Cas.</i>	First National Bank.
WIS....	Kaukauna.....	Bank of Kaukauna..... Henry Hewitt, <i>Pr.</i> P. D. Norton, <i>Cas.</i>	Gilman, Son & Co.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from January No., page 578.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2446	Nat'l Bank of Ogdensburg.. Ogdensburg, N. Y.	James R. Bill..... E. N. Merriam.	\$ 100,000	\$ 50,000
2447	Mechanick's National Bank.. Concord, N. H.	Josiah Minot..... James Minot.	100,000	50,000
2448	First National Bank..... Camden, N. Y.	Daniel G. Dorrance..... John G. Dorrance.	50,000	50,000
2449	Merchants' National Bank... Hillsboro, OHIO.	Henry Strain..... E. C. Ferris.	50,000	50,000
2450	Hide & Leather Nat'l Bank.. Chicago, ILL.	Charles F. Grey..... Byron L. Smith.	300,000	—

ILLINOIS.—The *Chicago Tribune*, of January 20, says, that the starting of a new bank there with a capital of \$2,000,000 is being discussed. The banking capital of Chicago is now only half what it was ten years ago.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from January No., page 578.)

N. Y. CITY.....	Chase & Higginson; admit J. E. Knapp.
" "	G. G. Haven & Co.; admit Edward Kemeys. George E. Underhill retires.
" "	Kemeys & Cox; now Townsend & Co.
" "	Maitland, Phelps & Co.; admit Thomas Maitland and George Coppel.
" "	C. B. Richard & Boas; now C. B. Richard & Co.
" "	Sand, Hamilton & Co.; John De W. Dimock retires.
✓ CAL.... San Diego.....	Commercial Bank and Bank of San Diego; now Consolidated Bank of San Diego.
IDAHO.. Terminus U. & N. R. R.	Fred. J. Kiesel & Co.; removed to Ogden, Utah.
ILL.... Chicago.....	Hide & Leather Bank; now Hide & Leather Nat'l Bank. Same officers.
" .. Keithsburg	Farmers' National Bank; now Farmers' Bank (Drury, Burgett & Co.)
IND.... Hagerstown ...	Citizens' Bank; now Commercial B'k (J. W. Brooks & Co.)
KANSAS. Clyde	J. A. Farnham; removed to Wausau, Wis.
" .. Council Grove..	H. W. Gildermeister & Co.; business transferred to Morris County State Bank.
" .. McPherson.....	Central Bank (Clarke & McWhirk); now E. G. Clarke.
MASS.. Boston	R. Gardner Chase & Co.; admit Charles E. Legg.
" .. "	W. F. Lawrence & Co.; succeeded by Loring & Potter.
MISS... Greenville	Bank of Greenville; M. Kretschmar retires. W. A. Pollock continues.
MO..... Canton	Aldrich & Lockwood; now Bank of Canton.
" .. Lexington.....	Aull Sav. Bank; now Lafayette Co. Bank. Same officers.
NEB.... Aurora	Grimes, Dinsmore & Co.; now McKay, Munger & Wentz.
" .. Edgar	Grimes, Dinsmore & Co.; now Dinsmore, Howard & Co.
" .. Sutton	Grimes & Dinsmore; now J. B. Dinsmore.
N. Y.... Camden.....	D. G. & J. G. Dorrance; now First National Bank.
OHIO... Hillsboro.....	Evans & Ferris; now Merchants' National Bank.
PENN... Philadelphia ...	Narr & Gerlach; dissolved. William Gerlach continues. Style same.
" .. "	W. H. Tevis & Co.; admit Joshua Tevis.
TENN.. Nashville.....	First Nat'l Bank and Mechanics' Nat'l Bank; consolidated as First National Bank.

NEW YORK SAVINGS BANKS.—Governor Cornell, in his recent Message, states that the number of Savings banks reporting July 1, 1879, was 131, of which twelve were closing and not receiving new deposits. The total assets were \$341,368,686; due depositors, \$304,692,339; surplus, \$36,326,929; number of depositors, 827,852.

The increase in the several items for the last preceding six months was: Assets, \$7,131,375; deposits, \$5,617,700; surplus, \$1,773,667; number of depositors, 17,835.

The improvement thus shown in the condition of the Savings banks is encouraging, as contrasted with the frequent disasters of the past few years. The reduced income from investments renders economy of management the more important. That such economy is feasible is evident from the fact that while each depositor's account in the Savings banks of this State costs for management \$1.63, the same service in Connecticut and New Hampshire is but \$1.11, and in Massachusetts only eighty-nine cents. There were on July 1, eight Trust Companies with an aggregate capital of \$6,851,875; assets, \$66,240,568; liabilities, exclusive of capital, \$53,855,629; surplus, \$5,533,063; four mortgage and guarantee companies with an aggregate capital of \$4,525,500; surplus, \$1,024,551.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

INTEREST BEARING DEBT.

	Dec. 1, 1879.	Jan. 1, 1880.
Bonds at six per cent.....	\$ 273,631,350 ..	\$ 273,400,550
Bonds at five per cent.....	508,440,350 ..	508,440,350
Bonds at four-and-a-half per cent.....	250,000,000 ..	250,000,000
Bonds at four per cent.....	738,234,200 ..	738,490,550
Refunding certificates.....	2,611,750 ..	2,355,400
Navy pension fund.....	14,000,000 ..	14,000,000
Total principal.....	\$ 1,786,917,650 ..	\$ 1,786,686,850
" interest.....	20,020,116 ..	29,686,697
DEBT ON WHICH INTEREST HAS CEASED.....	18,247,595 ..	14,691,925
Interest.....	1,074,622 ..	997,658

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes.....	\$ 346,742,371 ..	\$ 346,742,366
Certificates of deposit.....	14,100,000 ..	10,245,000
Fractional currency.....	15,704,348 ..	15,674,303
Gold and silver certificates.....	20,447,110 ..	21,050,010
Total principal.....	\$ 396,993,829 ..	\$ 393,711,679
Unclaimed Pacific Railroad interest.....	7,597 ..	7,597
Total debt.....	\$ 2,202,159,075 ..	\$ 2,195,090,455
Interest.....	21,108,335 ..	24,691,953
TOTAL DEBT, principal and interest.....	\$ 2,223,267,401 ..	\$ 2,219,782,408
Total Cash in the Treasury.....	207,217,688 ..	207,983,903
Debt, less Cash in the Treasury at date.....	\$ 2,016,049,722 ..	\$ 2,011,798,504
Decrease of debt during the month.....	799,823 ..	4,251,217
Decrease of debt since June 30, 1879.....	11,157,533 ..	15,408,751

CURRENT LIABILITIES.

Interest due and unpaid.....	\$ 3,140,357 ..	\$ 2,691,718
Debt on which interest has ceased.....	18,247,595 ..	14,691,925
Interest thereon.....	1,074,622 ..	997,658
Gold and silver certificates.....	20,447,110 ..	21,050,010
U. S. notes held to redeem certificates of deposit..	14,100,000 ..	10,245,000
Cash balance available at date.....	150,208,002 ..	158,307,590
	\$ 207,217,688 ..	\$ 207,983,903

AVAILABLE ASSETS.

Cash in the Treasury.....	\$ 207,217,688 ..	\$ 207,983,903
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BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES.

Principal outstanding.....	\$ 64,623,512 ..	\$ 64,623,512
Interest accrued and not yet paid.....	1,615,587 ..	1,938,705
Interest paid by the United States.....	43,712,450 ..	43,712,450
Interest repaid by transportation of mails, etc....	13,520,246 ..	13,520,474
Balance of interest paid by the United States....	30,192,204 ..	30,191,976

NOTES ON THE MONEY MARKET.

NEW YORK, JANUARY 26, 1880.

Exchange on London at sixty days' sight, 4.82½ a 4.83 in gold.

The return of currency from the West has begun, but from the South little or no movement is, as yet, perceptible. The rates for money are steady and the demand being somewhat more active call loans are making at higher rates than time loans, which are quoted at 3 to 3½ per cent. for sixty to ninety days on Government bonds, and at 5 to 5½ on first-class miscellaneous securities. Subjoined are the reports of the Clearing-House² banks as compared with the corresponding date last year :

	Jan. 25, 1879.	Jan. 24, 1880.	Differences.
Loans.....	\$ 234,416,200	\$ 280,068,600	Increase.. \$ 45,652,400
Specie	17,431,700	51,832,200	Increase.. 34,400,500
Greenbacks	53,599,600	17,143,500	Decrease.. 36,456,100
Deposits.....	214,981,200	257,483,700	Increase.. 42,502,500
Circulation.....	19,617,600	21,662,900	Increase.. 2,045,300
Capital.....	62,707,900	60,475,200	Decrease.. 2,232,700
Clearances for the week...	507,331,749	743,125,031	Increase.. 235,793,282

The reserves of specie and greenbacks compare as follows with the total decrease :

	Jan. 25, 1879.	Jan. 24, 1880.	Changes.
Specie	\$ 17,431,700	\$ 51,832,200	Increase.. \$ 34,400,500
Greenbacks	53,599,600	17,143,500	Decrease.. 36,456,100
Total reserve	\$ 71,031,300	\$ 68,975,700	Decrease.. \$ 2,055,600
Reserve required.....	53,745,300	64,370,925	.....
Surplus reserve.....	\$ 17,286,000	\$ 4,604,775	Decrease.. \$ 12,681,225

The circulation has considerably increased as have also the deposits. The legal tenders are very much below the average of former years, but the drain has been made up by specie, so that the reserves consist, to a greater extent, of gold and silver coin than at any previous period since the suspension of specie payments. Several circumstances have combined, of late, to strengthen and give ease to the money market. Foreign capital is being sent here for investment to an extent surpassing the averages of several years past. The supplies of idle capital from domestic sources have also been ample, owing to the prosperity of business last year. Congress has refrained from agitation of monetary reforms, or, at least, has not given to them such encouragement as to menace the money market with serious perturbation. The belief is almost general that during the present session no financial legislation tending to cause stringency will be passed, and that our banking and currency laws will be left as they are now until after the Presidential election. On many accounts, both financial and political, the most prominent men on both sides deem it best to allow resumption, which has begun so well, to go forward with as little

exterior interference as possible. Hence, for the first time in several years, the fear of Congressional legislation is exercising little or no influence upon the money market, which, at this period of the session, has usually felt the full force of the agitation of new schemes of currency inflation or contraction at Washington. It is impossible to over-estimate the extent to which these various circumstances have stimulated public and private credit, and enhanced the advantages and the facilities of the monetary situation. The growth of industry and the revival of business have thus received an impulse, and the prosperity of every department of productive labor is responsive throughout the country. The second year of resumption has thus begun under favorable auspices, and, although certain dangers are looming in the near future, they are not, apparently, causing any serious apprehension. Subjoined are the averages of our New York Clearing-House banks which show considerable changes, some of which are due to the causes above specified, while others will be seen to result from the suspension of the Grocers' Bank, and the retirement by the Metropolitan Bank of more than two millions of its circulating notes as explained elsewhere :

1879.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Circulation.</i>	<i>Net Deposits.</i>	<i>Surplus.</i>
Dec. 27.....	\$ 277,584,200	\$ 48,638,200	\$ 12,089,700	\$ 23,732,900	\$ 242,062,200	\$ 212,350
1880.						
Jan. 3.....	276,706,200	48,282,100	12,723,500	23,748,600	242,087,100	483,825
" 10.....	276,116,100	51,473,500	14,097,800	23,812,900	246,995,600	3,822,400
" 17.....	276,990,900	53,558,600	15,914,200	21,635,900	253,731,900	6,039,825
" 24.....	280,068,600	51,832,200	17,143,500	21,662,900	257,483,700	4,604,775

The Boston bank statement for the same period is as follows :

1879.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Dec. 29.....	\$ 132,221,900	\$ 4,125,400	\$ 3,856,300	\$ 49,048,100	\$ 31,096,300
1880.					
Jan. 5.....	133,827,200	3,941,400	4,693,400	50,379,600	31,161,800
" 12.....	134,991,300	3,822,800	5,418,900	50,866,800	31,280,300
" 19.....	137,132,900	3,813,300	5,362,900	51,882,200	31,336,000

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

1879.	<i>Loans.</i>	<i>Reserves.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Dec. 29.....	\$ 64,775,731	\$ 14,447,092	\$ 51,203,835	\$ 12,021,266
1880.				
Jan. 5.....	64,331,710	15,663,259	52,606,250	12,059,841
" 12.....	64,696,428	15,802,394	52,898,593	12,072,760
" 19.....	65,164,061	16,417,981	54,360,797	12,082,360

The stock market is irregular and less active. Government bonds have been disturbed by the action of the Committee of Ways and Means on the Refunding Bill, introduced by General Garfield in accordance with the recommendations of the Secretary of the Treasury. This bill proposed to refund 800 millions of five and six-per-cent. Government bonds, which will mature during the next eighteen months, and if the plan had been promptly adopted the market would probably have suffered little disturbance. With a view to economy, however, Mr. Wood proposed to stop refunding at four per cent. and to insist on the maximum rate of three and-a-half per cent., at which rate, it was contended, the needful amount of bonds could be sold at par. Mr. Wood's bill, however, is strongly opposed, and its success is doubted. In Wall street the effect of the delay and discussion has been to start a speculative advance in

the market which has stopped purchases, and the present dullness is the natural consequence of the incertitude. State bonds are fairly active, and railroad bonds are in considerable demand. Railroad shares are disturbed by several recent movements of unusual magnitude. The New York Central and Hudson syndicate announced that they would receive until January 22, bids at 131 and upwards, for the whole or any portion of the 250,000 shares of stock purchased of Mr. Vanderbilt last November. They succeeded in selling 200,000 shares, and their profits on the transaction range from eleven to fifteen per cent. Another syndicate purchase is reported of 50,000 shares of Central Pacific stock, with an option for 50,000 shares more. Two other large operations just announced are the purchase by the Louisville and Nashville Railroad Company of a majority of the stock of the Nashville, Chattanooga and St. Louis Railroad, and the consolidation of the Union Pacific, Denver Pacific, and Kansas Pacific Railroads into one company. This last consolidation virtually removes the eastern terminus of the Union Pacific from the Missouri river to Toledo on Lake Erie, and creates a consolidated line of railroad with innumerable feeders from Lake Erie to Ogden, the eastern terminus of the Central Pacific Railroad, which connects directly with San Francisco. The speculative movements of quotations indicate a feverish and unsettled state of the market, and the monetary ease anticipated during the next few months will be favorable to a continuance of the movements which have so actively begun. The imports are larger, so far this year, than for several years past. Their aggregate is reported at \$24,068,959 against \$11,448,715 for the same period in 1879, and \$16,332,031 in 1878. The exports are also increasing, though still checked by the speculations in produce and grain. The aggregate to January 20th is \$10,685,980, against \$8,676,955 in 1879, and \$11,575,711 in 1878. The fall in the prices of wheat may, perhaps, improve the business of the railroads and stimulate larger foreign exports. This result is already beginning to be discounted in the stock market. The quotations during the month are recorded in the following table.

QUOTATIONS :	Dec. 27, 1879.	Jan. 3, 1880.	Jan. 10, 1880.	Jan. 17, 1880.	Jan. 24, 1880.
U. S. 6s, 1881, Coup...	107 ..	104½ ..	104½ ..	104½ ..	104½ ..
U. S. 4½s, 1891, Coup.	106 ..	106½ ..	107½ ..	107½ ..	107½ ..
U. S. 4s, 1907, Coup...	104 ..	103 ..	104 ..	104½ ..	104½ ..
West. Union Tel. Co.	102 ..	101 ..	99½ ..	104½ ..	103½ ..
N. Y. C. & Hudson R.	129½ ..	129 ..	129½ ..	134 ..	130½ ..
Lake Shore.....	102½ ..	99 ..	98½ ..	101½ ..	100½ ..
Chicago & Rock Island	149 ..	150 ..	149 ..	152½ ..	151 ..
New Jersey Central...	80½ ..	78½ ..	80½ ..	82½ ..	80½ ..
Del., Lack. & West....	83 ..	82½ ..	83½ ..	86½ ..	84½ ..
Delaware & Hudson..	74½ ..	73½ ..	74½ ..	76 ..	75½ ..
North Western.....	89½ ..	89½ ..	90½ ..	91½ ..	90½ ..
Pacific Mail.....	35½ ..	35½ ..	36½ ..	42½ ..	39½ ..
Erie.....	41¾ ..	41¾ ..	41¾ ..	43¾ ..	44¾ ..
Call Loans.....	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..
Discounts.....	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..
Bills on London.....	4.81½-4.84 ..	4.81-4.84 ..	4.82-4.84½ ..	4.82-4.84½ ..	4.82½-4.84½ ..
Treasury balances, cur.	\$ 6,300,703 ..	\$ 5,794,221 ..	\$ 5,668,201 ..	\$ 6,601,122 ..	\$ 7,002,189 ..
Do. do. gold.	\$ 108,762,221 ..	\$ 103,343,212 ..	\$ 98,640,044 ..	\$ 100,591,229 ..	\$ 102,438,167 ..

The amount received at the New York Custom House for duties during the week ending January 16, exceeded \$3,500,000, which is the largest amount for any week during the past eight years.

On the 13th of January, the Metropolitan National Bank of New York City, deposited \$2,205,000 in greenbacks in the United States Treasury, for the purpose of withdrawing that amount of its circulating notes. It also withdrew the \$2,450,000 of four-per-cent. bonds, held by the Treasury as security for its notes. The whole amount of its circulation was \$2,250,000.

On the 20th of January another great railroad stock transaction was announced, being a sale of 50,000 shares of the Central Pacific at 72, with an option to the purchasers of taking 50,000 more at 80 at any time within six months. The stock capital of the railroad is \$54,275,500. The purchasing syndicate consists of R. P. Flower & Co., Prince & Whitely, Kuhn, Loeb & Co., Fisk & Hatch, Morton, Bliss & Co., Russell Sage, Jay Gould, William R. Travers, and other well-known bankers and railroad men interested in Wabash and Union Pacific.

Prior to this sale all the stock, except about \$4,000,000, was held by the original builders of the road, Leland Stanford, C. P. Huntington, Charles Crocker, C. F. Crocker and Mark Hopkins.

An announcement was made January 23, that another large financial railroad operation had been determined upon, in the shape of the issue of a six-per-cent. blanket mortgage for about \$50,000,000 on the property of the Wabash, St. Louis and Pacific Railroad Company. This is to be substituted for the various mortgages amounting to \$35,267.95 now existing on the several roads which make up the property. Most of the surplus will be used in exchange for the indebtedness of the roads leased by the Company.

The Bullion Club of this city have memorialized Congress to suppress all paper circulation below \$20, so as to enlarge the field for the circulation of gold and silver.

Mr. Vanderbilt has placed the entire amount (250,000 shares) of New York Central stock, which was sold by him in last November to the Gould-Wabash syndicate, in the hands of Messrs. Drexel, Morgan & Co., who are made his trustees. The second installment of money was paid, January 10, by the members of the syndicate. Drexel, Morgan & Co. have issued to each member a negotiable certificate for the number of shares subscribed by him. The three remaining installments of \$25 each are payable February 10, March 5, and March 31.

A statement of the New York Central Railroad Company shows that since 1853 it has paid dividends amounting to \$107,959,000, besides expending an undivided surplus of \$9,100,539 on the property. During the eight years ended September 30, 1879, the gross earnings aggregated \$227,317,944, and the charges against earnings \$162,981,110, leaving net earnings amounting to \$64,336,833. Out of this amount \$57,214,429 in dividends were paid.

Some newspapers are censuring the Secretary of the Treasury for not issuing certificates for the silver he holds. He has no power to do that. Silver certificates can be issued originally only upon the demand of individuals making deposits of silver. But when once issued in that way, they can be re-issued at the discretion of the Secretary for current purposes, after they have been received back in payment of duties and taxes.

The subscriptions opened by Messrs. Woerishoffer & Co., for the \$5,000,000 first-mortgage bonds of the Texas Pacific Railway Company, closed January 15. They amounted to \$10,049,000.

In his January Message, Governor McClellan, of New Jersey, says that the State debt was reduced in 1879, \$ 100,000. It is now \$ 1,996,300 and is amply provided for by a sinking fund.

The London *Economist* of January 3 quotes the following from a telegram from the United States :

Mr. Sherman expresses the opinion that the passing of the bill for funding into $3\frac{1}{2}$ -per-cent. bonds would be fatal to the funding operations, and he thinks that it is not at all certain that he will be able to borrow at four per cent. in 1881.

The comment of the *Economist* is as follows :

The telegram is of interest to investors in United States bonds, although we regard Mr. Sherman's views, as expressed therein, to be mistaken. If the United States would not absorb these $3\frac{1}{2}$ per cents., Europe would.

The treasury of the State of North Carolina has funded between \$ 5,000,000 and \$ 6,000,000 of old bonds in new four per cents. bearing interest from July, 1880.

The officers of many Savings banks in New York city report a marked increase in the number of depositors and in the amount of deposits.

Five hundred thousand dollars of five-per-cent. twenty-year bonds of St. Louis have been recently sold by the city at from 1.25 to 1.30 per cent. premium.

The Bank of Montreal has agreed to loan the city of Montreal \$ 1,000,000 at five per cent. to retire the six-per-cent. bonds now over due.

For India five-per-cent. sterling bonds falling due next July, the Secretary of State for India, offers four-per-cent. bonds falling due in October, 1888. From the price in the London market of the latter class of bonds, it is not doubted that the offer will be eagerly accepted.

It is anticipated that so much of the Canadian Pacific railroad, 410 miles, as will connect Selkirk with Thunder Bay, or, as it is sometimes called, Fort William, on Lake Superior, will be completed by the end of 1880. Manitoba will then be but a little more remote than the Red River valley in the United States.

Russian newspapers say that the wheat crop of 1879 was deficient, and that too much of it has been exported. They anticipate that Russia will be obliged in the spring to import wheat from the United States.

DEATHS.

In NEW YORK CITY, on Thursday, January 1, aged eighty-four years, MORRIS KETCHUM, formerly President of the Fourth National Bank.

At PORTLAND, Me., on Saturday, January 3, aged sixty-four years, AMBROSE K. SHURTLEFF, President of the National Traders' Bank.

At LA FAYETTE, Indiana, on Sunday, December 7th, aged seventy-eight years, ISRAEL SPENCER, President of the La Fayette Savings Bank.

At BROWNSVILLE, Tenn., on Tuesday, November 25th, aged sixty-eight years, ROBERT S. THOMAS, President of the Brownsville Savings Bank.

At NEW YORK, on Wednesday, January 28th, aged fifty-two years, HORACE THOMPSON, President of the First National Bank of Saint Paul, Minnesota.

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THE MONETARY SITUATION.

The merchandise foreign trade of the United States, excluding coin and bullion, shows the following comparison between the years 1879 and 1878:

	1879.	1878.
Imports.....	\$ 513,780,006 ..	\$ 431,812,483
Exports.....	705,130,493 ..	737,092,073
Excess of exports.....	<u>\$ 251,350,487 ..</u>	<u>\$ 305,279,590</u>
Decrease of excess.....	53,929,103	

A city paper says that "this change in the relative volume of the outward and inward commerce has arisen mainly within the last half of the year." The fact is quite the contrary. The decrease in the excess of exports, comparing 1879 with 1878, was \$40,617,914 during the first six months of 1879, and only \$13,311,189 during the last six months. During those months there was a general rise in the prices of commodities, but the effect of such a rise, other things being equal, is to increase the balance of trade in favor of this country, and of any country which exports more than it imports.

The foreign trade of New York, not including coin and bullion, for the month of January, was as follows:

Imports.....	\$40,022,116	Exports.....	\$25,416,566
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A city paper, the *Journal of Commerce*, refers to its prediction made in March, 1879, that the favorable balance of the foreign commerce of the United States "cannot long exist," and observes upon the above showing of New York's foreign trade for January: "As New York receives about two-thirds of all the foreign imports and ships about half of the

exports to foreign ports, the balance of trade against the country for the month of January must be all of ten million dollars. This is likely to continue, and must soon be felt in every department of business."

We doubt if this prediction of so large a balance against the country as \$10,000,000 in January will be verified when returns from all the ports are received, and however it may be in any exceptional month, we do not believe that a turn is yet reached in the general course of our foreign trade. But, of course, such a thing as a permanent balance of trade in favor of the United States, which are large producers of gold and silver, is an impossibility.

The changes in the amount of gold held by the banks of Europe since January first have not been marked. They are not, however, recovering what they lost during 1879.

The coin in the Bank of France, reducing francs to pounds at the rate of twenty-five for one, was as follows:

1880.		Gold.	Silver.
January	8.....	£ 29,285,228 ..	£ 49,167,281
"	15.....	28,813,827 ..	49,517,319
"	22.....	28,976,742 ..	49,679,171
"	29.....	29,376,213 ..	49,854,481

The Bank of France has lost more than half of the gold which it held in 1876, and more than one-quarter of the gold which it held May 31, 1879, when its stock of that metal was £42,440,000. But down to the present time it manifests the most perfect indifference as to which metal it pays out, and the French public, in their payments into the bank, show the same indifference. There is no premium on gold, and never has been in Paris, except on new coins for export, and then only in proportion to their actually greater weight.

The coinage at the United States Mints during the month of January, was as follows:

GOLD COINAGE.

	Value.
Double eagles.....	\$1,360,000
Eagles.....	2,175,000
Half eagles.....	3,532,500
Total gold pieces.....	\$7,067,500

SILVER COINAGE.

	Value.
Dollars.....	\$2,450,000

MINOR COINAGE.

	Value.
Five cents.....	\$800
Cents.....	58,200
Total minor coinage.....	\$59,000
Total coinage.....	\$9,576,500

On the 2d of February there were outstanding of the five-per-cent. bonds, redeemable in 1881, \$506,495,350; of the

six-per-cent. bonds payable in December next, \$18,415,000, and of the six-per-cent. bonds redeemable in 1881, \$251,930,550. This aggregate of debt, \$776,840,900, will be diminished to, or below, \$700,000,000 before it becomes necessary to deal with it, unless the sinking fund is made inoperative by extravagant expenditures, or by unwise reductions of the public revenues. On the 11th of February bonds to the amount of \$11,474,000 were purchased and cancelled, and regular weekly purchases of \$1,000,000 per week, so long as bonds are offered at acceptable prices, commenced on the 18th of February. There is no imaginable reason for authorizing refunding bonds and notes beyond the amount of the debt redeemable in 1881, and not purchased and cancelled before the date of redeemability. The amount is more likely to fall short of \$700,000,000 than to exceed it.

The surplus revenue during January was \$11,014,263. For the seven months ending with January of the current fiscal year, the surplus was \$26,423,015, whereas Mr. Sherman estimated it for the whole fiscal year at only \$24,000,000. If, as some persons maintain, the balance of foreign trade will be against the United States during the year 1880, it can only be by an enormous increase of imports and consequently of the customs' revenue, inasmuch as the volume of the export trade is certain to be very large.

The funds in the Treasury show the following changes between January 2 and February 2 :

	<i>January 2.</i>	<i>February 2.</i>
Gold coin and bullion, less outstanding gold certificates.....	\$146,194,181	.. \$143,340,026
Silver dollars, less outstanding silver certificates.....	29,343,812	.. 30,972,157
Silver bullion.....	4,323,997	.. 4,880,035
Subsidiary silver coins.....	18,881,629	.. 20,204,809

The coinage of silver dollars during the month of January was \$2,450,000, of which \$1,628,345 appears in the increase of such dollars owned by the Treasury, and \$821,655 have gone into circulation.

The increase in the Treasury holding of subsidiary silver coins is very large, and the figure now reached is a very serious one. No legislation in respect to it seems to be practicable at present.

Many holders of called bonds are in no hurry for their money. The principal and interest of such bonds not presented as late as February 2, amounted to \$12,104,943.

The course of our foreign trade for a year or two to come, will be influenced somewhat by the policy adopted in respect to refunding. If we issue a coin bond running as long as twenty years at $3\frac{1}{2}$, or even three per cent. interest, and offer it to the present holders of the five and six per cents, the foreign holders, in whose possession a good many of them are, will gladly accept the exchange. But if we deal

with the debt redeemable in 1881, by the issue of short securities, payable in dollars, not in coin, the five and six-per-cent. bonds now held abroad will be paid off instead of being renewed, and exports will be stimulated and imports will be diminished by the process of liquidating our foreign indebtedness. The sound American policy is to have our National debt, so long as it exists, held at home, and not in Europe, and everything which facilitates its being owned abroad should be carefully avoided. If natural tendencies are not defeated by short-sighted legislation, this country, instead of being a borrowing and debtor country, will become the banking center of the world. On that point the Philadelphia *North American* well says: "The commercial results of the last three years were well calculated to alarm the bankers of England, France and Germany, at the prospect of America's becoming permanently the creditor of Europe. How much the possibility of such a thing would be worth to this Republic, as a source of National independence and rapidly increasing strength in trade and finance, we need not say."

THE READING RAILROAD NOTES.

A law of the United States, the constitutionality of which was sustained several years ago, in a suit brought before the United States Supreme Court, reads as follows:

Every person, firm, association other than National bank associations, and every corporation, State bank or State banking association, shall pay a tax of ten per centum on the amount of their own notes used for circulation and paid out by them.

The Reading Railroad has issued to its employees at various times since December, 1878, nearly \$5,000,000 of \$10 notes, some payable in two months and others payable in four months, but all of them receivable before maturity for freights, passenger rates, or any debt due the company. The officials at Washington are endeavoring to collect the tax of ten per centum on these notes, and have caused the seizure of the property of the company for that purpose. The case is pending in the courts. In the meantime the company are endeavoring to procure the passage by Congress of the following proposed law:

Be it enacted, etc., That interest-bearing promissory notes, not payable on demand, heretofore issued or hereafter to be issued by any person, firm, association or corporation for wages due his or its employees, officers and agents, shall not be taxable as circulation under any existing law, although such notes may be uniform in style and may be rendered more available to the laborers and others to whom they are issued by being made receivable at any time by the maker or makers in payment of indebtedness due such maker or makers, or any other person, firm, association or corporation indebted to such maker or makers.

The tax which the officials are claiming to collect of the Reading road amounts to perhaps \$500,000. If this claim is sustained by the courts, it will be a very serious matter for the road. The managers are evidently apprehensive of an adverse judicial decision, and we confess that it seems to us unavoidable. If such a decision is finally rendered, we can see many reasons why the legislative authority should be invoked to mitigate the penalty. It is hardly conceivable that the managers of the road could have supposed that they were violating any law by the issue of the notes in controversy, and thereby subjecting themselves to a ruinous tax. And furthermore, they may well say that the officials were tardy in making their demand for the tax, and they may attribute their continuing to issue notes to this tardiness.

But it is one thing to listen with candor to any fair appeal which the Reading road may make for the mitigation of a heavy and unexpected tax, and another thing to consent to what will be practically a repeal of the law under which it is levied, and thereby open wide the door to the mischief which the law was enacted to prevent. It is the settled policy of the country to prevent the circulation of any species of currency, paper or metallic, which is not either the creation, or under the active and direct supervision, of the National authority. That policy is overthrown if any corporation can issue to its employees small notes of the denominations and in the similitude of United States notes and National bank notes, receivable for all debts due the corporation and for anything it has to sell. Such receivability is practically redeemability on demand, and makes such small notes a currency within the local range of the business of the corporation. In fact, such small notes were issued and accepted in this case only because they did constitute such a currency.

The Reading road employs a vast capital, and the local range of its operations is a wide one. But there are railroads whose local range of operations is much wider. In these days of combination and consolidation we are likely to see railroads greater yet, whose geographical range will only be bounded by the exterior limits of the country. Small notes, receivable for passenger fares and freights on the New York Central and Pennsylvania roads and their branches and leased lines, would be not only an actual currency, but almost an actual National currency. Clearly, if Congress is willing to pass the law drafted for its consideration by the managers of the Reading road, it can do the same thing in a simpler form and in fewer words by repealing all the existing statutes on the subject.

RISE IN SECURITIES.

The tendency of prices of stocks and securities, yielding reliable incomes, has been steadily in the direction of a rise for three or four years past, at all the European financial centers. It could not be otherwise, since the tendency in all of them has been steadily downward in the current rates of interest during the same time. In respect to a security yielding a fixed income and commanding general confidence as to its soundness, the price must be governed entirely by the current and anticipated rate of interest, rising as interest falls, and falling as interest rises.

In the ten years ending with 1879, the rise in Great Britain in the market price of railroad debentures has averaged 1.1 per cent. annually, or eleven per cent. for the whole period. The class of railroad shares on which a rate of income is fixed and guaranteed has risen in price, during the same ten years, nineteen per cent.

The rise in Paris in the price of securities, which was very great during 1878, still continued through the year 1879 as a whole, although there was a check, and even a fall, during the closing months.

The Paris *Industriel* gives the following statement of the market value of about one hundred of the principal stocks dealt in on the Paris Bourse, at the prices of the 31st December last, compared with the same date of the previous year:

	<i>Decrease, Francs.</i>		<i>Increase, Francs.</i>
French rente.....	—	....	803,641,687
French credit companies.....	—	....	275,418,750
French railway shares.....	27,000,000	....	127,181,250
Divers French shares.....	4,332,970	....	71,111,000
French railway bonds.....	—	....	516,709,000
Divers French bonds.....	6,977,269	....	15,122,559
Foreign Government funds.....	35,402,065	....	689,983,830
Foreign railway shares.....	6,375,000	....	96,579,000
Foreign railway bonds.....	8,131,500	....	152,725,700
Foreign credit companies.....	—	....	78,575,000
Total.....	88,218,334	....	2,827,047,776
Net increase.....		2,738,829,442	

We have before us a long list of the public stocks, bank stocks and credit-institution securities of all kinds, dealt in at the Vienna Stock Exchange. Between January 1, 1879, and January, 1880, all show important rises, and some of them enormous rises. Austrian silver *rente* rose from 62.80 to 70.70; Austrian gold *rente* from 73.15 to 81.35; and Hungarian gold *rente* from 84.30 to 97.65.

In a public point of view, the rise in the prices of securities yielding a fixed and reliable income does not affect the

general wealth one way or the other, inasmuch as the intrinsic value of such securities is not affected. The income remains the same, and the only thing which can affect it is a change in the purchasing power of the money in which the income is payable and paid. The relative position of individuals may, of course, be greatly changed by a rise or fall in the prices of such securities, although not in all respects precisely as is sometimes imagined. The holder of securities which have risen, who has a given amount of debt to pay, can discharge it at a cost of fewer securities than he could before. So, too, he can exchange them for more current commodities than he could before. But if he undertakes to convert them into other similar securities, or into rented real estate, or into any other form of income-bearing property, he will find that he cannot effect the exchange any more advantageously than formerly.

FRENCH FINANCES.

We publish elsewhere in this number of the Magazine a translation of a report upon the projected public works in France, made at the beginning of this year by M. Freycinet, then Minister of Public Works, but now at the head of the French Cabinet. In connection with that report, it may be of interest to many readers to look at the figures of the present French National debt, as we find them given in detail in *L'Economiste Francaise* of January 3, 1880.

The debt is stated under three heads as follows :

Consolidated debt.....	francs 19,874,503,480
Floating debt.....	“ 812,800,000
Capitalized value of terminable annuities.....	“ 5,772,000,000
Total.....	“ 26,459,303,480

Reduced to American money, taking the franc at nineteen cents, the above is equal to \$ 5,027,267,661.

In respect to the terminable annuities, the capitalized value of which is given above at 5,772,000,000 francs, rather more than two-thirds consist of annuities expiring at fixed times. Rather more than one-twelfth consists of redeemable three per cents., a portion of which are drawn and paid off every year.

The annual charge of the whole debt (exclusive of floating debt) is now as follows :

Interest upon consolidated debt.....	francs 745,957,546
Annuities of all kinds.....	“ 451,767,952
Total.....	“ 1,197,725,498

Reduced to American money, taking the franc at nineteen cents, the above is equal to \$ 228,057,844.

The consolidated debt is divided into classes having different rates of interest, as follows :

Five per cents.....	francs 6,920,032,100
Four and a half per cents.....	" 832,080,800
Four per cents.....	" 11,152,350
Three per cents.....	" 12,111,238,230
Total.....	" 19,874,503,480

The annuities terminate at various dates, in from ten to twenty years, but exact particulars are not given in *L'Economiste*, except in respect to the annuity of 17,300,000 francs, which was given in liquidation of what is known as the Morgan loan of \$50,000,000, negotiated in London during the German siege of Paris. This annuity terminates in twenty years.

In 1876 M. Leon Say, the Minister of Finance, made a statement showing that the terminable annuities would fall to 180,000,000 francs in 1885; to 148,000,000 in 1890; to 121,000,000 in 1900; to 88,000,000 in 1913; to 65,000,000 in 1917; to 7,000,000 in 1957; and would disappear altogether in 1963. But all these calculations were very soon overthrown by new financial operations. *L'Economiste* says:

"M. Say's computation was very consoling, but it was quite deranged in 1878 and 1879, and especially by the purchase of some railroads of the second order, which was a detestable operation and a robbery of the tax-payers. We must now make up our minds that there will be no considerable reduction of the annuity charges before 1892 or 1895, that is to say, about ten years later than the period indicated by M. Say, and that no diminution of these charges by so much as one-half, or even one-third, will take place before 1915 or 1920."

It will be seen that if France continues to pay the terminable annuities, which payments will be less onerous as the annuities successively terminate, the total debt will be finally reduced to 20,687,303,480 francs. But this will be so, only upon the assumption, which cannot be made, that new debts will not be contracted in the meantime. The recent report of M. Freycinet looks, indeed, as if new debts are likely to be incurred much faster than old debts are paid off. If it turns out so, it will only be another illustration of the familiar truths that it is generally the individuals and nations already most heavily indebted, who are most easily persuaded into more indebtedness, and that freedom from debt, while it might seem in some measure to justify liberal expenditure, does in fact tend to promote private and public economy.

The total present annual burden of the French debt is stated above at 1,197,725,495 francs, but there are other annual payments to be made in fulfillment of public obligations, amounting to 68,000,000 francs, of which, for the present year, 40,000,000 are required to make good the guarantees given by the Government of certain rates of interest upon

many of the railroads. As the earnings of these roads are improving, the amount payable under these guarantees diminishes. In a treasury report made in 1877, it was estimated that payments under these guarantees would cease altogether about 1890, at which date it was calculated in the same report that about 900,000,000 in all would have been paid under that head. It is even possible that some portion of these payments may be refunded after 1890, as the railroads have obligated themselves to refund whenever their earnings exceed a certain percentage of their capital.

All the French railroads are authorized, and that example has been followed in India, and might well be in many other countries, upon the basis of reverting to and becoming the property of the State at the end of one hundred years without any payment. The guarantee by the Government of certain rates of interest in the meantime, has, of course, served powerfully to reconcile the railroads to submit to this final, reversionary right of the country, which will occur as to most of the French railroads about 1950. It is calculated that the value of the roads which will then become the property of the French nation, will then be from 10,000 to 15,000 million francs, or as the French express it, from ten to fifteen milliards. It is a long time to wait, but nations are long-lived.

Looking to the present magnitude of the annual charges entailed by the public engagements of France, the consoling circumstances so far pointed out are, that a portion of these charges are terminable annuities, that the payments by way of the guarantee of railroad dividends are diminishing, and that an enormous railroad property will fall to the State in two generations. There is, in addition, the power which the Government has now to reduce the interest on important portions of the consolidated debts.

It is a matter of well settled law in Europe that public debts may always be paid off at par, unless there is some special agreement to the contrary, and both England and France have availed themselves largely of that prerogative in the long history of their National debts. The rate of annual interest on the British debt has been reduced from six to three by successive conversions. Beginning rather more than fifty years ago, and running down through the reign of Napoleon III, there have been repeated reductions in that way of the interest of the French debt. Indeed, until the recent refusal or neglect of the French Government to convert the five per cents. into securities at a lower rate, there has never been a case when either England or France, has delayed to make any reduction of that kind which the state of the loan market rendered practicable. But although it has been possible during the past three or four years to sell a four or four-and-a-half per cent. stock or *Rente* at par, and

pay off the five per cents., the operation has not been made. That the holders of the five per cents. and the dealers in Government stocks, have a very strong confidence that it will never be made, or that at any rate it will be long delayed, is shown conclusively by the fact that the five per cents. sell now at about fifteen per cent. premium. The conversion which is now possible, into a four or four-and-a-quarter per cent. stock, would save an annual charge, ranging from fifty to sixty million francs. That the Government declines to act, and staves off the subject, shows the power and influence in France of the fund-holding class. The National debt of that country is held, as is well known, very much in minute parcels, and is the common depository of the smallest savings.

L'Economiste argues stoutly for a conversion in this case, and has done so for two or three years past, but it seems to address those who are not willing to hear. It says now: "A conversion of the five per cents. is easy, as nobody can doubt. All nations have accomplished conversions and are doing it every day. Formerly it was England, since then the United States, and Switzerland and Belgium are both doing it under our eyes. Among ourselves, the cities of Paris, Marseilles, and Lyons, all our towns one after another, all our departments, all our great institutions, the Credit Foncier for example, have made conversions and thereby profited by the fall in the rate of interest. Who will affirm that conversion is not the duty of the Government to the tax-payers, who have been robbed for five years by the failure to convert, and to the country, whose future no man can foresee? Who knows what misfortune awaits France? Who knows that we shall not hereafter bitterly lament the neglect to make use of the present favorable circumstances? Opportunity, it is said, is a capricious goddess, always in motion, and to be seized as it passes. The opportunity to convert has solicited us for five years. Who knows if it will not escape us at last when we may desire to seize it?"

In addition to the National debt of France, are the debts of the communes, estimated by *L'Economiste* at 4,000 million francs and the debts of the departments estimated at 1,000 million francs. These debts have all been suddenly swollen within a very few years past. That of Paris has attained such a magnitude, that it is now obliged, out of a revenue of 196 million francs, to devote 106 millions to the charges of the debt.

With public obligations, National, departmental, and communal, mounting up to from thirty-one to thirty-two milliards, and involving an annual charge of more than 1,400 million francs, France embarks with enthusiasm in the vast schemes of improvement sketched in the report of M. Freycinet, and on the other side does nothing effective to uphold its credit. A vast sum is paid to the holders of the

five per cents. which might fairly and easily be saved, and for the plain reason that to make the saving would offend an influential body of electors who hold that particular security. Whenever the budget shows a surplus, the French politicians straightway proceed to quarrel about the choice of the taxes to be taken off, so that no surplus may exist. The larger the National debt becomes, the more willing they are to add to it. Nobody proposes to pay it, or any part of it, and the general purpose seems to be to make as much as possible out of it, so long as it can be kept afloat, and to leave the future to confront the consequences of its collapse.

SILVER AND GOLD.

The exports of silver from Great Britain to India in 1879 were £6,046,560 as compared with £4,219,413 in 1878. The imports from India into Great Britain were £126,124 as compared with £136,680 in 1878. The net silver British export to India was therefore greater by £1,837,703 than in 1878.

The exports of silver from Great Britain to China (including Hong Kong) were £527,492 as compared with £1,620,756 in 1878. The imports from China (including Hong Kong) were £348,908 as compared with £1,449 in 1878. The net silver British export to China (including Hong Kong) was therefore less by £1,440,723 than in 1878. The increase in the net silver export to India was greater than the decline in the net silver export to China by only £396,880.

The East received of silver in 1879, \$3,000,000 more from Mediterranean ports, and \$2,756,798 less from San Francisco, than in 1878, so that the Eastern absorption of that metal from the entire Western World was greater by \$2,227,602 in 1879 than in 1878.

In Great Britain, where the course of Eastern trade is best understood, it is expected that the Eastern absorption of silver in 1880 will be sensibly larger than during the preceding two years. The Asiatic crops now being marketed were more bountiful and are bringing improved prices. As an offset to an increased Eastern demand for silver, there is the probability of a larger production of silver in 1880 in the United States. Speaking of gold and silver in the aggregate, the circular of Wells, Fargo & Co. says that "the outlook does not indicate a greater product than for 1879," but even if that proves to be correct as to the two metals taken together, there may still be an increase of silver by itself. If Colorado accounts are not enormously exaggerated, it would seem as if \$37,032,857, the computed United States silver production in 1879, must be swollen to \$50,000,000 in 1880.

The transactions in gold between Great Britain and the East during the past two years were as follows :

	Imports.		Exports.	
	1878.	1879.	1878.	1879.
India.....	£ 1,102,472	£ 1,465,695	£ 232,953	£ 218,675
China (including Hong Kong).	429,975	809,497	300	—
Japan.....	1,001,078	1,047,356	—	62,500
Totals	£ 2,533,525	£ 3,322,548	£ 233,253	£ 281,175

The net British gold import from those countries was greater by £ 741,101 than it was in 1878.

In the preface to the second volume of the *Report of the United States Monetary Commission* the Secretary of the Commission, Mr. Weston, exhibits and discusses very elaborately the statistics of the flow of gold from the East, and especially from India and Japan into Great Britain, from the time when the old market relation of the metals was disturbed by the demonetization of silver, down to the end of 1878. To the statistics collected by him, can now be added the figures for 1879.

It appears that prior to 1874 the British imports of gold from Japan were of so little account that they were not separately mentioned in the tables published by the government or by statisticians, but were included under the general head of gold imports from "other countries." As the total imports reported under that head averaged only \$ 249,353 annually, during the eleven years ending with 1873, the receipts from Japan during that time, if there were any at all, must have been quite insignificant. Commencing with 1874, they were to the end of 1878 more, rather than less, than \$ 30,000,000. During 1879, the net British gold import from Japan was £ 984,856 or \$ 4,924,280.

The net British gold import from India was only \$ 1,661,121 annually during the ten years ending with 1872. It increased to \$ 2,407,369 annually during the six years ending with 1878, and, as it now appears, it was £ 1,247,020, or \$ 6,335,100 for the year 1879.

But as respects India, as pointed out by Mr. Weston, Great Britain has gained gold much less by direct importations from India since 1872, than it has gained by gold importations from other countries, and especially from Australia, which have been rendered possible by the falling off in the India demand for gold, which was one of the necessary consequences of its higher price when purchased with silver, which is the money of India. During the forty calendar years ending with 1875, the net gold import of India from all countries (that is, the excess of India's import over its export of gold), averaged annually \$ 12,500,000. During the seventeen Indian fiscal years ending March 31, 1875, and when gold had become abundant from the California and Australian discoveries, the net Indian gold import averaged

annually \$23,717,099. But during the forty-three months from March 31, 1875, to October 31, 1878, during which time gold had sensibly risen when purchased with silver, the net Indian import of gold fell suddenly to an average rate of \$3,336,516 annually, and as the gold imports of India are chiefly from Australia, it has turned out that after the production of the Australian mines diminished, a much greater proportion of it reached Great Britain. Thus, the British gold import from Australia, which averaged annually \$30,393,205 during the ten years ending with 1872, rose to an annual average of \$34,418,469 during the five years ending with 1877, although the average annual production had fallen off one-fourth in the latter, as compared with the former, period.

It is not supposed that the consumption of gold in India within five or six years past, in the arts, for ornaments, etc., has diminished in anything like the proportion in which its net import of gold has fallen off. But there was a good deal of gold in circulation in India as a voluntary money, until the recent disturbance in the market value of the two metals. It has been a common estimate that one-tenth of the coined money formerly in use in India was gold. Some authorities say that British sovereigns of the value of \$50,000,000 were in circulation, and a gold coin called a *mohur* has been long struck at the Indian mints, although no gold coins, foreign or domestic, have been a legal tender since 1835. But this gold circulation has now either disappeared or is fast disappearing, under the drafts made upon it by exporters and by consumption in the arts.

It is apparent, from a view of the whole case, that since gold has become relatively higher and silver relatively lower, there has been a considerable exchange of the one metal for the other, between the Western World and Eastern Asia. The effect of such an exchange has of course been to check the divergence between gold and silver. Unfortunately, such an exchange must come substantially to an end when the Asiatic gold stocks are exhausted, as the production of gold in Asia is on a very inconsiderable scale.

A writer [R. H. Patterson] in the British *Quarterly Review* for January, brings together a good deal of recent information from Russia, tending to excite the expectation that the gold production of the Urals and Siberia, which has averaged about \$20,000,000 annually for many years past, is on the eve of receiving a very considerable enlargement. An Englishman, on the spot, reports, that immense discoveries have been made at Krasnayark in Siberia, and that the nuggets are of great size, one of them weighing no less than 385 pounds. The effect had been, that when the snow set in in November, 1878, the population of the district was 4,000 in excess of what it had been six weeks previously, and that

the price of labor at Tomsk had quadrupled. Russian newspapers state that near the village of Montigyen in Siberia, a gold nugget of 147 pounds had been found; that in the district of Irkutsk alone the annual production surpasses \$6,000,000; and that there are accounts from Orenburg of the discovery of more gold fields which promise a large yield. Mr. Patterson adds: "When the leading merchants and bankers of the City of London have found it advisable to memorialize the Prime Minister on the increasing 'scarcity of metallic currency,' it is obvious that these new Russian gold mines are likely to be beneficial, not only to the treasury of the Czar, but to the whole wide world of commerce and industry."

While it is not quite true that the first accounts of gold discoveries are always greatly exaggerated, a long experience has shown that they are so in a vast majority of cases. It will therefore be prudent not to hope too much from these (reported) recent discoveries in Russia, and it is never to be forgotten that over a wide field like that of Siberia, it requires a continuous opening of new gold mines to compensate the continuous exhaustion of old ones.

THE DUTCH NATIONAL DEBT.

The amount of that part of the debt of Holland which pays an interest of $2\frac{1}{2}$ per cent. per annum was, in December, 1879, 632,088,202 guilders, equal to \$250,000,000, and the market price was then $64\frac{5}{8}$ per cent. The fluctuations in the market during the last and present centuries have been great, and are well worthy of attention. We give the figures as we find them in the *London Bankers' Magazine* for January, 1880:

MARKET PRICE OF DUTCH $2\frac{1}{2}$ -PER-CENT. STOCK IN CERTAIN YEARS.

1712.....	73	..	1802.....	45	..	1832.....	44
1744.....	99	..	1805.....	31	..	1843.....	57
1760.....	112	..	1809.....	29	..	1848.....	39
1790.....	$77\frac{1}{2}$	..	1811.....	11	..	1852.....	64
1798.....	38	..	1814.....	$37\frac{1}{2}$	..	1879.....	$64\frac{5}{8}$

As will be seen, the price of this stock was greater than it is now, during nearly the whole of the eighteenth century, and in fact until just at the close of the century, when the security of the government and territory of Holland was menaced by the aggressions of the parties brought into power in France by the great revolution of 1789 and its consequences. Its extremely low price in 1809 and 1811, was the result of the complete ascendancy of the First Napoleon and of the fears of a complete French absorption of a near and weak neighbor. Further on, in 1848, the price of the stock

gives another evidence of how powerfully revolutionary disturbances in France affect confidence in the stability of Dutch institutions.

It is in a comparison of the price of the stock from 1712 to 1792, with its price since 1850, which is a comparison of two periods when the price was unaffected by political events, that we see a convincing proof that the current rates of interest in Holland has been during the past generation, and still is distinctly higher than it was during the eighteenth century. As a stock yielding a fixed income rises higher, as the current rate of interest falls lower, we can have no difficulty in arriving at the conclusion that there is now more demand for loanable capital in Holland in proportion to the quantity of it, when a $2\frac{1}{2}$ -per-cent. stock sells at 64, than there was in 1760 when the same stock sold for 112.

During the period immediately preceding the American Revolution, if Alexander Hamilton is good authority, money was obtainable on good mortgages in the State of New York at five per cent. As everybody knows, it has commanded within recent periods a considerably higher rate, and not infrequently twice as much.

These examples will serve to allay the fears which exist in some quarters, that the increase of the quantity of loanable capital must necessarily be followed by a decrease in the rates at which it can be loaned. As the price of commodities depends upon the two factors of supply and demand, and not upon supply alone, so the price of money, when it is loaned, is not controlled by the quantity to be loaned, but by the proportion between that quantity and the demand which exists for it. The surplus wealth of the Dutch is incomparably greater than it was a century ago, but the field for its employment, which is now the whole world, has increased in a ratio still greater.

In a country so vast in extent and resources as this, the larger part of the area of which is even yet substantially unoccupied, and where the spirit of enterprise is the dominant characteristic of the population, a glut of loanable capital is the last thing to be feared. Public policies need not be framed to avert so remote and imaginary a danger as that. The evil to be feared is precisely the reverse one, that development may be checked, or made ruinous to everybody engaged in it, by the lack of capital and by excessive and impossible charges for the use of it.

HOLLAND.—The amount of silver coin in Holland is estimated at 144,000,000 florins, or about \$60,000,000, of which there were recently about 75,000,000 florins in the Netherlands Bank. The gold circulation, inclusive of the bank's reserve, is estimated at 50,000,000 florins, or about \$21,000,000.

THE PUBLIC DEBT AND SINKING FUND.

In reading the money article of a city paper (the *Evening Post* of January 22), our attention happened to be attracted to the following sentences, a portion of which we italicize: "Union Pacific Sinking-Fund bonds, which are now selling at 117 and 118, have not yet advanced in proportion to other securities. They pay eight per cent. annual interest, which makes them a six-per-cent. investment at a little over 133. The company has each year to buy these bonds, *and there is no limit on the price which they must pay.*"

According to the description here given, the position of the company which issued the bonds referred to, is far from eligible. Forced to buy a portion of the bonds every year, and with no limit to the price except the mercy of the holders, the company is fairly in a corner of its own making. That is an example, not to be followed, but which may be useful as a warning, and it so happens, that a case is now pending, which affects everybody's interests, to which the warning exactly applies.

The United States are under a sinking-fund law which can neither be repealed nor modified, without a breach of public faith not to be thought of for one single moment, except under some overwhelming stress of public calamities. This law requires the application every year of a certain sum to the purchase and cancellation of some portion of the National debt. For the next fiscal year, this sum, as ascertained and reported by the Secretary of the Treasury, is \$ 39,828,225, and it is to be steadily, although not largely, increased every successive year. In this predicament of things, what ought to be thought of propositions to fund all the bonded debt which we can possibly redeem before 1891, into bonds running from thirty to fifty years, and thus to compel the country to purchase back its bonds from year to year, at any price the holders may combine to demand? When it is perfectly well known that the sinking-fund loans require purchases to be made this year, and next year, and every year, and when the existing surplus revenue is even greater than the sinking fund calls for, what excuse can legislators give for not putting that portion of the debt which is redeemable in 1881, into such a shape that it can be reached and paid off without paying premiums to anybody?

It is no answer to this to say that if no bonds remain redeemable before 1881, the sinking fund may, nevertheless, be applied to the cancellation of the United States circulating notes. Those who say this know very well that these notes will not be cancelled, either in whole or in part, until the

opinion of Congress and of the country undergoes a revolution so entire and complete that it is not to be expected for many long years. No political party now proposes anything of the kind, and until there is a complete recast of politics in this country, there is no existing party which is not disabled by the elements which compose it, from making such a proposition. The Secretary of the Treasury, who desires to refund the debt redeemable in 1881 into thirty-year bonds, makes no suggestion that the sinking fund should be applied to the cancellation of United States demand notes. He is in favor of taking away their legal-tender power, but he is also in favor of maintaining them in circulation.

If the debt redeemable in 1881 is placed beyond reach by being refunded into thirty or fifty-year bonds, what is certain to happen is, that the sinking fund will be practically destroyed by extravagant appropriations, or by taking off taxes, or by both things. The purchase of bonds in advance of their maturity, at heavy premiums, can easily enough be made odious by the demagogues with which the country abounds, and by the repudiationists (open and covert) who know too well that the most effective blow at the public credit is an attack upon the sinking fund which is its sheet anchor. And it will be equally impossible to maintain a surplus revenue, if it is attempted to apply it to the cancellation and destruction of a form of money which is sustained by overwhelming majorities in and out of Congress.

In short, to refund the redeemable debt of 1881, on fifty, thirty, or even ten years, means the practical repeal of the sinking-fund laws, and the hopeless perpetuation of the whole mass of the National debt. To this complexion it must come at last.

IRON.—The *Iron Age* says: "The relative condition of the blast-furnace industry for the past six years is shown in the following condensed table of furnaces in and out of blast on the first days of January, 1875-80:

NUMBER OF FURNACES IN BLAST JANUARY 1.

	1875.	1876.	1877.	1878.	1879.	1880.
Charcoal.....	152	95	73	79	79	93
Anthracite.....	130	100	87	98	96	165
Bituminous.....	81	98	84	86	82	126
Total.....	363	293	244	263	257	384

NUMBER OF FURNACES OUT OF BLAST JANUARY 1.

	1875.	1876.	1877.	1878.	1879.	1880.
Charcoal.....	145	186	209	189	180	146
Anthracite.....	87	125	136	128	130	67
Bituminous.....	96	109	123	132	123	80
Total.....	328	420	468	449	433	293

REVENUE FROM BANKING.

We find in the Western press a new plan for collecting a National revenue from banking, and especially from bank circulation. The author of it is Geo. Wilson, Jr., the Secretary of the Missouri Bankers' Association. The fundamental principle of the new plan is, to give to State banks, and even to private bankers, as well as to National banks, the right to circulate notes, upon giving as security therefor United States bonds to be prepared for that purpose at a very low rate of interest, not more than $1\frac{1}{2}$ per cent., or even not interest-bearing at all. Mr. Wilson's idea is, that banks and bankers could be induced to purchase and hold bonds of that description, as a basis for circulation, by the consideration of being exempted from federal taxes of every kind so long as they continued to be the holders of such bonds in some proper proportion to their capital. In other words, they would be contributors to the National treasury, not in the direct form of paying taxes on their capital, deposits and circulation, but in the indirect form of loaning money to the Government at rates much below those which it is obliged to pay as a borrower in the open market.

It is a part of Mr. Wilson's plan that the United States notes, as well as the National bank notes now in circulation, should be entirely withdrawn and replaced by the new form of bank notes. The direct pecuniary advantages which he claims for his plan, are the saving of the expenses and charges of collecting the present bank taxes, and the saving of the loss of interest on (say) \$150,000,000 now kept in the Treasury to maintain the convertibility of United States notes into coin. But as the plan requires the withdrawal of those notes, there will be, as partial offset to those savings, the interest on the bonds necessary to be issued in order to effect such a withdrawal.

The plan necessarily involves the idea that the quantity of the new non-interest-bearing, or low interest-bearing bonds, should be so carefully limited to the demand for them, as a basis for banking, that their market price would make them a sufficient security for the circulating notes issued upon a deposit of them in the treasury.

Mr. Wilson says :

It is of vital importance that the principal be made payable at the option of the Government, instead of at the end of thirty or fifty years. The bill now in Congress to refund into three-and-a-half per cent. fifty-year bonds, is simply a part of a wicked plan for the perpetuation of the National debt.

The currency, on the plan I propose, would be amply secured and of uniform value.

An important change would be that the notes would be bank notes—the National notes are not. The latter represent the credit of the Government,

and are declared to be its securities by law of Congress, and it is an unconstitutional use of the public credit.

This plan offers an opportunity for compromise between the two factions determined respectively, on using the public credit as currency for the wants of trade, by a direct issue from the Treasury, and by indirect issue through National banks. As between the two, the Democrats have justly chosen the former; but neither is constitutional, and both must be abandoned.

It is evident that Mr. Wilson does not intend that the National Government shall have any other connection with the banks and bankers issuing the paper circulation, than to hold as security for their circulation its own bonds which they are to deposit, and to enforce this security by selling the bonds, in the event of a default in the redemption of the circulation. The National Government is to exercise over these banks and bankers none of the supervision which it now exercises over the National banks, in the way of regulating their methods of discounting, the amount of their reserves, etc. Whether Mr. Wilson intends that these banks and bankers should be compelled to receive each other's notes, as the National banks are now compelled to do, does not distinctly appear.

TRANSPORTATION AND LAND RENTS.

Since the repeal of the British corn laws a generation ago, the most material thing which has happened to affect the value of lands in the British islands, as compared with the value of lands elsewhere, has been the reduction of the charges for delivering foreign agricultural productions in the British markets. These charges have constituted, for more than thirty years, the sole protection which British farmers have enjoyed, and they have been the sole basis of the very high rents which they have paid to their landlords. The reduction in them within a few years has been very serious.

There has been, in the first place, a most notable increase of facilities in the principal food-producing countries for delivering bulky and heavy articles at their shipping ports. This increase has been very considerable in Russia, India and Australia, but it has been the most remarkable in the United States.

In the next place, ocean transportation has been cheapened by the greater size and carrying capacity of modern ships, by the use of iron in their construction, and by improvements in steam engines which have rendered it practicable to employ them more and more as a means of propulsion on the seas.

In the third place, and it is to this last point that we now specially invite attention, there has been such a vast increase in the aggregate of sea-going steam and sail vessels, that

any sudden increase in the demand for them in the special line of carrying food does not cause such a rise in freight charges as it formerly did. To illustrate this point, we copy from *Seaman's Progress of Nations*, the following account of the rise in Trans-Atlantic freights which followed the Irish famine of 1846 :

The freight on flour per barrel from New York to Liverpool in November, 1841, and April, 1842, was only 1s. 6d. sterling, or thirty-six cents; in January, 1844, January, 1845, and January, 1846, it was three shillings, or seventy-two cents; in August, 1845, and August, 1846, only 2s., and in January, 1847, it rose to 5s. or \$1.20. Freights were the lowest in the years 1841 and 1842, but were generally higher in 1840 and previous, than they were in 1845 and 1846, until the great rise in the fall of 1846. The freight from New York to Liverpool, from 1846 to '1847, on cotton, has varied from $\frac{1}{4}$ d. to $\frac{3}{4}$ d. sterling per pound; on heavy goods, per ton, from 25s. or \$6.00, to 85s. or \$20.40, as stated in *Hunt's Magazine* for April, 1847.

The reader will not fail to contrast with the above, the condition of things during the recent and continuing unprecedented export of food from America to Europe. Trans-Atlantic freights from New York have not only not risen, but have been unusually low, and the crowd of ships in its harbor seeking in vain for employment, in December and January, was never before known.

According to former experience, British farmers could safely calculate that no unusual importation of wheat was possible, except at rising freights which would enhance the price of it. But with the enormously augmented tonnage of the world, a great increase in its employment in carrying wheat makes a comparatively trifling addition to the aggregate of the employments in which it is engaged, and tends much less sensibly to raise freights.

This steadiness in ocean transportation charges, when Great Britain and Western Europe require unusual importations of food, while it is disadvantageous to British farmers, is correspondingly advantageous to the agriculturalists elsewhere who supply what is wanted. It is specially advantageous to the agricultural interests of the United States, as compared with that interest in South America, India, or Australia. Those remote regions are farther out of the reach of the tonnage of the world, and may be subjected to local rises in freights, and even to excessive points, when there is no rise at all in the great Atlantic ports of this country. For example, freights at Calcutta in December rose so high, that some accounts speak of the exporting business having been almost completely suspended.

THE STEADY ABSORPTION OF UNITED STATES BONDS.

In our last number we quoted from the *American Exchange* of December 19, the reported statements of several bankers of this city, to the effect that a good many of the Government four-per-cent. bonds had not yet found a lodgment in the hands of investors, but were being carried by the banks, the refunding syndicate, and speculative operators, until a satisfactory market could be found for them. Thus, Mr. Calhoun, President of the Fourth National Bank, is reported as having expressed the opinion that

Of the four-per-cent. bonds, very few went abroad, and those which remained at home are about all that we can take care of. Many of them are now being carried by banks and bankers, in hope of a market.

Mr. B. B. Sherman, President of the Merchants' National Bank, is reported as having said :

The needs of Savings banks, trust companies, and other financial institutions, to invest in Government bonds, have been supplied with four-per-cent. bonds. I think that many of the banks have on hand their old four-per-cent. bonds, and some more too, for some of the members of the syndicate, I think, have had to buy, to keep the price up.

In addition to the credit which is due to these statements, from the familiarity with the facts possessed by the persons who make them, the intrinsic probabilities of the case all point in the same direction. The issue of four-per-cents. in 1879 was very great. For more than 250 millions of them, payment was not really required until August. The Government was nominally paid for them by the end of April, but only by credits on the books of the subscribing banks, and the full settlement of these credits was, by a special, but every way proper, indulgence, extended to October 1. It was to be expected that a good many of the bonds would have still remained in first hands as late as December, and, without doubt, a good many so remain yet. It is a work of time to get them distributed into the hands of those who buy for permanent holding. That work, however, goes steadily on, during a period of prosperity and in a country in which the accumulation of wealth is so rapid as it is in the United States. We are not surprised, therefore, at finding Mr. Charles B. Foote, of the firm of Hatch & Foote, expressing himself as follows (as reported in the *American Exchange* of January 16) :

It is hard to realize the extent of the absorption of Government bonds going on all the time. This is proven by the figures showing the exchange of coupon for registered four-per-cent. bonds. It can safely be assumed that all of the registered bonds are held for investment. During the last six months alone \$44,000,000 coupon bonds have been exchanged for registered four per cents. On August 1, 1879, the registered four-per-cent. bonds amounted

to \$448,000,000, and by the Treasury's last report the amount had increased to \$492,000,000, showing an absolute absorption of \$44,000,000 bonds by the investing class. This absorption is constantly increasing. . . . The four-per-cent. bonds, at their present market value, yield only three and five-eighth per cent. interest and the price is constantly advancing. In my opinion it will be only a year before they will practically be upon a three-per-cent. basis.

The facts stated by Messrs. Calhoun, Sherman, and Foote, show in a striking manner how impolitic it would be to force a refunding operation in 1880, which there is not the slightest call for making before 1881: We have no debt falling due this year except a trifling one of \$18,000,000 in December, for which the surplus revenue funds are more than sufficient. If following close upon a \$700,000,000 refunding operation in 1879, we were forced to make another of equal magnitude in 1880, and without giving time for the issues of 1879 to settle down into the hands of permanent investors, it would be a misfortune to which we should be compelled to submit. There is no necessity upon us of that kind. Indeed, no debt falls due, properly speaking, even in 1881. No duty of paying anything will then devolve upon the nation, but an altogether different thing will then happen, namely, that the nation will acquire in May and July of 1881, the right of paying off certain bonds, if it finds the moment an opportune one for payment. It will, of course, be desirable to pay off those bonds at maturity, because they carry a higher rate of interest than the Government need pay. But the loss, even if payment is deferred a few months, will be trifling and altogether insignificant in comparison with the loss which might result from a rashly precipitated negotiation.

A delay, at any rate until 1881, will be advantageous, not merely because it will give time for the fours sold in 1879 to reach their ultimate holding places, but because the aggregate of the debt is being sensibly diminished in the meanwhile by the application of the sinking fund. It is taking a very shallow view of the subject, to say that the National credit is so strong that it cannot be improved. Even if that was true, and it is really very far from being true, it is none the less certain that the rate of interest at which it is possible to sell at par securities of any description, is largely influenced by the quantity of them on the market. The credit they enjoy is only one element in the case. Another element is the proportion between the quantity offered, and the numbers and wealth of the persons desiring to possess them. It is as true of bonds as it is of everything else, that price results from the play of the two forces, demand and supply, and it is too plain for argument, that the less we have to borrow, the better bargains we can make with lenders.

As we have already said, it is very far from being true that the National credit is not improved by steady reductions of its debts.

The London *Economist* of November 15, said, in view of the Treasury purchases of \$ 10,000,000 of bonds made in the early part of that month: "United States Government securities have been in strong request for America, where the Government buying has increased the demand for the funded issues."

And again, on the 10th of January, the same journal said: "The rise in United States bonds is partly due to the notification that, on the 7th instant, Mr. Sherman bought \$ 5,000,000 of five and six-per-cent. bonds for redemption."

We can lose nothing, and are sure to gain something, by waiting till the summer of 1881 for the effect of similar monthly notifications from now until that time comes.

THE GREAT FRENCH PUBLIC WORKS.

[TRANSLATED FOR THE BANKER'S MAGAZINE FROM L'ECONOMISTE FRANCAISE OF JANUARY 10.]

M. de Freycinet, before leaving the Ministry of Public Works to take the portfolio of Foreign Affairs and the Presidency of the Council of State, had addressed to the President of the Republic a report, which shows the state of advancement of the great public works, the programme of which, proposed by him in 1878, was adopted by the Chambers and has begun to be carried into execution. We reproduce below this report to which we alluded in our preceding number:

MONSIEUR LE PRESIDENT:

You have asked me to render to you an account of the execution of the programme of public works which I proposed in January, 1878, and which was finally adopted by the Chambers in the month of July, 1879. I will remind you in the first place that the programme is essentially contained in the three acts called acts of classification (*classement*), namely:

First—The act relating to the classification of the supplementary system of railways of general interest.

Second—The act relating to the classification and improvement of navigable water ways.

Third—The act relating to the classification of works to be performed in seaports.

The works provided for by these three acts, including those which were undertaken under former laws, and which were unfinished at the above-mentioned date of January, 1878, represent a total expenditure of about 5,000,000,000 of francs, of which 3,500,000,000 are for railways, 1,000,000,000 for navigable water ways, and 500,000,000 for seaports. To these

5,000,000,000 must be added 700,000,000 or 800,000,000 for the buying up of railways which the first grantees of the right to build have been unable to finish or to keep in operation. Of this sum 500,000,000 had already been applied in May, 1878, in buying up and finishing the lines of the secondary companies. This sort of operation is followed systematically upon all the lines placed in the same situation. The programme in its entirety will absorb a sum little short of 6,000,000,000. The expense will be divided over a dozen years, from 1878 to 1890.

At the cost of this sacrifice the country will have increased its system of railways of public interest in the neighborhood of 18,000 kilometers, which will bring it up to 42,000 kilometers; it will have constructed or improved 10,000 kilometers of navigable water ways and enlarged or transformed nearly the whole of its seaports. We do not think that a sacrifice like this ought ever to be regretted. Besides, as we have already frequently said, the country will not engage itself in any year beyond the limit of its unpledged revenues. Within these prudent limits the Chambers have approved the enterprise, and have appropriated the funds necessary for it with patriotic readiness.

The putting in execution of the whole of these works has made necessary a considerable effort on the part of the administration. Many branches of the public service have been reconstructed; a great number have been created entire; all have been strengthened by additions more or less important. To mention nothing but the railways there exist to-day in the neighborhood of fifty special bodies of engineers-in-chief, charged with the survey and construction of all the lines mentioned in the law.

It has been necessary to create, alongside of the staff of the department of roads and bridges, an auxiliary staff of engineers and of chiefs of division. Nearly a thousand of these skilled agents have already taken their places in our ranks, and the list is constantly increasing. If I may refer to what I said in the Chamber of Deputies on the 29th of March, 1879, namely: That under our present system it requires at least three years from the time when the line of a new railway is first laid out by the Government until the first sod can be turned, it will not be expected that at this moment a great number of the works comprised in the plan of January, 1878, should be already in the course of execution. In fact, it has been possible to actually commence only a small number of these works; but the greater part of them have been surveyed, or are undergoing, or have yet to undergo, the preliminary formalities required by the law, and will be put into actual execution successively, beginning with the middle of the year 1880. It is to be expected then that after the first of January, 1881, that is to say, after the

period of three years, counting from the issuing of the programme, the works will be in full progress.

In the meantime the administration is occupied with the greatest zeal, within the limits of what is possible, in satisfying the legitimate impatience of the country, and in pushing forward the works begun or laid out previous to the first of January, 1878. In this category, it has been possible to reach some practical results in a period much shorter than the three years required for entirely new undertakings. I have had the satisfaction—thanks to the industry and devotion of the staff of the department of roads and bridges—of obtaining results which, I must say, have exceeded my hopes. This will be shown by the following figures :

In 1877, upon all the railways built by the State, there had been expended 25,000,000 of francs. In 1878, the first year of the programme, we expended 60,000,000; in 1879 we are spending 130,000,000; in 1880 the expenditure will certainly reach 200,000,000. The results are summed up in the following table, which shows the different classes of lines built by the State :

	1877.	1878.	1879*.
Railways not chartered..	7,992,300 f. ..	22,713,700 f. ..	60,035,100 f.
Railways bought up.....	.....	13,284,800 ..	44,844,800
Railways chartered (but of which the grading has been done by the State)	17,059,800 ..	23,677,600 ..	25,571,300
Totals.....	25,052,100 f. ..	596,676,100 f. ..	130,451,200 f.

To examine more in detail the most interesting list, that of railways not chartered, which embraces alone 11,000 kilometers, it will be seen that the monthly increase of expenditure has been as follows :

	1877.	1878.	1879.
January	103,200 f. ..	609,400 f. ..	3,590,700 f.
February.....	105,700 ..	721,000 ..	2,024,800
March.....	177,000 ..	1,086,900 ..	3,032,500
April.....	337,200 ..	934,800 ..	3,085,900
May.....	434,500 ..	1,390,500 ..	4,148,900
June.....	564,000 ..	1,512,100 ..	4,839,600
July.....	503,600 ..	1,908,300 ..	5,108,100
August.....	609,700 ..	2,325,400 ..	5,160,500
September.....	819,500 ..	3,577,300 ..	6,022,400
October.....	877,700 ..	3,001,400 ..	5,506,000
November.....	1,090,600 ..	3,169,100 ..	6,082,500
December.....	2,309,600 ..	2,477,500 ..	11,433,200
Totals.....	7,992,300 f. ..	22,713,700 f. ..	60,035,100 f.

In regard to navigable water ways and harbors, progress has been less rapid, because, outside of the works already entered upon, few new enterprises had been prepared before the arrangement of the programme, from which it has

* The figures for the year 1879 are necessarily approximate, settlements of the accounts not having yet taken place. We rely upon the estimates made by the engineers in their reports of November, 1879.

† The charges in December are always heavier because of the settlement of accounts at the close of the year.

resulted that the two years 1878 and 1879 have had to be spent almost exclusively in surveys, and it will be at least a year before these surveys will be carried into effect. Nevertheless, it has been possible in carrying out former undertakings to make considerable progress as will be seen from the following figures :

	1877.	<i>Francs.</i>
Navigable ways, rivers.....		7,128,100
" " canals.....		16,518,540
Harbors.....		19,670,58c
Total.....		43,317,220
	1878.	<i>Francs.</i>
Navigable ways, rivers.....		8,932,520
" " canals.....		19,226,410
Harbors.....		20,598,790
Total.....		48,757,720
	1879.	<i>Francs.</i>
Navigable ways, rivers.....		17,049,810
" " canals.....		22,990,650
Harbors.....		24,757,400
Total.....		64,797,860

Finally, uniting railways, navigable water ways and harbors, it appears that the total expenditure has been as follows : 1877, 68,359,320 fr. ; 1878, 108,433,820 fr. ; 1879, 195,249,060 fr.

In 1880 the expenditure will certainly reach 300 millions, and in 1881, 400 millions. After 1882 the execution of the programme will be in full operation, and during the following years the expenditure will oscillate about the sum of 500 millions. These are the results which I announced from the Tribune on the 29th of March, 1879. Events have confirmed my predictions, as they will confirm them hereafter, for the programme has now reached a phase where nothing (except public misfortunes, which ought not to be anticipated) can hinder its progress. Everything is marked out and organized in such a way that things will follow regularly in their order under an active and energetic direction.

The programme of public works will not have been completed, and the Government will not have accomplished more than a part of its task, until it has engaged itself in developing a branch of the public wealth which has been too much neglected at certain periods. I allude to the management and regulation of the water supply. Here are a series of questions as interesting to the engineer as important to the country at large. Irrigation, the draining of marshes, *le colenatage*, the supplying of towns with water for drinking purposes, the employment of the sewage of populous districts cannot without loss be neglected.

A large commission, appointed by the Ministry of Public Works in the last months of the year 1878, and which contains many Members of Parliament, had studied this difficult

matter. Two bills, one regulating the whole subject of the management of water supply and drainage, the other, fixing the financial participation of the State in the different enterprises to be undertaken, have been draughted and will be introduced into the Chambers at the opening of the session. We hope that an early enactment of them will permit these projects to be carried into effect without delay. Finally, it is the duty of the Government to extend its regards outside the limits of our own frontiers and see what peaceful conquests it can undertake elsewhere.

The Minister of Public Works has one of the first parts to play in such an emergency. It is, in effect, by means of highways for public travel that civilization is extended and made more permanent. Africa, at our very doors, calls more particularly for our attention. We must endeavor to connect with us the vast territories which are washed by the Congo and the Niger. At the very moment when this report is being written, three exploring expeditions set out from the center, the east and the west of Algeria to see whether it will be possible to throw a railway across the great Sahara to the Soudan.

Such, Monsieur le President, are the principal results of the two years which I have just passed in the administration of public works. I trust that the years which are to follow will see the development of their results, and that my successors will finish the work which I have aspired to do for my country. Agrééz, &c.,

Le Ministre de Travaux Publics,

C. DE FREYCINET.

THE POSTAGE OF THE WORLD.—Dr. Fischer, an Oberpostrath of the Imperial German Post-office (corresponding to the rank of Assistant Secretary with us) has just published an interesting pamphlet showing the comparative postal and telegraphic statistics. But in some cases the information yet available does not enable him to bring down his work later than 1873. The letter post of the whole world for that year amounted in round numbers to 3,300,000,000 letters, or about 9,250,000 daily; and the numbers have been increasing at an astonishing rate. Thus in Japan the number of post-offices in 1872 was 1,159, and in 1876 it had risen to 3,649. The number of separate articles which passed through the Japanese post in 1878 was 47,000,000, of which 25,000,000 were letters, 10,000,000 postal cards, and 9,500,000 newspapers. Postal cards were brought into use only in 1865, and now they are employed in almost every country of the world. The parcel post has, however, not yet got beyond the first stage of its development. The number of telegraphic dispatches sent during 1877 amounted for the whole globe to nearly 130,000,000, or an average of 353,000 daily. More than one-third the total number of telegraphic dispatches are private, dealing with purely personal concerns. It is unnecessary to say that the newspaper press absorbs a large proportion of the telegrams of the world, while the world of finance and commerce also appropriates a giant's share.—*London Times*.

THE SAVINGS BANK CRISIS IN MASSACHUSETTS.

BY DUDLEY P. BAILEY.

The crisis through which the savings banks of Massachusetts have been passing during the past six years has been, whether we consider the number of banks involved or the magnitude of their liabilities and losses, altogether without a parallel in the history of savings banks in this commonwealth. The present crisis has proved to the savings banks what the crisis of 1837 was to the banks of discount and circulation. Of the 180 savings banks in operation on the 31st of October, 1875, no less than forty-six, or one more than one in every four, have been unable for some portion of this period to meet their current obligations, and have been obliged either to suspend payment entirely or to seek shelter under the "stay law." Of these forty-six banks twenty-four were stopped by injunction of the Supreme Court. Six of these suspended savings banks subsequently resumed and two of the six were stopped a second time and are now in the hands of receivers, while still a third was placed under the "stay law." Twelve others, including ten of the twenty-four banks enjoined, have closed or are closing their affairs (two voluntarily paying in full), while the other eight suspended banks are under temporary injunction, with some hope, if not prospect, of ultimately resuming. Of the twenty-four banks which have been restricted in their payments by the savings bank commissioners under the "stay law" of 1878, one was subsequently enjoined, two have resumed, the restrictive order having been revoked or not renewed after its expiration. In one case the order was revoked and the bank is closing, being one of the two banks voluntarily closing. All the other twenty institutions still remain under the "stay law." Eighteen of the twenty-one savings banks restricted in 1878 had the restrictive order renewed on or before the date of its expiration. There still remain forty institutions either under injunction or under the "stay law."

The amount of liabilities involved in these disasters is more than one-fifth of the largest sum ever held on deposit by the savings banks. The liabilities of the banks placed under injunction amounted at the date of the proceedings against them, excluding duplications, to \$24,439,218.97. The liabilities of the restricted banks, not including those enjoined, amounted at the date of the restriction, as nearly as can be ascertained, to \$27,873,414.75, giving a total of \$52,312,633.72 out of a maximum of deposits in 1877 of \$244,596,614.18. When it is remembered that this large sum has for a considerable portion of the past two years paid no dividends, and that in many of the banks there will be a considerable loss of

principal as well as interest, the magnitude of the disaster to the material and moral interests of the State, can be in some measure appreciated.

The details of these failures, with the liabilities of each bank at the time of its failure, are given below :

TABLE I.—BANKS STILL UNDER INJUNCTION.

Name.	Date of injunction.	Liabilities other than surplus.	Dividends declared.	Per cent. of loss.	Loss to depositors.
Lancaster.....	Dec. 21, 1875 .	\$ 980,408.77	53 3/4	—	—
Mechanics' (Boston).....	Jan. 12, 1877 .	428,934.92	72 1-5	27 4-5	\$ 119,243.91
North Bridgewater (Brockton).....	April 5, " .	551,360.28	65	—	—
City Five Cents (Haverhill).....	July 17, " .	923,007.70	20	—	—
Sandwich.....	Aug. 25, " .	109,879.42	45	—	—
Barnstable.....	Sept. 28, " .	1,291,302.05	50	—	—
Hyannis (Barnstable).....	Oct. 2, " .	524,617.05	65	—	—
West Boston (2d failure).....	Dec. 29, " .	1,822,015.83	65	—	—
1877, 7 banks.....		\$ 5,651,117.25	—	—	—
Rockport (2d failure).....	Feb. 9, 1878	\$ 182,415.58	45	—	—
Mercantile Inst. (Boston).....	" 19, "	3,450,528.69	45	—	—
Dorchester.....	" 26, "	398,161.65	75	—	—
Home (Boston).....	March 25, "	3,106,487.06	20	—	—
Newburyport Five Cents.....	April 2, "	1,060,910.23	20	—	—
Emigrant (Boston).....	" 16, "	1,982,604.37	30	—	—
Lexington.....	Oct. 14, "	95,222.52	50	—	—
1878, 7 banks.....		\$ 10,276,330.10	—	—	—
Needham.....	March 4, 1879	\$ 23,354.17	25	—	—
Reading.....	April 11, "	155,827.99	12 1/2	—	—
Great Barrington.....	" 24, "	348,570.60	30	—	—
Lowell Five Cents.....	June 20, "	2,293,422.35	—	—	—
Scituate.....	" 20, "	125,585.07	—	—	—
1879, 5 banks.....		\$ 2,946,760.18	—	—	—
Grand total, 20 banks....		\$ 19,854,610.30	*80	*20	*\$ 3,970,922

* Estimated.

TABLE II.—BANKS ENJOINED WHICH HAVE RESUMED.

Name.	Date of injunction.	Liabilities aside from surplus.	Date of resumption.
West Boston Savings Bank.....	Jan. 12, 1876 .	\$ 3,240,316.55	April 2, 1877
Rockport " ".....	April 19, " .	367,680.51	Jan. 1, 1877
Taunton " ".....	Dec. 24, 1877 .	1,341,458.13	July, 1879
Woburn Five-Cents Savings Bank.....	Jan. 2, 1878 .	458,417.27	Jan. 19, 1880
Broadway Sav. Bank (Lawrence).....	April 16, " .	974,279.92	Oct. 30, 1879
Haydenville Savings Bank.....	May 22, " .	206,881.70	June, 1879
Total, 6 banks.....		\$ 6,589,034.08	
Total tables I and II.....		\$ 26,443,650.38	
Deduct sums counted twice.....		—	
West Boston, 2d suspension....	\$ 1,822,015.83	—	
Rockport, " ".....	182,415.58	2,004,431.41	
Total liabilities involved, 24 banks enjoined.....		\$ 24,439,218.97	

By the courtesy of the commissioners it has been possible to give, in the following table, the liabilities of the restricted banks at or near the time of restrictive order, and also on the 31st of October, 1879, with the per centage authorized to be paid by them :

TABLE III.—SAVINGS BANKS RESTRICTED IN THEIR PAYMENTS.

Name.	Date of order.	Deposits.	Date of statement.	Deposits Oct. 31, 1879.	Per cent. allowed to be paid in 1878.	Per cent. allowed to be paid in 1879.
Brighton.....	March 23, 1878.	\$ 245,594 59	March 21, 1878.	\$ 214,086.40	20	20
Great Barrington.....	" 30, "	417,416 34	Jan. 10, "	—	20	Enjoined.
Lawrence.....	April 4, "	458,967 61	April 8, "	397,652 50	20	40
Wellfleet.....	" 8, "	421,522 19	" 8, "	333,129 53	20	25
Charlestown Five Cents.....	" 18, "	3,135,490 59	" 13, "	2,501,256 70	20	25
Cape Cod Five Cents (Harwich).	" 15, "	396,454 24	" 13, "	272,847 49	20	40
South Boston.....	" 9, "	1,565,790 41	" 8, "	1,193,876 94	20	25
East Boston.....	" 18, "	1,957,916 83	" 16, "	1,460,699 89	20	25
Seamen's (Provincetown).....	" 19, "	597,604 04	" 18, "	357,445 85	40	30
Foxborough.....	" 30, "	188,152 95	" 31, "	155,191 49	20	20
Bristol Co. (Taunton).....	May 6, "	2,904,404 00	May 10, "	2,617,612 97	30	40
North End (Boston).....	" 10, "	541,089 94	" 10, "	453,923 53	30	30
Franklin (Boston).....	" 14, "	3,678,164 71	" 13, "	(Order revoked, March 1, 1879.)	40	—
Union (Fall River).....	" 16, "	624,657 79	" 16, "	580,847 63	20	25
Bass River (South Yarmouth)....	" 16, "	220,228 72	" 16, "	157,462 89	30	30
Fall River Five Cents.....	June 10, "	1,240,354 86	June 29, "	1,088,500 96	20	30
Citizens' (Fall River).....	" 11, "	1,733,022 00	" 11, "	(Order expired, and not renewed.)	20	—
Hyde Park.....	" 14, "	46,330 00	" 14, "	37,904 15	20	20
Fall River.....	" 28, "	5,598,937 04	" 29, "	4,795,165 81	20	25
Fairhaven Institution.....	Oct. 28, "	978,160 67	Oct. 31, "	864,148 72	20	25
Nantucket Institution.....	Dec. 10, "	561,628 97	Dec. 31, "	481,103 22	20	20
Weymouth.....	May 20, 1879.	760,601 70	Oct. 31, 1879.	760,601 70	—	20
Ashburnham.....	June 20, "	18,340 90	" 31, "	18,340 90	(Order revoked, Bank closing.)	30
Taunton.....	Nov. 1, "	1,319,771 39	" 31, "	1,319,771 39	—	10
Total, 24 banks.....		\$ 29,610,603 48	21 banks.	\$ 20,060,570 66		{ 6months.

Deducting deposits of enjoined banks, elsewhere counted, from this \$29,610,602.48, namely for the Taunton Savings Bank, \$1,319,771.39, and for the Great Barrington, \$417,416.34, in all \$1,737,187.73, there remains \$27,873,414.75 of liabilities not involved in other failures, which, with the \$24,439,218.97 for the enjoined banks, makes a total of \$52,312,633.72.

In order fully to appreciate the magnitude of the calamity which has overtaken the savings banks, it is necessary to compare with the losses occurring during the period 1867-79, the losses by failures during the first fifty years of savings banks in this State from 1817 to 1866. The savings-bank failures of the first period were as follows :

Name.	Date of failure.	Liabilities.	Per cent. paid.	Per cent. of loss.	Amount of loss.
Taunton Inst. for Savings.....	Feb. 25, 1843 .	\$ 207,501 84 .	82½ .	17¾ .	\$ 36,831 58
Gloucester " "	1844 .	16,701 75 .	86 .	14 .	2,338 22
People's Five-Cents Savings Bank (Boston).....	Oct. 15, 1859 .	320,033 92 .	80 .	20 .	64,006 78
Total, 3 banks.....		\$ 544,237 51 .	81 .	19 .	\$ 103,176 58

The average amount of deposits in the first period was about \$15,000,000; in the second, \$179,000,000. The actual losses by failures in the first period were about two-thirds of one per cent. on the average deposit; the estimated losses in the second period 2.2 per cent. While the average deposit has increased only about fifteen times the losses have increased thirty-eight and one-half times. Half a century as disastrous to savings banks as the last thirteen years would give losses of 8.4 per cent. on the average deposit, instead of two-thirds of one per cent. as during the first period. The foregoing computation makes no account of the loss of income. During the past year, nineteen savings banks, besides twelve under perpetual injunction, paid no dividends, and thirteen only two per cent. If the embarrassed institutions pass on an average only two dividends (a very modest estimate), the loss of income on the \$52,000,000 of liabilities involved will, at four per cent. per annum, reach over \$2,000,000.

Among the causes of these disasters, the first that deserves mention is the stupendous financial revolution through which the country has been passing since the commencement of the war. This alone would not, however, have proved so disastrous to the savings banks (though it might to their debtors) had their loans been more prudently made. There has been a marked departure from the policy which ought to govern such institutions. Instead of aiming merely to collect and utilize the small savings of society, not large enough for separate investment, a tendency was developed to attract larger deposits by high rates of interest. To find employment for these large sums at rates which would enable the banks to pay these high rates, besides their

expenses and taxes, a more hazardous class of loans had to be resorted to, resulting in a loss of a portion of the principal of the investment. When the hour of trial came it was found to be the large depositors whose demands depleted the banks and brought about their suspension. The law wisely limits the amount on which any depositor is allowed to draw interest to \$1,600, but in practice this was evaded by means of deposits "in trust" for relatives of the real depositor, the deposit remaining in the meanwhile subject to the order of the person in whose name it was deposited as trustee. In this way it was possible to have very large sums (in one case reported as much as \$25,000) subject to the order of a single person. A few depositors of this class could quickly exhaust the small cash reserve which savings banks are accustomed to keep, and which would be amply sufficient to meet the demands of the legitimate depositors. By the last report of the savings-bank commissioners the aggregate of deposits "in trust" amounted on the 31st of October, 1879, to \$21,354,858.67, but as the heavy withdrawals of the past two years have been largely of this class the amount is probably not more than one-half its former magnitude. Unless, however, the abuse is checked by legislation, or a different policy on the part of the Savings banks, the phenomena witnessed within the past few years are likely again to appear, though probably not on so large a scale.

The present crisis is likely to impair the confidence of the public in Savings banks for some years to come, but if it shall lead to a reform in their management and to a return to their primitive design, they will in the end enter upon a still larger sphere of usefulness.

EVERETT, Mass., February, 1880.

UNITED STATES TRADE WITH INDIA.

The *London Times*, of January 27, says: "Next after France the United States do the most trade with India. Imports are small and practically confined to ice and kerosene oil. Owing, however, to the irregularity of the supply of the former, local enterprise has taken the matter up, and ice is now manufactured and sold in Bombay at half the rate hitherto charged by the Tudor Ice Company. In kerosene there has been an enormous development of trade, the value having risen from 318,898 rupees in the 1876-7 to 1,637,966 rupees, and 2,107,907 rupees in the two following years. Burmah, however, possesses an extensive oil-bearing region, and if the oil could only be refined without difficulty, it might be trusted to take the place of the American produce. The imports of gray cotton goods from America are increasing under the recent abolition of the duty on the coarser yarns. Indian exports to the United States consist mainly of indigo, hides and skins, raw jute, and gunny bags and cloth, lac, saltpetre, and linseed."

AMOUNT OF GOLD COIN IN THE UNITED STATES.

The Director of the Mint defends his estimate on this subject in a very vigorous letter, addressed, on the 20th of January, to the editor of a city paper.

First of all, as to the starting point of his calculation, which was that on the 1st of July, 1873, the gold coin in the country amounted to \$135,000,000, the Director says that he adopted it from his predecessor, Dr. Linderman, and for the reason that it differed but slightly from a conclusion which he had reached by independent computations of his own. And he adds :

Was Dr. Linderman's estimate of \$135,000,000 of gold coin in the country excessive? So far as I am aware, it has been accepted by statisticians and financial writers, and has hitherto been unchallenged. I do not feel called upon to reject this estimate of my predecessor, unless it is demonstrated that besides the eighty-two and a half millions of gold coin actually in the Treasury July 1, 1873, fifty-two and a half millions could not have been held by banks and private persons, including the amount in circulation in the States and Territories where gold was almost the exclusive currency.

As to the criticisms upon his estimates, that they differ as to the amount of the domestic gold production from those of Wells, Fargo & Co., that they exaggerate the amount of coin brought by immigrants, and that they do not take into account losses by abrasion, the Director says :

Mr. Valentine, Superintendent of Wells, Fargo & Co., has excellent facilities for ascertaining the amount of bullion transported by express, and his statements are valuable and interesting; but the fact that a much larger amount of the domestic gold production was actually deposited at the Mint than is exhibited by his statement, shows that sufficient allowance has not been made for the amount carried by other conveyances, passengers upon their persons and private hands, and also for that contained in ores and base bullion transported as freight. The data for estimating the amount of gold bullion carried by other conveyances than by express are not readily attainable, and the amounts in Mr. Valentine's table appear to be obtained by assuming a percentage of that carried by express, allowing five per cent. for California and Montana, ten per cent. for Colorado, etc.

As to the amount of coin brought into the country by immigrants: The correct estimation of the amount annually brought by immigrants upon their persons is important, not so much for this discussion as upon an estimation for past and future years. It is desirable to know, for statistical purposes, whether my estimate of \$15 per capita should be increased, reduced, or as you conclude, wholly rejected. This estimate is much below others that have been made by various official authorities as to the result of investigation of the subject. In 1848, Robert J. Walker, then Secretary of the Treasury, estimated the amount of foreign coin and bullion brought by immigrants at \$8,000,000 per annum. (*Report on Finances for 1848.*) Hon. David A. Wells, Special Commissioner of the Revenue (p. 10 report of December, 1866) estimated eighty dollars in gold as the average amount brought in by each immigrant. Mr. Kapp estimated the same at \$100; and Mr. Edward Young, late Chief of the Bureau of Statistics, in his *Special Report on Immigration* (p. 10), states that a careful investigation at Castle Garden resulted in establishing \$68 as the average sum.

During the six years the total number of passengers arrived in the United States was 1,568,360, and 806,557 departed, and the net immigration, or those

who permanently remained in the country was 761,803, who, at \$15 per capita brought about \$11,500,000. This amount is far below preceding estimates, and I am inclined to think is rather below than above the actual amount.

As to the loss by abrasion offsetting the net amount brought by immigrants, while abrasion may have decreased the total weight of the gold in the country, it has not yet materially affected the value by tale. A double eagle after losing one-half of one per cent. of weight by abrasion—the actual average loss of twenty years of circulation—is still twenty dollars for circulation. (Sec. 3,505 *Revised Statutes*.) When it is considered that the greater part of the gold coin in the country has been coined within the last six years, and that during that time but little has been in active circulation, except on the Pacific coast, it will be seen that the loss by abrasion has been small indeed.

The Director certainly makes a strong case, in this defense of his estimate of the amount of gold coin in the country. The proportion of that amount, which is available in any practical sense, is another subject altogether, and is one upon which he has never expressed an opinion. It is a matter of common knowledge that there is very little gold in actual circulation, except on the Pacific coast, and even there it is reported that the greenback is coming into more use than formerly. It is therefore concluded by many persons, and with much apparent reason, that a considerable proportion of the gold coin outside of the United States Treasury, and outside of the banks, has got such a permanent lodgment in private hands, as not to be available as a resource wherewith to meet a foreign demand, in the sense in which the gold actually circulating in Great Britain and France is so available.

EXPENDITURES OF NEW YORK SAVINGS BANKS.

Mr. Henry L. Lamb, Acting Superintendent of the Banking Department of New York, was led to believe by the reports of examiners, that some of the Savings' banks were indulging in extravagant expenses and in unauthorized gratuities to employees, which urgently needed to be inquired into and corrected. He therefore issued a circular to all the Savings banks, asking for figures of their expenditures. From such answers to these circulars as he received, in connection with memoranda which had been made from time to time by examiners, he has been enabled to expose some practices which, it is to be hoped, will be abandoned in the future.

In one bank the first officer had been receiving \$3,000 per annum during the last three years of his life, when he had been on permanent leave of absence. When he had been in active duty previously his salary was \$6,000. At his death the Trustees voted \$2,000 to his widow for his "*past services*." In another bank, the Secretary with a salary of \$5,000, received in addition as "*extra compensation*," \$27,000 in the ten years from 1865 to 1875.

Of expenditures not authorized by law, the lists reported by some of the banks are worth reading. Specimen No. 1 is the following :

1869, January—For bust of President.....	\$ 750 00
“ May—For bust of Secretary.....	350 00
“ July—Paid for entertainment of active friends of the bank.....	579 50
1871, February—For bust of Ben. Franklin.....	300 00
1876, February—Paid Examining Committee.....	300 00
1877, April—Paid Examining Committee.....	200 00
“ August—Paid Examining Committee.....	300 00
1878, January—Paid Examining Committee.....	300 00
“ July—Paid Examining Committee.....	300 00

SPECIMEN NO. 2.

1865, January 9—Soldiers' Aid Society.....	\$ 100 00
1867, July 2—Wedding present to child of former Treasurer..	175 00
1869, June 26—Home Association.....	1,200 00
1870, April 14—Wedding present to book-keeper's wife.....	46 50
1871, March 16—For law abolishing tax on surplus of bank...	100 00
1873, October 21—Wedding present to wife of book-keeper...	75 00
1874, June 19—For repeal of tax on deposits.....	56 00
1878, January 7—For attorney to procure appropriation to pay interest on loan we made to build swing bridge (illegal).	125 00
1877, October 12—To aid in the reorganization of the — regiment.....	50 00
1877, October 15—For the benefit of the Memphis sufferers, repaid to the bank.....	50 00

SPECIMEN NO. 3.

1868, March—Entertainment.....	\$ 691 90
1869, May—Entertainment.....	626 50
1870, March—Entertainment.....	610 49
1871, February—Entertainment.....	698 00
1872, May—Entertainment.....	180 50
1873, February—Entertainment.....	195 50
1874, February—Entertainment.....	179 50
1875, February—Entertainment.....	208 50
Total.....	\$ 3,390 89
1870, April—Service of silver to President for long and faithful service without salary.....	\$ 5,218 50
1877, July—Clerical services to the committee in connection with new Savings' Bank law.....	525 00
1868, July—Portrait of President.....	1,635 50

In the accounts of one bank is put down \$1,633 for five dinners given to the Trustees from 1864 to 1869, being an average of \$326 for each dinner.

On February 19th Mr. Lamb sent to the Senate a report on the expenses of the Savings banks of this State as compared with those in other States. The report respecting the banks of this State is based upon statements of their officers made as late as January 1, 1880. Mr. Lamb, for several years, has been urging the bank presidents to reduce the cost of caring for the deposits confided to them, and has used all the powers of his office to force them to take such a course. . . . The Savings banks of this State have greatly reduced their expenditures during the past two years. It is the Superintendent's opinion, however, that there is reason for making still greater reductions. The banks of this State

do not yet compare favorably with those of neighboring States in the cost of administering the deposits. The following table shows the comparative expenses of some Savings banks in 1878 and 1879 :

State.	Value of Deposits.	Number of Deposits.	Cost of each account. 1878.	1879.
Connecticut	\$ 72,525,468	.. 199,795	.. \$ 1 11	.. \$ 1 03
Massachusetts	209,860,631	.. 677,251	.. 89	.. 87
New Hampshire.....	26,282,136	.. 87,279	.. 1 11	.. *
New York.....	299,074,639	.. 810,017	.. 1 63	.. 1 56

* Report for 1879 not received.

The expenses of three representative British Savings banks were as follows :

	Deposits.	Expenses.	Cost of each Account.
Liverpool Savings Bank.....	\$ 8,910,750	.. \$ 23,491	.. 39c.
The Edinburgh Savings Bank....	5,670,640	.. 21,114	.. 40c.
The Savings Bank of Glasgow....	14,700,000	.. 40,458	.. 39c.
	<u>\$ 29,281,390</u>	.. <u>\$ 85,063</u>	.. <u>39½c.</u>

The comparative per cent. of expenses to deposits in 1879 was as follows :

	1878.	1879.
Connecticut.....	.. .0030	.. .0029
Massachusetts.....	.. .0028	.. .0029
New York.....	.. .0044	.. .0038

Mr. Lamb, commenting in his report on these figures and others, says :

The averages in New York show some reduction in the last year. The average percentage of cost to deposits for 1879 is .0042. The average cost of each deposit account is \$ 1.56. This result is due in an appreciable degree, however, to very great reductions made in a few Savings banks in New York City, like the German, the Metropolitan, the Manhattan, and the Union Dime Savings Institution. . . . The Savings banks—or fifty-five of them in this State—own banking houses, in which is invested the sum of \$ 9,000,000. The income from this property barely pays the current expenses upon it. In consequence the capital invested yields no net income and pays no interest to those Savings banks.

Mr. Lamb closes his report with a tabulated statement of the expenses of all the banks in the State. On January 1, 1880, the deposits amounted to \$ 319,266,020.93 ; the number of open accounts was 870,525 ; the aggregate of deposits and withdrawals during 1879 was \$ 205,498,639.54 ; the salaries paid amounted to \$ 861,862.22 ; the amount of the expenses other than salaries was \$ 409,032.87 ; the total expenses of management was \$ 1,273,919.68.

GERMAN OIL WELLS.—A dispatch from Berlin to the *London Standard* says that steps are being taken to form a petroleum boring company to work the newly discovered oil wells in the Hanover petroleum region, the present bores yielding an average interest of twenty-two per cent. upon the capital invested, against nineteen per cent. realized in America.

REFUNDING PROJECT OF THE HOUSE COMMITTEE.

The Committee of Ways and Means reported their refunding project on the 18th of February, and on their motion the House made it the special order for March 2, and to be considered from day to day (but not to the exclusion of appropriation bills) until finished. This is hot haste. Thirteen days is too short a time to collect the sense of the country on a measure of such vast importance. A better disposition would have been to postpone its consideration till next December. Less than one year has elapsed since the Secretary of the Treasury, in his interview of April 26, 1879, with the House Coinage Committee, spoke of the matters embraced in this bill as "important refunding operations that ought to occur *two years hence*."

Of the debt redeemable in 1881, this bill converts only \$200,000,000 into short securities, placing all the remainder beyond the reach of the Government for twenty years. There is no other debt redeemable before 1891. For eleven years, therefore, the Government cannot, without being subjected to the payment of extravagant premiums, pay off any debt beyond \$200,000,000, although the sinking fund is now \$39,000,000 per annum and steadily increasing. By what course of reasoning the Committee of Ways and Means will endeavor to justify such a measure remains to be seen.

We have already in existence 990,000,000 of four and $4\frac{1}{2}$ -per-cent. coin bonds, which is certainly as large an amount of such obligations as the country can safely assume. No other country in the world owes a coin debt approximating it in magnitude. The twenty-forty-year bonds, however, which this bill authorizes to the amount of \$500,000,000, are to be coin bonds, and this of itself is a fatal objection to the whole scheme. And not only are they to be coin bonds, but they require the payment of gold and silver dollars of the value existing July 14, 1870, so that, if we change the value of either so as to equalize the two, we cannot use the dollar which is lowered. In other words, the bill, to the extent of its operation, abrogates the constitutional power of Congress to coin money. No nation, not *in extremis*, will submit to such a humiliation. We subjoin a copy of the bill :

A BILL to facilitate the refunding of the National debt :

Be it enacted, etc., That all the existing provisions of law authorizing the refunding of the National debt shall apply to any bonds of the United States bearing higher rate of interest than $4\frac{1}{2}$ per cent. per annum, which may hereafter become redeemable; Provided, that in lieu of the bonds authorized to be issued by the act of July 14, 1870, entitled "An act to authorize the refunding of the National debt," and the acts amendatory thereto, and the

certificates authorized by the act of February 26, 1879, entitled "An act to authorize the issue of certificates of deposit in aid of the refunding of the public debt," the Secretary of the Treasury is hereby authorized to issue bonds in the amount not exceeding \$500,000,000, which shall bear interest at the rate of $3\frac{1}{2}$ per centum per annum, redeemable at the pleasure of the United States after twenty years, and payable forty years from the date of issue, and also notes in the amount of \$200,000,000, bearing interest at the rate of $3\frac{1}{2}$ per centum per annum, redeemable at the pleasure of the United States after two years, and payable in ten years from the date of issue; but not more than \$40,000,000 of said notes shall be redeemable in any one fiscal year, and the particular notes to be redeemed from time to time shall be determined by lot under such rules as the Secretary of the Treasury shall prescribe. The bonds and notes shall be in all other respects of like character, and subject to the same provisions as the bonds authorized to be issued by the act of July 14, 1870, entitled "An act to authorize the refunding of the National debt, and acts amendatory thereto," provided that nothing in this act shall be so construed as to authorize an increase of the public debt.

SEC. 2. The Secretary of the Treasury is hereby authorized, in the process of refunding the National debt, to exchange at not less than par any of the bonds or notes herein authorized for any of the bonds of the United States outstanding and uncalled, bearing a higher rate of interest than $4\frac{1}{2}$ per cent. per annum; and on the bonds so redeemed the Secretary of the Treasury may allow to the holders the difference between the interest on such bonds from the date of exchange to the time of their maturity, and the interest for a like period on the bonds or notes issued; but none of the provisions of this act shall apply to the redemption or exchange of any of the bonds issued to the Pacific railway companies; and the bonds so received and exchanged in pursuance of the provisions of this act shall be cancelled and destroyed.

SEC. 3. Authority to issue bonds and notes to the amount necessary to carry out the provisions of this act is hereby granted.

SEC. 4. The act approved February 26, 1879, authorizing the issue of certificates of deposits is hereby amended so as to continue and limit the amount of certificates to be issued to \$50,000,000, to be outstanding at any one time, and fixing the rate of interest to be allowed thereon at three and a half per cent. per annum for one year, after which interest shall cease, and the said certificates shall be convertible at the option of the holders when presented in sums of \$50 or multiples thereof into the coupon or registered bonds authorized by this act; and whenever any of the said certificates shall be converted into bonds the same shall be cancelled and destroyed; but the Secretary of the Treasury may, in his discretion, issue new certificates in place of those so converted, up to the limit of \$50,000,000, until the aggregate amount of the bonds authorized by this act and of the said certificates combined then outstanding, shall equal the amount of bonds hereby authorized. It shall be unlawful for any person or persons to form combinations by which to procure said certificates of deposit authorized under this act for the purposes of sale to others, and any person so offending shall be liable, on conviction, to be fined \$1,000 or imprisoned not to exceed one year. The Secretary of the Treasury is authorized and directed to make suitable regulations in compliance with this act, providing that the expense for the disposing of the certificates and bonds authorized to be issued shall not exceed one-quarter of one per cent, provided that said certificates shall not be sold or converted at less than par.

SEC. 5. From and after the first day of July, 1880, the $3\frac{1}{2}$ -per-cent. bonds authorized by the first section of this act shall be the only bonds receivable as security for National bank circulation.

SEC. 6. This act shall be known as the funding act of 1880, and all acts and parts of acts inconsistent with this act are hereby repealed.

JAPAN.—The bank-note currency of Japan continues to depreciate. On the 13th of December, 1879, it was $32\frac{1}{4}$ per cent. below gold, and $26\frac{3}{4}$ per cent. below silver.

CURRENT EVENTS AND COMMENTS.

THE PUBLIC LANDS.

For the year ended June 30, 1879, the whole number of acres of public lands of the United States entered under the homestead and pre-emption acts and sold for cash was 8,650,219. Of this amount more than three-fourths were in Minnesota, Dakota, Kansas, and Nebraska, as follows:

	<i>Acres.</i>
Minnesota.....	935,788
Dakota.....	1,657,811
Kansas.....	2,784,538
Nebraska.....	1,181,681
Total.....	6,559,818

Of the whole area of Government lands disposed of in the United States, the following amounts are credited to the methods of disposition respectively named:

	<i>Acres.</i>
Cash.....	622,573
Entered under the homestead acts.....	5,260,111
Entered under the timber-culture acts.....	2,763,573
Total.....	8,650,219

A great many of the homestead entries are of eighty acres each; but even at an average of 160 acres, about 4,000 new homesteads were opened in Minnesota, and 5,400 in Dakota, for the year ending June 30, 1879, of Government land alone, to say nothing of the immense amount of railroad lands also disposed of.

The Fargo (Dakota) *Republican* gives the transactions of the United States Land Office at that place (which is on the line of the Northern Pacific Railroad), for the year ending with December last. They foot up 8,161 entries, covering 1,200,173 acres.

A CITY REFUNDING.

The General Assembly of South Carolina, at the request of the Mayor and Aldermen of the City of Columbia, has passed an act authorizing the funding of the entire indebtedness of the city, bonded and floating, at the face value, by the issue of thirty-year bonds, bearing two per cent. interest for the first decade, three per cent. for the next, and four per cent. for the last; the coupons to be receivable for all taxes and debts due the city except water rent. The city creditors will accept the terms of the act.

THE BLACK HILLS.

The area of the black hills proper is six thousand square miles, running in a north-east and south-west direction a distance of about one hundred miles, and an average width of sixty miles, between the forks of the Cheyenne river. Throughout they are mineral-bearing, holding mines of gold, silver, and coal, besides other metals and minerals.

THE NORTHERN PACIFIC RAILROAD.

The General Manager of the Northern Pacific Railroad expects to have completed and open for business about 150 miles of road west of the Missouri River early in the summer, and that the whole 205 miles from Bismarck to the Yellowstone will be opened by September next. The work for the Yellowstone division will be put under contract as soon as the engineers now making a survey of the line have completed their work and located the road. This part of the line will traverse a large portion of the finest pasture lands in Montana, and Mr. Sargent says that its completion will give the line an immense business in the way of bringing cattle to the States. Contracts have already been made to bring out a large number the current year. In point of quality, the Montana cattle are not inferior to the best grain-fed stock raised in the States.

It is estimated that the population along the line of the Northern Pacific road, some 500 miles, increased by 25,732 during 1879. The number of farms increased from 5,886 to 9,882. The company proposes to establish a line of passenger coaches between the Pend d'Orielle lake and the Yellowstone river.

THE GRAND TRUNK RAILROAD.

The Chicago *Tribune*, of February 9, takes a very hopeful view of the effect upon the business of Chicago, of the new connection made with that city by the Canadian Grand Trunk Railroad. The *Tribune* says:

As long as the Grand Trunk had no direct outlet to this city it was shackled by the New York lines, having to use either Vanderbilt's or Scott's roads as a connection with its main line, and consequently was compelled to abide by the terms of the New York dictators. But with the opening of its new line to this city it has thrown off the shackles and freed itself from all outside dictation. The Grand Trunk will after this be to Chicago during the winter what the lake is to it during the summer—a regulator of rates. Instead of the Grand Trunk accepting the dictation of the trunk lines, it will hereafter be able to dictate terms to the latter. It has all the points in its favor. It owns the entire line between this city and Portland, and in conjunction with the Vermont Central has an equally independent line to Boston. It has to divide its earnings with no other roads, and can therefore accept such as it thinks will pay a fair profit. But it has a still greater advantage on the export business, because it controls the terminal facilities at Portland, and is not compelled to pay three cents for lighterage, etc., as is the case at New York, Philadelphia, and other seaboard ports. Besides, the ocean route from Portland and Boston to Liverpool is much shorter than from New York and Philadelphia, and the steamer rates are correspondingly lower.

EAST BUFFALO CATTLE YARDS.

The East Buffalo cattle yards of the New York Central & Hudson River Railroad Company are 230 acres in extent. There have here been handled in a single day, 375 car loads of neat cattle, 150 car loads of hogs, and 75 car loads of sheep. The extent of this traffic at that station is shown by the following figures, of the movement for 1877 and 1878:

	Cattle.	Hogs.	Sheep.	Total.
1878.....	657,809	2,963,705	1,032,225	3,753,739
1877.....	108,203	117,168	307,549	532,920
Increase.....	549,606	1,946,537	724,676	3,220,819

VIRGINIA.

The Richmond *Daily Dispatch*, in its statistics of the manufactories in that city, places the number of establishments at 565, and employing 14,193 hands. The value of tools and machinery is stated to be \$2,292,981, the real estate \$4,429,921, the sales of manufactured goods \$23,486,640. In all of her iron industries, Virginia is going far ahead of any previous effort. Her rich iron mines are being rapidly opened up by local and foreign capital, and all of her rolling mills are increasing their present large capacity.

AN EGYPTIAN RAILROAD.

Boston means to go east to the Euphrates with its railroads as well as west to the Pacific ocean. A Boston dispatch (Feb. 10) says: "A company was organized in this city yesterday under a charter from this State dated February 6, 1880, for the purpose of constructing and operating a railroad from Cairo, Egypt, through Port Said and Damascus, to connect with the Euphrates Valley Railroad, which is about to be built by an English company. Branch roads are also provided for by the charter. The Turkish Government has been applied to for a concession of the necessary right of way."

MEAT FOR EUROPE.

A city paper, the *Commercial Bulletin*, of Feb. 16, says: "The importation of mutton (preserved by the refrigerating process) from the South American States into France may now be considered as having been favorably tested. The steamer 'Paraguay,' which recently arrived at Havre from San Nicolas in thirty-five days, had a full cargo of carcass meat in an excellent state of preservation. The system of refrigeration employed on this line is that known as the Carré, and it seems to possess all the requisite adaptability, for the congealing temperature fell from three degrees at starting to as low as twenty-seven in the course of the voyage, although only twelve to fifteen degrees are necessary. The steamer belongs to the company 'L'Alimentation,' which now proposes to prosecute this new industry on an extensive scale. Five steamships are to be immediately constructed expressly for this traffic, and large tracts of land for facilitating the trade are to be acquired along the banks of the Parana. The cost of the steamers is estimated at ten million francs; and that of the establishment on the Parana at twelve million francs. . . . An annual shipment of 300,000 sheep is relied on, but arrangements for transporting beef will be also made."

A Quebec merchant has experimented successfully in shipping beef to England in carcass. The animals are beheaded, the entrails taken out and the bodies pressed into a small compass and frozen. The hide is not removed until the voyage is over, and it is claimed the meat is superior in appearance to other imported beef, and keeps longer.

THE ARGENTINE REPUBLIC.

Mercantile correspondence of a city paper (the *Commercial Bulletin*), give the following facts, which show that the regions on the River Plate are likely to enter the field vigorously as suppliers of breadstuffs: "Previous to 1878, there was very little corn or flour, and no wheat, exported from the Argentine Republic. From April to October, 1878, there were about 450,000 bushels of corn shipped—to France, England, Brazil, Italy, etc.—from the port of Buenos

Ayres. From October, 1878, to October, 1879, there were shipped to foreign countries 1,451,130 bushels of corn, 621,720 bushels of wheat, and 75,805 bags of flour containing 100 pounds each. These figures only give the exports from the port of Buenos Ayres: there was probably almost as much more shipped from the up-river ports (Rosario, San Nicholas, etc.).

"On the 3d of January, 1880, there existed in Rio de Janeiro a stock of 85,476 bbls. of flour—say 1,566 bbls. Trieste, 27,900 bbls. Richmond, 16,000 bbls. Baltimore, 1,000 bbls. domestic, and *thirty-nine thousand bbls. River Plate*. It was only a few years ago that the River Plate countries imported large quantities of flour to supply the deficiency of their own crops. From the United States they took, in 1870, 26,051 bbls.; in 1871, 54,372 bbls.; in 1872, 2,249 bbls.; in 1873, 7,833 bbls.; in 1874, 16,555 bbls.; in 1875, 94,611 bbls.; in 1876, 715 bbls. Since 1876 they have imported little, if any flour or grain, their own production being more than sufficient to supply their own wants. Their harvesting months are December and January. It is evident that the people of the River Plate are giving attention to agricultural pursuits, from the fact that during the past three years they have imported from the United States about 40,000 plows, 2,200 corn-shellers and 1,200 mowing and reaping machines."

AUSTRALIA.

The American Consul-General at Melbourne, reports that the trade of the United States with Australia is only four per cent. of the total trade of the latter with all countries. Several Australian companies are engaged in developing the native production of petroleum, found in large quantities and of good quality.

BRITISH COLUMBIA.

A dispatch from Victoria states that the recent severe weather in British Columbia was so fatal in its effects on stock and feed prospects that unless there is an early marked change for the better the colony will be largely dependent for meat on Oregon and California for at least three years to come.

BRITISH EXPORTS.

The declared value of the exports of British and Irish productions and manufactures fell from £192,454,000 in 1873 to £140,219,000 in 1878. But, according to a report recently made by the British Board of Trade, the exports of 1879, if rated at the prices of 1873, would now show a value of £187,274,000, or only £5,130,000 or 2.7 per cent. less than 1873. The Board of Trade says: "It may be broadly stated that in 1878, as in 1877, there has been very little reduction in the quantities of the export trade as compared with 1873."

FRENCH REVENUES.

The total amount of the revenues of the French Treasury, in 1879, was \$592,800,000, the sources from which they were derived being as follows:

Duty on tobacco.....	\$67,043,000
On other imports.....	58,422,000
Excise stamps and registration.....	324,135,000
Direct taxes, etc.....	143,200,000
Total.....	\$592,800,000

POSTAL ORDERS AND NOTES.

The Scottish *Banking Magazine* for February has the following under the heading "More Government Paper Money:"

"Some months ago, we drew attention to a method of paying all post-office money orders in London, whether payable there or elsewhere, as constituting practically a Government note issue payable in gold in London. . . . From announcements in the press, it is understood that next session a bill will be brought in to give effect to a proposal made by the post-office some years ago to create paper money of a new kind. These are 'postal notes' for sums of 20s., 10s., 5s., and 2s. 6d., payable anywhere within the kingdom and current for twelve months. For the two higher values a charge of two-pence will be made on each note, and for the two lower values the charge will be a penny. It will be obvious that to many persons the existence of such notes will save some money, as, instead of taking out a new order, they will simply enclose to one correspondent a note sent them from another. In this way, so long as the notes do not over-run their currency, they will form a convenient medium for the payment of small sums, and the power of the holder to make the order payable to a particular person will at any moment permit the note to be changed from a circulating medium to a localised letter of credit or draft for the amount it bears. We have no doubt the Scottish banks will have something to say to this revival of a proposal which, when formerly projected, was stopped by a few signs of opposition."

In England, where no bank notes below £ 5 are issued, there will be no opposition to the proposed postal notes from any banking interest. But it is otherwise in Scotland where the banks issue £ 1 notes, and "will have something to say" before the post-office is allowed to invade their field of circulation.

The idea of postal notes, issued upon a deposit of money, not bearing interest, payable to order, but required to be presented within some fixed time, is a modification of the postal money-order system which has not been considered and discussed in this country.

RUSSIA ON THE PACIFIC.

A dispatch (Feb, 13) from St. Petersburg says that arrangements are being made to send Baron Skalloosky as commissioner to San Francisco, to perfect arrangements for the establishment of a line of steamers between the United States and Russian ports on the Pacific ocean. His commission is very comprehensive, empowering him to provide for a general exchange of commercial, industrial, and agricultural products between the Amoor country and California, China, and Japan. Steps are also being taken to increase the Russian Pacific fleet by the addition of twelve first-class steamers, which will include clippers, cruisers, and privateers. When these additions are made, the Russian fleet in those waters will be superior to that of any other power.

PETROLEUM.

It is claimed for a process patented by Charles J. Evans, that blooms can be made from scrap iron by the use of one barrel of petroleum to the ton, equal in quantity to the best Swedish blooms, and at a total cost not exceeding \$ 35 to the ton, or about one-fourth of the present price of the Swedish article.

RAILROADS.

The *Pall Mall Gazette* says that notwithstanding the increase in the speed of railroad trains in France and Germany, the rate is still below that of several lines in England. The lightning train on the Paris Marseilles line makes the distance of 539 miles between these two cities in fifteen hours and twenty-one minutes, the average speed, including stoppages, being thirty-five miles an hour. The express train on the Lehrter Railway runs from Berlin to Cologne at the rate of thirty-seven and one-half miles an hour, including stops, making the entire distance of 364 miles in nine hours and twenty-six minutes. The Scottish mail leaves Euston Square at 8.50 in the evening and reaches Edinburgh at 6.45 the next morning—the distance is 401 miles, the time nine hours and fifty-five minutes, the rate of speed, including stops, forty-one and one-quarter miles an hour. The express from King's Cross runs to Edinburgh, a distance of 397 miles, in nine and one-half hours, or at the rate of forty-two miles an hour, including stops. The fastest short-distance trains in Germany are—that which runs from Spandau to Stendal, fifty-seven and one-half miles, without stopping, in one hour and seventeen minutes, or at the rate of forty-five miles an hour, and the express which makes the distance of eighty-eight and three-quarter miles, between Berlin and Magdeburg, in two hours and seven minutes, or at the rate of forty-two miles an hour, including two stops. In England a much higher rate of speed is attained on short distances.

SISAL HEMP.

A correspondent of a city journal, *America*, says: "The State of Yucatan occupies a peninsular lying between the 17th and 22d parallels of latitude and about six degrees of longitude, so that it is entirely in the intertropical region, with abundance of heat and moisture; but its north-eastern half is a level plain of magnesian limestone, but sparsely covered with vegetable mold and scraggy brushwood, therefore unfavorable for general cultivation.

"But nature, ever protective and provident, has furnished to this stony plain, constituting a large portion of the north-eastern part of the State and on which its capital is situated, a staple product that compensates for its scanty favors in other respects; a staple requiring little or no cultivation beyond keeping down the brush and weeds. Therefore, well adapted to the indolent habits induced by the climate, and producing such handsome profits on the labor expended as to make it far the most important staple product of the country at the present time, the basis of its material prosperity, which is now in a very satisfactory condition, with a constantly increasing amount of production. I refer to the Sisal hemp (fiber of the *Agave Sisalensis*) an admirable fiber of wiry strength, for the manufacture of ropes and cables, and the broad fields of this plant are rapidly extending on all sides of the capital, some of the haciendas occupying a square league of territory.

"The export of hemp from the port of Progreso during the two months of November and December of 1879, amounted to 6,460,263 pounds, of which 5,787,663 pounds went to New York."

ENGLAND.—The Grand Jury of the Bristol Assizes has returned a true bill for fraud and conspiracy against the Directors and the Managers of the late West of England Bank.

THE OVER-POPULATION OF IRELAND.

Although Ireland has nearly three millions less of population than before the famine of 1846, it is still clearly over-populated, under the conditions which actually exist, and which there seems very little prospect of changing. If the lands of Ireland were owned by residents, and the rents expended at home, the case would be different; but it is not shown in what other way than by revolution, if at all, the evils of landlordism can be gotten rid of. The resources of the island, subject to that drain, will not support, with any tolerable degree of comfort, the numbers now inhabiting it.

A correspondent of Westport, Mayo County, Ireland, in a recent letter to the London *Times*, says:

As a resident landlord in the wild West, as a magistrate who attends three petty-session courts, and consequently moves about in the district, I learn a little of the circumstances of the people around me. I have no hesitation in saying that from Louisburgh on the south, round by Achill to Erris and Tirawley on the north, the agricultural population is probably poorer than in any other part of Ireland, though in this part of the country there are thousands of acres of waste land. The cultivated area is small, the land is bad, and the population is excessive. The holdings are from six to, at most, ten acres, which holdings have often to feed as many as three families, though there be but one nominal holder. If the land were good and properly tilled, it could not support the population on it, even if they had it for nothing. The people are mainly supported by the harvest earnings in England, assisted by fishing. This year the earnings in England have not been good—fishing has not been successful. The people are poor, but they are always poor and always will be poor, and the only remedy I see for them is to induce at least one-half to migrate to more fertile lands.

Writing to the London *Times*, in the month of November, 1879, Thomas C. Scott says in respect to Connemara, Ireland:

Reports of distress, on which I can rely, have reached me from this district, with which I am well acquainted, and which call for immediate attention. There are no resident proprietors here as, in most other parts of Ireland, to help the squatters, of which the population mainly consists, who, in the best of times, are never more than one degree removed from starvation, as the land is miserably poor and the climate sunless and rainy. I speak from the book, as I have professionally valued 200,000 acres of the district, equal to half its entire area, or over 300 square miles. It has its own peculiar features to which no general principles apply, as in the case of other parts of Ireland. One is the physical weakness of the people. In ordinary times and under ordinary exertion I have seen many of them drop from what is there called "mountain famine." During the famine of 1846-7, the deaths were so numerous that there was no one left to bury the dead, and I have seen many cabins that entombed whole families and their bones protruding from the *débris*.

This is not a state of occupancy to maintain by periodical subsidies of food, clothing, and money, but to be remedied by emigration. There is at least three times more population on the land than it can safely maintain. The priests, as a rule, are adverse to emigration because they do not like to lose their parishioners and fees for births, marriages, and deaths; but here the redundancy of the population in proportion to the ability of the land to maintain it is so palpable, and the necessity of redeeming the population so evident, that I believe even the priests would now support a well-organized scheme of emigration. There is no money in Connemara. When the Martins owned the great "Ballynahinch Estate" and lived at home, they were supported mainly by

contributions of many kinds by their 3,000 tenants. But when "humanity Martin" became a member of Parliament and required hard cash to maintain him in London, the whole thing collapsed, and their home is now tenantless and their lands in the hands of strangers.

THE STATE BANK AND PRIVATE BANKING INTERESTS.

To the Editor of the BANKER'S MAGAZINE:

A disposition exists in the non-National bank interest to act in concert in its own behalf this year. This is from no intention to antagonize the National interest, but because in the case of federal taxation the two interests are on essentially different grounds.

"Bankers posturing as beggars," a friend in Congress tells me, make no edifying sight. If this is ever true, it is during the present increase of numbers and circulation of National banks, with fabulous profits in particular instances; but study of the Comptroller's last report shows the losses of non-Nationals to have been much heavier than among the others. The tax paid on capital by non-Nationals is at about four times the rate paid by Nationals. Outside of a small corner in the north-east the idea has not yet penetrated the heads of the voters that laws of Congress can unmake what the Constitution makes money. In fact they bitterly resent this continued demonetization of coin to make business for currency-making banks, and there is no reason why non-Nationals should share this odium gratis. The National Currency act was a temporary device to aid in borrowing money, Congress having no general power to incorporate banks; but it is asked that the debt be perpetuated for the benefit of these banks, and it is being spun out for their sole advantage. Naturally, it is said, the taxes to pay the interest ought to be continued correspondingly. The non-Nationals get no benefit from public deposits. These are some of the points in which they have a better case in asking for relief than the Nationals have. We cannot help the Nationals by petitioning in company with them; but like "Poor Tray," are "sadly beaten for no other fault than being found in bad company." We have had the role of the dwarf in the play of "the giant and the dwarf" going to war in company; instead of protection or help from our ally, he has drawn on us the blows of other giants.

A convention in some Western State is proposed. Other matters may come up. Sound State banks that have paid coin for all their circulation, even when National notes were worth forty cents, do not see the propriety of being still debarred their right of issue. They may be heard from.

Private bankers required to publish statements, in violation of fundamental rights, may be heard from too.

Taxation is, however, the main question. We want to know that the taxes will certainly be reduced or certainly not reduced, and to lose no more time and money if the case is hopeless.

GEO. WILSON, JR.

LEXINGTON, Mo., February 20, 1880.

BANKING AND TAXATION.

The experience of one of the interior banks of this State, summed up below, presents a study of interest to bankers. The circumstances are set forth in a letter, dated December 31, 1879, to the stockholders of the Geneva National Bank, from its President, Mr. S. H. Ver Planck. The date mentioned terminated the twentieth year of Mr. Ver Planck's presidency of this bank, and the twenty-fourth year of his connection with it. It seemed, therefore, to be an appropriate time to take a review of the past and sum up the result of the twenty years' business.

This bank was originally an association organized under the laws of the State of New York, under the name of The Bank of Geneva, with a capital of \$205,000. In 1863 the capital was reduced to \$200,000; and in 1865 the bank was changed into a National bank, under the name of The Geneva National Bank. The number of shareholders is ninety-six, who reside in nine different States, and of whom fifty-one are women. Only one person owns more than ten thousand dollars of the stock, and only two others as much as that amount, and *all three are non-residents.*

At the time of Mr. Ver Planck's first election to the presidency, the capital of the bank was \$205,000, and the undivided profits were \$20,433. During these twenty years the bank has paid:

Local and municipal taxes.....	\$86,580 03
Income taxes on dividends and profits.....	7,477 00
Other United States taxes.....	61,274 26

Total amount of taxes since January 1st, 1860..... \$155,331 29

During the same twenty years the bank has declared thirty-eight five-per-cent. and two four-per-cent. dividends, which have amounted in the aggregate to \$397,950.

The undivided profits remaining, after paying the dividend and expenses for the present six months, are \$78,506.25.

The results of the twenty years are thus stated:

First—Not a dividend passed.....	—
Second—Taxes paid.....	\$155,331 29
Third—Dividends.....	397,950 00
Fourth—Excess of profits over the amount on hand twenty years ago.....	58,073 25

The most remarkable points in connection with this statement, are the circumstances under which, and the facilities with which, these results have been achieved.

The place where the bank is located is an inland village, of slow growth and very little manufacturing business, and with, at this time, not more than six thousand people, but situated in the midst of a fertile and productive agricultural region. The paper discounted has been mostly "accommodation," without collateral security, and averaging over two months. The deposits have averaged *less than the capital*, and the local demand for money has been much of the time considerably less than the bank, with these limited facilities, was able to supply.

This speaks well for the soundness of the community in which the bank is. The fact that the paper was mostly of that class known as "accommodation" may surprise some of our readers, who have been

trained to shun it as unsafe. Mr. Ver Planck closes his letter with the following: "We now come to the beginning of a new era in our history. To-morrow the legal rate of interest in this State will be six per cent, instead of seven per cent. as heretofore. And the rate of interest on our United States bonds is now four per cent. instead of five and six as in previous years. We are now heavily taxed, and an increase of our assessment is advocated by some. These things are suggestive, and I leave them to your consideration."

When this communication was brought before the Board of Directors of the Geneva National Bank for consideration, on January 6th, the following resolutions were passed.

Resolved, That we have heard and read the report of Samuel H. VerPlanck, President of this Board, of the business results of this bank, covering a period of twenty years, with a high degree of satisfaction ;

That while it shows the payment of dividends amounting to ten per cent. annually upon the par value of the capital stock, for almost the entire period, and an addition to the undivided profits of nearly sixty thousand dollars, it discloses that the bank has borne a burden of taxation which, as compared with other kinds of property or the same kind in neighboring localities, is enormously disproportionate and in the opinion of this Board unjust to the bank ;

That the results thus achieved during this period under the circumstances, are such as reflect great credit upon Mr. Ver Planck, to whose business sagacity, energy and industry they are chiefly due, and we believe a knowledge of them will be received with satisfaction by the shareholders.

Resolved, That this resolution be entered upon the records and a copy sent to each shareholder.

CALIFORNIA BANKS.

The Commissioners of Banks in California, having under their jurisdiction both the Savings and Commercial banks, note the important recent decrease of deposits in both classes of institutions. The following sums are the total amounts on deposit June 30, 1879: In Savings banks, \$53,226,618; in Commercial banks, \$23,503,684. During the year the deposits in Savings banks decreased \$6,512,436 and in Commercial banks \$5,156,166. To this must be added \$11,729,529, the amount of deposits in suspended Savings banks, making a total decrease of \$23,398,129 in the amount deposited at the end of the year. The suspended Savings banks have repaid during the year \$3,276,870 to their depositors.

The year referred to is that ending June 30, 1879. Whether the contraction of deposits in the Commercial banks continued during the last half of 1879 is not stated, but it continued in the Savings banks, which lost during that six months \$1,361,715 in their deposits.

The Savings banks increased their ownership of real estate by foreclosures \$1,057,144 during the year ending June 30, 1879, and \$1,392,000 during the six months ending December 31, 1879.

As to the probable disposal of the money withdrawn by bank depositors, the Commissioners say: "It is impossible to surmise what has become of the large amount of money withdrawn from the banks, but it may be estimated that seven or eight millions were invested in United States bonds. Another large portion was probably lost in mining speculation and went to support the State of Nevada in the shape of assessments."

NATIONAL BANKS AND STATE USURY LAWS.

NEW YORK COURT OF APPEALS.

Otto F. Hintermister, Appellant vs. *First National Bank of Chittenango, Respondent.**

[FROM SICKEL'S REPORTS, VOL. 19.]

The penalty recoverable from a National bank under the Act of Congress (*U. S. R. S.*, § 5,198), where a greater rate of interest than is allowed by law has been actually paid to and received by it, is twice the amount of the interest paid in excess of the legal rate, not twice the amount of the entire interest.

The forfeiture of the entire interest where more than lawful interest is received or reserved, attaches, and is enforceable only in actions brought to enforce the usurious contract.

The provision is penal in its character, and is to be strictly construed.

The party entitled to maintain the action is entitled to recover twice the amount he has paid for usury within two years prior to the commencement of the action, whether the amount was paid in one or several payments.

Sturgess vs. Spofford (45 N. Y. 446); *Fisher vs. N. Y. C. and H. R. R. Co.* (46 *id.* 644) distinguished. It seems, that as the provision of the act of the Legislature of this State of 1870 (chap. 163, *Laws of 1870*) amending the banking law of the State, was intended to put State banks upon an equality with National banks in respect to interest on loans and the penalties for taking usurious interest, it should receive the same interpretation as the Act Congress; and as an interpretation has been given to the Act of Congress by the United States Supreme Court (*F. and M. N. Bank vs. Deering*, 1 Otto 29), the same interpretation will be applied to the State law.

A debt, therefore, contracted or obligation given for a usurious loan made by a State or National bank is not void, but the forfeiture is limited to the interest.

The Nat'l Bank of Whitehall vs. Lamb (50 N. Y. 95); *The Farmers B'k of F. vs. Hale* (59 *id.* 53). Considered as overruled.

Hintermister vs. First National Bank of Chittenango (3 Hun. 345; 5 T. & C. 484) modified.

(Argued February 4, 1876; decided February 15, 1876.)

APPEAL from order of the General Term of the Supreme Court in the Third Judicial Department reversing a judgment in favor of plaintiff, entered upon a decision of the Court, on trial at Special Term, and granting a new trial. (Reported below 3 Hun. 345; 5 T. & C. 484.)

This action was brought under the thirtieth section of the National Banking Act (*U. S. R. S.*, § 5,198) to recover twice the amount of interest paid upon three notes, which were renewals of a former note, and for twice the amount of excess paid upon a fourth renewal. The notes were all made payable with interest. The Court found that upon each renewal defendant charged and received twenty dollars in addition to the interest secured by the note. The Court directed judgment for twice the amount of the entire interest paid upon the three renewal notes and twice the twenty dollars paid in excess upon the last renewal.

ALLEN, J. The Supreme Court of the United States having given an interpretation to the Act of Congress regulating the interest which may be lawfully taken by National banks, and declaring the penalties for demanding or receiving interest at a greater rate than that allowed by law, adverse to the views of this Court, as expressed in the *National Bank of Whitehall vs. Lamb* (50 N. Y. 95), neither that case nor that of the *Farmers' Bank of Fayetteville vs. Hale* (59 N. Y. 53) can be longer considered as furnishing a rule for decision in cases within the principle of the adjudication by the Federal Court. The decisions of that Court in all matters of Federal jurisprudence and of the interpretation of the Acts of Congress, are paramount to and binding upon all other

* This decision is one of the few important ones not published in the *BANKER'S MAGAZINE* at the time it was rendered. We now give it place, although at a late day, in order that it may be found within our volumes by the many readers to whom it is of value.—ED. B. M.]

Courts. The judgment in the *Farmers' Bank of Fayetteville vs. Hale*, was a necessary sequence of that in the case of *Lamb*, the statute of the State being in all respects a transcript of the Act of Congress, and both received the same interpretation. But by the authoritative decision of the Court at Washington, the Act of Congress receiving a different interpretation from that which we thought it would bear, it follows that in order to give effect to the evident intention of the Legislature of this State, the statute enacted in 1870 to put the State banks upon an equality with the National banks should have the same interpretation and effect as is given to the Act of Congress. Any other interpretation would do violence to the clearly expressed will of the Legislature, do injustice to the State institutions, and give undue effect to the legislation of Congress so far as it is hostile to the State banks. Both cases may, therefore, be regarded as overruled.

The plaintiff was, upon the facts found by the trial Courts, entitled to a judgment for the penalty given by the Act of Congress, when a greater rate of interest than is allowed by law has been actually paid (*U. S. R. S.*, § 5,198); and the sole question is whether the penalty should be twice the amount of the entire interest paid or twice the amount of the excess of legal interest only. The language of the statute is not so explicit as to render its interpretation free from difficulty. The clause under which this action is brought is penal in its character, and therefore, should be strictly construed; that is, not extended by greater implication so as to give a greater penalty than that which the terms of the act will clearly warrant. The first clause of the section forfeits the entire interest whenever greater interest than is allowed by section 5,197 is either received or reserved; but it would seem that this forfeiture attaches, and is enforced only in actions brought upon or to enforce the usurious contract. It limits the right of the recovery by the plaintiffs in such actions to the money actually loaned without interest. The other clause of the section, in declaring the penalty which a party paying the illegal interest may recover, employs different language. It enacts that "in case a greater rate of interest has been paid" than allowed by law, "twice the amount of the interest thus paid may be recovered from the association taking or receiving the same." The language of the act is satisfied by restricting it to the interest paid in excess of the legal rate. It seems to have respect to "the greater rate" as distinguished from the entire interest mentioned in the first paragraph of the section. "The greater rate" does not necessarily include the legal rate of interest, and when the statute declares that twice the amount of the interest "thus paid" may be recovered, it may well be held to mean twice the amount paid as and for "the greater rate" that is in excess of the lawful interest. With great hesitation I incline to favor this interpretation of the penal clause under consideration. I am the more inclined to this view of the statute by reason of the general character of the legislation of Congress in respect to National banks. If these institutions are not, as is said in *Tiffany vs. National Bank of Missouri* (18 Wall 409), "National favorites" they have been greatly favored by Congress, to the prejudice of the State banks, and it cannot be supposed that Congress would impose very stringent burdens or very heavy penalties upon them in matters in respect to which they might come in conflict with State banks. The policy of the legislation by Congress, as intimated in *Tiffany vs. Bank of Missouri* (supra), was to give advantages to National banks over their State competitors. In this view of the policy of Congress the lower penalty must be assumed to have been intended in the use of the ambiguous phrase of the statute. When the act forfeits the entire interest, the forfeiture is only of the one sum reserved as interest; while, in giving penalty of twice the amount, the usurious interest only is doubled. If this is not so, the borrower would be the gainer by paying the usurious interest and suing at once to recover twice the amount, while by resisting payment he could only save the one sum. The Supreme Court of Pennsylvania have given the same interpretation to the Act of Congress, in *Brown vs. The Second National Bank of Erie* (72 Penn. St. R., 209). The judgment of the Court below should have been a mere reduction of the recovery at Special Term to the amount to which the plaintiff was entitled in accordance with these views. It is objected that but one penalty can be

recovered in a single action. The authorities to which reference is had in support of this objection (*Sturgess vs. Spofford*, 45 N. Y. 446; *Fisher vs. N. Y. C. and H. R. R. Co.*, 46 *id.* 644), and other cases to which reference might be made, were decided upon the peculiar language of the acts giving the penalties. The Act of Congress under which this action is brought regulates the recovery by the amount illegally received and taken, and does not give a fixed sum as an arbitrary penalty, and the party entitled to maintain the action is entitled to recover within the terms of the Act twice the amount which he has paid for usury within two years prior to the commencement of the action, whether the amount has been paid in one or several payments.

The order of the General Term of the Supreme Court should be modified and the judgment of the Special Term reversed, and a new trial granted, costs to abide the event, unless the plaintiff stipulates to reduce the recovery to \$160 for the penalty; and in case he so stipulates, the judgment to be affirmed for that amount, without costs to either party in this Court. All concur.

Judgment accordingly.

THE POWER OF PRESIDENT TO BIND A NATIONAL BANK.

UNITED STATES CIRCUIT COURT N. D. ILL.

OPINION FILED JANUARY 27, 1880.

Samuel S. Burton, Receiver of First National Bank of La Crosse vs. Augustus H. Burley, Receiver of City National Bank of Chicago.

DRUMMOND, J.—At the time that the transactions took place which are the subject of controversy in this case, the City National Bank of Chicago was the correspondent of the First National Bank of La Crosse, and a large amount of business was done between the two banks, amounting often to the sum of \$100,000 per month. Generally the Chicago bank had a large balance in its hands to the credit of the La Crosse bank; and it was the custom of the Chicago bank to transmit regularly copies of the accounts between the two banks, showing the debits and credits, and these accounts were in all cases acknowledged by the La Crosse bank; and if there was any error or mistake it was pointed out. During the time this business was transacted, the La Crosse bank was in the habit of drawing checks and directing payment out of the funds in the hands of the Chicago bank; and everything concerning the matters in controversy in the case was done substantially in the same way as in other business matters between the banks; and not only was no objection made to the disputed charges, but they were admitted by the La Crosse bank, and everything that was done between the two banks was on the basis that the disputed charges were at the time acknowledged by the La Crosse bank.

Sutor, was formerly connected with the City National Bank of Chicago. He went to La Crosse and became the Cashier of the First National Bank of that place, and remained in that position some time; and the result was that he obtained the control of that bank, and subsequently became President. There may have been some circumstances which enabled the President of the City National Bank, who held that position up to January, 1874, to know that Mr. Sutor was not a man of very large means, and that he would not have resources enough of his own to obtain the control of that bank; but admitting that to be so, the question is, whether there were facts known to authorize the officers of the bank here to conclude that at the time these various transactions took place, which are the subject of controversy, there was a fraud practiced upon the bank of La Crosse by Mr. Sutor. Fraud is not to be presumed. It must be proved. It is sufficient, of course, if it is proved by circumstances which are sometimes the most satisfactory evidence to establish fraud.

Mr. Sutor owed the bank here for a loan that had been made. He had executed his note for the amount (\$7,000) and when he became President

of the bank at La Crosse, he gave instructions to the bank here to charge the sum of \$2,000 to the La Crosse bank, and it was done; and he stated at the same time he gave these instructions, that the balance of the amount which he personally owed, which, I take it for granted, referred to the note for \$7,000 which he had given, would soon be paid, and accordingly instructions were subsequently given to charge to the La Crosse bank the \$5,000 which was still due upon the note and it was so charged. Besides this, which constitutes the main controversy in the case, it seems that a transaction took place between Mr. Sutor and Mr. Miner, the Cashier of the City Bank, by which the former purchased of the latter some real estate in Chicago or its vicinity, upon which Mr. Miner owed a balance evidenced by note, and this note Mr. Sutor had agreed to pay. That accordingly was taken up when it became due, by Mr. Sutor in the same way, namely: By instructions to charge the amount to the La Crosse National Bank. If that were all there was in these transactions, it might be contended with some plausibility on the part of the plaintiff that it was not liable for the charges that were made by the City National Bank. But that is not all. Accounts were made out from time to time and transmitted to the La Crosse National Bank, in which were included the charges which are the subject of controversy, and made against the La Crosse bank by the City National Bank, and entered as a payment *pro tanto*, on the amount due from the Chicago bank to the La Crosse bank, for deposits made by the latter from time to time. The receipt of these accounts was acknowledged by the La Crosse bank as they were forwarded, and it was then stated that the accounts conformed to the books of the La Crosse bank, although it turned out that in fact, they did not so conform, which fact, however, was unknown to the Chicago bank. One of the notes, it seems, was transmitted to Mr. Sutor—the note which he was to pay for Miner. There is no evidence what became of the other note, but the facts prove the existence of the note given by Sutor to the bank here, and its payment in the way stated, viz: In consequence of instructions from the President of the La Crosse bank.

In relation to the checks given in Chicago, by Mr. Sutor, as President of the bank, it is true that the general business of an officer of a National bank is to be transacted at its regular place of business. At the same time we know that in the course of business between banks occasionally officers of banks do give orders and instructions away from the place of business of the bank. And if they are within the general scope and authority conferred upon the officers, they may be binding upon the bank. But all accounts of this kind were included in those transmitted to the La Crosse National Bank. What security can there be in the business relations between banks if accounts of this kind are not considered conclusive and binding upon the respective banks, unless, indeed, there is a mistake, or it can be shown that there has been a fraud practiced upon the bank, against which the charges are made, and that fraud known to the other bank or its officers? Unless that can be done, there would be no safety in the transactions of banks with each other. One bank would never know what to do on instructions given, or a charge made. Here is an "individual" account which one bank has against a particular person. Another bank with which it is transacting business, and with which it has an account, instructs that bank to charge this individual indebtedness to it. The charge is made and the account rendered showing it is done, and the bank which makes the charge knows nothing of any wrong being done, or of any mistake, or of any fraud being practiced by the officers of the bank. That being so, it must foreclose the bank, or else banks must cease doing business with each other. And it ought to be so. Where a bank, established under an Act of Congress, or in any other way, elects its own officers, the men who are interested in the bank, the stockholders, the depositors, ought to be bound by the authorized acts of the officers, or those which appear to be authorized, whether they are or not, and by the general mercantile usage of banks. So that, in any view that I can take of this case, it seems to me that the plaintiff cannot maintain its action; that it must be concluded by the course of the business which has been done. *Non constat*, but that admitting all that is claimed on the part of the plaintiff, Mr. Sutor may have presumptively made

some arrangement justifying his action with his own bank. The natural presumption that would arise in the minds of the officers of the City Bank, was that Mr. Sutor had made some transactions with the La Crosse bank, by which he was authorized to act, and by which the La Crosse bank had assumed the individual debt which Sutor owed to the City National Bank. If the defendant insists the Court must certify to the balance due from the La Crosse bank to the City bank, because I hold that these items of accounts which are the subject of controversy, constitute a valid charge against the La Crosse National Bank.

This is a controversy between the creditors of two insolvent banks, and I think the loss occasioned by the wrong of the officers of the La Crosse bank, should fall on the creditors of that bank, rather than on those of the Chicago bank.

LEGAL MISCELLANY.

SELECTED DIGEST OF RECENT FINANCIAL DECISIONS.

[FROM THE AMERICAN LAW REVIEW.]

BILL OF EXCHANGE—PROMISSORY NOTE—CONSTRUCTION OF STATUTE—FEDERAL AND STATE COURTS—USURY—PENALTY—NATIONAL BANK.—(Head-note.)—1. The statutes of Alabama examined, and held to place bills of exchange and promissory notes, payable in money, at "a certain place of payment designated therein," upon the same basis as to immunity from set-off, discount, or equities as bills and notes payable at a bank or private banking house. Such declared to be the intention and effect of the Act of April 8, 1873, amending section 1,833 of *Revised Code of Alabama*.

2. The intention of the Legislature, clearly expressed in a Constitutional enactment, should not be defeated by too rigid adherence to the letter of the statute, or by technical rules of construction. Any construction should be disregarded which leads to absurd consequences.

3. The Federal Courts are not bound by decisions of State Courts upon questions of general commercial law.

4. A creditor who takes a negotiable note, before maturity, so indorsed that he becomes a party to the instrument, as collateral security for a pre-existing debt, in consideration of an extension of time to the debtor, actually granted, is, according to the law-merchant, a holder for value, and his rights as such are not affected by equities between antecedent parties of which he had no notice.

5. A National bank, at the request of its debtor, gave further time in consideration of the transfer, before maturity, of a negotiable note, as collateral security, and in consideration also of the payment, in advance, of usurious interest for the period of extension. The note was so indorsed as to make the bank a party to the instrument, responsible for its due presentation, and for due notice of non-payment. The consideration was in part legal and in part vicious. The former was itself sufficient to sustain the contract of extension and transfer, and to constitute the bank a holder for value. While the bank was subject to the penalties denounced by law for taking usurious interest, the statute under which it was organized had not declared the contract of indorsement void. No such penalty being prescribed, the Courts could not superadd it. United States Supreme Court, October Term, 1879. *William C. Oates vs. First National Bank of Montgomery*. Pamphlet containing opinion. No. 74.

BILL OF EXCHANGE—ASSIGNMENT.—*Held*, first, that a bill of exchange drawn upon a general or particular fund operates as an assignment to the payee of a debt due from the drawee to the drawer when the bill has been accepted by the drawee.

Second, that a bill of exchange drawn upon a general fund, but not accepted by the drawee, does not operate as an assignment of the fund, but is mere

evidence of an assignment, and, with other circumstances, showing that such was the intention, will vest in the holder an exclusive claim to the fund, and bind it in the hands of the drawee after notice.

Third, that an order upon the whole of a particular fund, though not accepted, will operate as an equitable assignment of the fund, and bind it in the hands of the drawee after notice; but such order does not possess the property of negotiability. *First National Bank of Canton, Appellee, vs. Dubuque Southwestern R. Co., Appellant.* Iowa Supreme Court.—*V. W. Reporter*, N. S. vol. iii, No. 3, p. 395, Dec. 6, 1879.

PROMISSORY NOTE—INDORSEMENT—PARTNERSHIP—NOTICE.—Action of contract upon a promissory note for \$3,000, dated January 20, 1877, signed by Alexander Law, payable in four months after date to the order of Charles F. Parker & Co., and indorsed by John Savery's Sons and the payee.

At the trial in the Superior Court [Boston, Mass.] the following facts appeared: The note in suit was signed by Law, who, at the time the note was made and negotiated, was a member of the firm of Charles F. Parker & Co., and of the firm of John Savery's Sons. The note was indorsed by Law in the firm name of John Savery's Sons and by Charles H. Demeritt in the name of Charles F. Parker & Co., of which firm he was a member. At the maturity of the note, due demand was made and notice given—and no part of the note has been paid. Law had for many years been the manager and head of the firm of John Savery's Sons, and had signed its name in the ordinary course of its business, but the firm had never made or issued any promissory notes or negotiable paper, nor indorsed any notes, except that it indorsed for collection such notes as it received from its customers. Since May, 1876, by an arrangement among the members of the firm, Law had been deprived of the right to sign checks upon the bank in New York in which the funds of the firm had been deposited, and the bank had been notified to that effect; but the plaintiff had no knowledge of this fact, and no notice or ground of suspicion of any want of authority in Law to use the name of the firm in the ordinary course of business. The note in suit was brought to the banking house of the plaintiff before its maturity by John Demeritt, who procured at the time a loan from the plaintiff of \$2,200 upon his own note for that amount, and deposited the note in suit as collateral security therefor. No part of the loan to Demeritt has been paid. The plaintiff had previously discounted negotiable paper bearing the name of John Savery's Sons, which had been paid in due course of business, but which, in fact, had been issued by Law without the knowledge or authority of any of his partners, and paid without their knowledge that it ever existed. The plaintiff had inquired into the standing of the firm, and found it to be unquestioned. The note in suit was made, indorsed, and issued by Law, without the knowledge, consent, or authority of any other member of the firm, and in fraud of the firm, and not in the course of its business or for its benefit, or for any consideration moving to the firm; but the plaintiff had no knowledge, notice, or ground of suspicion of this fact, or of any infirmity in the note or its negotiation, unless the same is to be inferred from the form of the note and from the facts above stated.

Upon these facts, the judge ruled that, from the form of the note, the plaintiff was affected with notice of the defense existing to the note on the part of the defendants other than Law; directed a verdict for the defendants; and reported the case for the consideration of this Court.

Held, one partner has no authority, without the assent of his co-partners, to sign the name of the partnership to a note for his individual debt; and all persons who take such a note from him with knowledge, either by its appearance or otherwise, that it was made for the separate accommodation of one partner, cannot recover against the others without proving their authority or assent. In the present case, the defendant's name being upon the back of the note above that of the payees, it was apparent upon the note itself, read in the light of the statute (1874, c. 404), which every one was bound to know, that the liability of the partnership was but conditional and secondary, and

therefore that, *prima facie* at least, their signature was affixed for the accommodation and benefit of Law; and the ruling at the trial was correct. *Judgment on the verdict. National Bank of the Commonwealth vs. Alexander Law et al.* Decided December, 1879.—*Boston Daily Law Reporter*, Jan. 20, 1880.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

CORPORATE STOCK—TRANSFER OF, IN ABSENCE OF STATUTE, NEED NOT BE ON CORPORATE BOOKS.—Where there is no legislative regulation as to the mode of transferring title to stock in a corporation, none either by general law or in the charter, the method of transfer must be determined on general principles of law, based on sound reason and public policy. Under those circumstances the holder of stock may transfer the same by assignment of the certificate, and no transfer on the books of the company or notice to it is necessary, and the transferee takes title against all, whether the transfer is absolute or for the purpose of collateral security. It has been correctly said by the Supreme Court of Indiana, in a well-considered case, that "stock in a corporation, held by an individual, is his own private property, which he may sell or dispose of as he sees proper, and over which neither the corporation nor its officers have any control. It is the subject of daily commerce, and is bought and sold in the market like any other marketable commodity." *Commissioners vs. Reynolds*, 13 Am. Law Reg. 380. See also an elaborate review of the authorities in *Johnson, Rec., vs. Lofin*, Thomp. Nat. Bk. Cas. 331. Tennessee Sup. Ct., Sept. Term, 1879. *Cornick vs. Richards*. Opinion by FREEMAN, J.; MCFARLAND and COOPER, JJ., dissent.

ENDORSEMENT—RIGHTS OF HOLDER AGAINST INDORSER OF PAPER NEGOTIATED AFTER MATURITY.—In an action upon a note transferred and put in circulation by the payee, after maturity, by a remote indorsee, who purchased *bona fide* for full value and without notice, against the payee who indorsed the note in blank, evidence of an agreement between the payee and his immediate indorsee that he should not be held liable on his indorsement is not admissible. In such case, the plaintiff held the note unaffected by any special agreement between the payee and his immediate indorsee. The liability of the holder of over-due paper to equities and legal exceptions extends only to those that the maker has, but does not apply as between the holder and others taking before him by indorsement, except between the holder and his immediate indorser. There is no adverse presumption from the paper being in dishonor as between successive indorsers, as there is between the holder and the maker. Each indorser, including the payee, down the line, has and passes the legal title, and his indorsement in legal import is a contract with his indorsee and all subsequent holders by indorsement, that the maker will pay the note, or on notice he will. *Parker vs. Stallings*, Phil. 590; *National Bank of Washington vs. Texas*, 20 Wall. 89. Swayne's opinion. It is settled in this State that parole testimony may be adduced under a blank indorsement to annex a qualification or special contract as between the immediate parties *Davis vs. Morgan*, 64 N. C. 570; *Mendenhall vs. Davis*, 72 id. 150. But between the indorser in blank and remote parties without notice, the weight of authority is that parole proof is inadmissible, and the contract implied by law stands absolute. 2 *Pars. on Notes and Bills* 23; *Hill vs. Ely*, 5 Serg. & Rawle 363; 1 *Dan. on Neg. Inst.* §§ 699 and 719. North Carolina Supreme Court, June term, 1879. *Hill vs. Shields*. Opinion by Dillard, J.

FORGED CHECK—WHEN BANK ON WHICH DRAWN LIABLE AFTER CERTIFICATION—FAILURE TO COMMUNICATE INFORMATION—ESTOPPEL.—A Chicago bank drew a check on the defendant, a New York bank, for \$254.50, to the order of G. This check was sent by mail to G, but was lost. The check was presented to the defendant and by it certified. On the day after, the Chicago bank wrote to defendant that the check had been lost and directed it to stop payment, and [he] wrote to the Chicago bank that the check had been certified. Two weeks later a stranger purchased of plaintiff United States bonds and tendered in payment this check raised to \$2,540, with the name of

the payee altered to that of plaintiff. This check plaintiff sent to defendant and asked its paying teller if the certification was good, to which he answers, yes. He said nothing about the check having been lost, and its payment stopped. Plaintiff thereupon accepted the check in payment for the bonds. *Held*, that defendant was liable to plaintiff for the amount for which he received the check. "A liability on the part of the defendant was created through the neglect of the bank, through its paying teller, to inform plaintiffs, when the check was presented with an inquiry as to the certification, that payment of the check had been stopped, and to communicate the other facts within its knowledge affecting the validity of the check. The ordinary rule as to the liability of a bank upon its certification of a check, and upon declarations of its teller as to such a certification, only apply where the bank has no special knowledge of the history of the instrument and of the facts connected with the drawing, delivery, indorsement, validity, etc. Where the bank is in possession of special knowledge, it is under the same obligation as natural persons to disclose it, when omission must result in injury to the person applying to them for any information on the subject with an evident purpose of acting upon information so obtained. Though questioned only as to certification, the teller was bound to state that payment had been stopped. If the paying teller was not informed by the cashier or other officer receiving notice to stop payment, there is an omission of a plain duty on the part of this official. With knowledge of all the facts, the defendant suffered the plaintiffs to consider and deal with the paper as genuine in all respects and is estopped from denying it." *New York Common Pleas, General Term, January 5, 1880. Clews vs. Bank of New York National Banking Association.* Opinion by DALY, J.

JOINDER OF PARTIES—GUARANTOR OF PROMISSORY NOTE CANNOT BE JOINED WITH MAKER.—Calvert made his promissory note to Mast. Before delivery to Mast Mowery wrote this guarantee on the back of the note: "For value received we hereby guaranty the payment of the within note, and waive protest, demand and notice of non-payment thereof. G. W. Mowery." *Held*, that under the provisions of the Code of Nebraska (which is the same as in the Codes of Ohio, Florida, Minnesota, Oregon, Colorado, North Carolina, South Carolina and Wisconsin), "persons severally liable upon the same obligation or instrument, including the parties to bills of exchange and promissory notes, may all or any of them be included in the same action at the option of the plaintiff." Calvert and Mowery could not be joined as parties in an action on the note. In *Gale vs. Van Arman*, 18 Ohio 36, before the adoption of the Code, the Supreme Court held that "where a stranger to a note payable in checks, at the time of the execution, wrote on the back and signed these words: 'I guarantee the fulfillment of the within contract,' it was a joint contract, and that the parties might be sued jointly upon it," citing *Leonard vs. Sweetzer*, 16 Ohio 1; *Stager vs. Olds*, 12 id. 158; *Bright vs. Carpenter & Shuer*, 9 id. 139. The decision is placed upon the ground that the instruments were executed by principal and surety at the same time, upon the same consideration, for the same purpose, and took effect from the same delivery. But a contract of guaranty is not a primary obligation to pay, but is an undertaking that the debtor will pay. The contract of the maker and sureties upon a promissory note is to pay the same. The guarantor is not a promisor with the maker. The contract of guaranty is a separate and independent contract and the liability of the guarantor is governed by the express terms of the contract. He cannot be joined in an action against the maker of a note, he not being liable as maker. *Phalen vs. Dinger*. 4 E. D. Smith 379; *Ridded vs. Schuyman*, 10 Barb. 633; *Tibbets vs. Percy*, 24 id. 39; *Allen vs. Fosgate*, 11 How. Pr. 218; *Borden vs. Gilbert*, 13 Wis. 670; *Virden vs. Ellsworth*, 15 Ind. 144; *Bondwart vs. Bladden*, 19 id. 160. *Nebraska Sup Ct., January 10, 1880, Mowery, plaintiff in error, vs. Mast.* Opinion by MAXWELL, C. J.

NEGOTIABLE INSTRUMENT—WHAT IS NOT A CHECK—OMISSION OF NAME OF PAYEE—An instrument reading as, "\$200. St. Paul, Minn., January 22, 1879. Dawson & Co., Bankers. Pay to the order of, on sight, \$200 in

current funds. E. Lytle." *Held*, not to constitute a check. A check must name or indicate a payee. Checks drawn payable to an impersonal payee to "bills payable," or order, or to a number or order, are held to be payable to bearer, on the ground that the use of the words "or order" indicate an intention that the paper shall be negotiable; and the mention of an impersonal payee, rendering an indorsement by the payee impossible, indicates an intention that it shall be negotiable without indorsement; that is, that it shall be payable to bearer. So when a bill, note or check is made payable to a blank or order and actually delivered to take effect as commercial paper, the person to whom delivered may insert his name in the blank space as payee, and a *bona fide* holder may then recover on it. This case differs essentially from the one at bar. In the latter case the person to whom delivered is presumed, in favor of a *bona fide* holder, to have had authority to insert a name as payee. In the former cases the instrument is, when it passes from the hands of the maker, complete, in just the form the parties intend. But in this case there is neither a blank space for the name of the payee, indicating authority to insert the payee's name, nor is the instrument made payable to an impersonal payee, indicating a fully completed instrument. It is claimed that the words "on sight" are such impersonal payee. They were inserted, however, for another purpose—to fix the time of payment, and not indicate the payee. It is clearly the case of an inadvertent failure to complete the instrument intended by the parties. The drawer undoubtedly meant to draw a check, but having left out the payee's name without inserting in lieu thereof words indicating the bearer as payee, it is as fatally defective as it would be if the drawee's name were omitted. Minnesota Sup. Ct., Jan. 3, 1880. *McIntosh vs. Lytle*. Opinion by GILFILLAN, C. J.

NEGOTIABLE INSTRUMENT—BONA FIDE HOLDER FOR VALUE—BURDEN OF PROOF.—In an action upon two promissory notes, by a second indorsee, after the notes, duly indorsed, had been put in evidence, the evidence for defendant was, that after one of the notes fell due and before maturity of the other, the payees attended a meeting of the maker's creditors to consider the question of a compromise, and stated the amount of their claim, including the notes in question; that several days afterward a compromise in writing was signed by said payees and other creditors, by which they agreed to take forty per cent. in discharge of their claims, in case all the creditors should sign the agreement; but said payees did not at that time state the amount of their claims. One of the payees then testified for plaintiff, that they sold and delivered the notes to the first indorsee one or two days before the date of the written compromise, for about seventy per cent. of their face. There was no evidence that such payees had agreed with the other creditors, or with defendant, to sign the compromise before they actually signed it. *Held*, (1) That independently of the evidence, the *presumption* was that the notes were negotiated before due. (2) That the compromise signed by the payees *after* negotiating the notes did not affect the rights of the purchaser or his indorsee. (3) That subsequent *declarations* of the payees that they held the notes at the time of signing the compromise would not be admissible in evidence against plaintiff. (4) That the failure of the payees to disclose the fact that they had negotiated said notes, at the time of signing the compromise, did not throw upon plaintiff the burden of showing that he purchased in good faith and for value; such notes being valid against defendant for their full amount even in the hands of the payees, at the date of their negotiation. In order to cast the burden of proof upon the holder of a promissory note, of showing that he paid value for the same, it is necessary that the defendant should either show that the note or bill is founded in fraud or was fraudulently put in circulation. *Smith vs. Braine*, 16 Ad. & E. (N. S.) 250; *Bailey vs. Bidwell*, 13 M. & W. 73; *Fitch vs. Jones*, 5 El. & Bl. 238; *Harvey vs. Towers*, 6 Exch. 660; *Hall vs. Featherstone*, 3 Hurls. & Nor. 284; *Mills vs. Barb*, 1 M. & W. 432; *Tucker vs. Morrill*, 1 Allen, 528; *Sistermans vs. Field*, 9 Gray, 331; *Brush vs. Scribner*, 11 Conn. 390; *Smith vs. Sac Co.*, 11 Wall. 139-147; *Noxon vs. De Wolf*, 10 Gray, 343-347; *Ranger vs. Cary*, 1 Metc. 369-373. (5) That an oral agreement by the payees, before the negotiation of the notes, to sign the compromise of their entire claim, including such notes (if

made and if binding in law), would not have defeated plaintiff's right to recover the whole amount of the note negotiated *before maturity*, without knowledge on his part of such agreement; nor would it have thrown upon him the burden of proving the absence of such knowledge. *Reeve vs. Ins. Co.*, 39 Wis. 520; *Collin vs. Hansen*, 1 Duer 310; *Hart vs. Potter*, 4 id. 458; *Ross vs. Bedell*, 5 id. 462; *Kelley vs. Whitney*, 45 Wis. 110-117; *Stevenson vs. O'Neal*, 71 Ill. 314; *Howay vs. Eppinger*, 34 Mich. 29-33; *Croft vs. Bunster*, 9 Wis. 504; *Collins vs. Gilbert*, 94 U. S. 753-760, 761. That plaintiff was entitled to recover the full amount of both notes. Wisconsin Supreme Court, October, 1879. *Gutwilling vs. Stames*, Opinion by Taylor, J.

NEGOTIABLE INSTRUMENT—RECEIVER'S CERTIFICATE NOT, THOUGH SO IN FORM—BONA FIDE HOLDER.—Certificates for a specified amount were authorized, by a court appointing him, to be issued by the receiver of a railroad company. In form the certificates were negotiable, being made payable to the payee or order, which form was prescribed in the order of the court authorizing their issue. Certificates for a greater amount than authorized were issued. On the back of each certificate was printed the order of the court mentioned. *Held*, that the certificates were not negotiable instruments so as to render those issued in excess of the amount authorized valid in the hands of a *bona fide* holder for value. The receiver is an officer of the court and acts under its order and directions, and can do no act legally beyond that. High on Receivers, ch. 8. With the issue of the amount of receiver's certificates allowed by the order of the court, the power of the receiver ceased, and the form in which the certificates were issued could make no difference, and could not aid their validity. It has been held by the Supreme Court of our State, in a case somewhat analogous in principle to this, that municipal bonds issued by town officers in excess of the amount allowed by the act under which they were issued are void, even in the hands of an innocent purchaser. *Marshall vs. Silliman*, 61 Ill. 218; *Town of Elmwood vs. Marcey*, 92 U. S. 289; *McPherson vs. Foster*, 43 Iowa, 48. It is not within the policy of the law to allow receivers who have been authorized to borrow money by order of court, by fraudulent action to usurp its functions. The court should retain its rightful authority and allow or disallow claims according to the rules of equity. The receiver's certificates in question are negotiable in form and would pass from hand to hand by indorsement, so that the holder would be entitled to payment subject to all equities existing against them at the time they were issued. The orders of school directors under the laws of this State are negotiable in the same way, but not in the sense that commercial paper is negotiable. *Newell vs. School Directors, et c.*, 68 Ill. 514. It has been held that receiver's certificates are not generally negotiable. *Stanton et al. vs. A. C. R. R. Co.*, 2 Wood 510; *Bank of Montreal vs. C. & W. R. R. Co.*, 7 Cent. L. J. 276. These certificates being void as receivers' certificates could not be paid out of the proceeds of property in the hands of the receiver. Illinois Appellate Ct., Second District, Jan. 9, 1880. *Newbold vs. Peoria & Springfield R. R. Co.* Opinion by LACEY, J.

PROTEST—DUE DILIGENCE, WHAT IS—INDORSEMENT—AGREEMENTS BY HOLDER OF NOTE AS TO COMPROMISE.—(1) Where a notary makes inquiry at the bank where paper is payable, and receives information from the cashier as to the residence of the indorser, upon faith of which the notary addresses the notice of protest, the jury are justified in finding that he has used due diligence. The court remark that the officers of the bank were proper ones to apply to for information concerning the place of business or domicile of parties doing business through the bank. "It does not appear that he inquired of the officers of the bank," says Justice Whitehead, in giving his reasons for holding a notice of protest insufficient, in the case of *Hazleton Coal Co. vs. Ryerson, Spenc.* 129-33. In *Barr vs. Marsh*, 9 Yerg. 255, and *Harris vs. Robinson*, 4 How. 336, the fact that inquiries had been made at the bank was stated to be evidence of diligence in making inquiry. (2) An agreement between the holder of the note and a creditor of the maker, by which the holder was to accept fifty per cent of his claim, to be secured by mortgage, which said

assumption by the creditor so secured should be in full satisfaction of the holder's claim against the maker, does not discharge the indorser because the maker is a stranger to the agreement. *New Jersey Sup. Ct., June Term, 1879. Herbert vs. Servin.* Opinion by Reed, J.

SEALED NOTES—NEGOTIABLE ONLY BY VIRTUE OF STATUTE—DEFENSES TO.—Where the form of a promissory note, with blank spaces, payable to payee or bearer, was printed, and after the spaces were filled the maker signed his name in front of a device consisting of a bracket and the word seal therein, thus, “[seal],” which device was also a part of the form and was printed in ink, *held*, that the device mentioned is a “scrawl seal,” and under the statute of this State has the effect of a common-law seal. That by affixing his signature in front thereof the maker adopted the device as his seal. Such a sealed note is only negotiable by virtue of the statute which requires the negotiation to be by “indorsement thereon.” In an action on such a note in the name of the holder to whom it was transferred by mere delivery, the maker may set up any defense he could have made against the payee. *Ohio Sup., Ct. Sept. 30, 1879. Osborn vs. Kistler.* Opinion by Gilmore, J.

SET-OFF—INDORSER ON NOTE HELD BY INSOLVENT BANK MAY SET OFF DEPOSIT THEREON.—Defendant was an indorser on a promissory note held by a bank in which he had a deposit. Two days before the note became due the bank made a voluntary assignment for the benefit of creditors. The note was not paid when due, of which notice was given to defendant. Thereafter, the bank was, on petition of creditors, adjudicated a bankrupt. In an action by the assignee in bankruptcy of the bank on the note, *held*, that defendant was entitled to set off his deposit against his liability upon the note. In the case of *Jordan et al., Assignees of the City Bank vs. Sharlock*, 3 Norris, 366, it was held that in a suit by assignees under a voluntary assignment for the benefit of creditors, upon a note to the assignor, which did not fall due until after the assignment, the creditor may set off a debt due to him by the assignor at the time of the assignment. And it was further *held* that such a debtor, the maker of a note, might set off his deposit in bank at the time of the assignment, against the note. Believing then that an indorser and a maker of a note, after their liabilities are fixed, hold precisely similar relations to the discharge of their obligations, we hold that either one of them, if sued, might set off his counter-claim in such suit in satisfaction of his obligation to pay. For the present we would follow the decision of the above case, which we think applies here. *Arnold vs. Niess.* Pennsylvania Supreme Court. Opinion *per Curiam.* (Adopting opinion of Sassaman, J., Berks Com. Pleas.)

[Decided March 24, 1879.]

SURETYSHIP—INVALID AGREEMENT TO EXTEND TIME OF PAYMENT DOES NOT DISCHARGE SURETY.—Before the maturity of a note signed by a surety, one of the principal debtors requested the plaintiff, who held the note, to let it run for thirty days after maturity, promising, if he would do so, to pay ten per cent. interest after maturity. To this the plaintiff assented, the agreement being in parole. The surety was not a party to the agreement. By the statute of Tennessee it is made lawful to contract for any rate of interest not exceeding ten per cent., *provided* the rate of interest be expressed in the written instrument creating the debt or obligation, otherwise the legal rate of interest shall remain at six per cent. *Held*, that the contract to pay ten per cent. not being in writing was not valid or binding, and not being enforceable by the principal, the surety was not discharged. It is well settled that a contract for delay, that will discharge the surety, must be a valid contract, founded upon a sufficient and lawful consideration, and a contract by which the creditor would be bound. It has been held that an agreement for delay founded upon the promise of the principal debtor to pay an additional sum over the legal rate of interest, was not a valid contract, although the additional sum was actually paid within the time of the delay agreed upon. *Howell vs. Sevier*, 1 Lea, 360. Such contract was void and not binding on either party. *Wilson vs. Langford*, 5 Hum. 320; *Exchange and Deposit Bank vs. Swepson*, 1 Lea 355. Tennessee Supreme Court, September term, 1879. *McLin vs. Brakebill.* Opinion by McFarland, J.

TRUST—VOLUNTARY TRUST IN SAVINGS BANK DEPOSIT—DEPOSITING IN NAME OF ANOTHER.—J. D. deposited money in a Savings bank, the rules of which forbade more than \$1,000 deposit to the name of any one person. After depositing \$1,000 to his own name he deposited \$500 to that of J. D., Jr., his son; \$500 to that of S. D., and \$500 to that of E. D., his granddaughters, taking separate books for each deposit. These books he kept possession of, never delivering them to the persons named during his life-time. He drew and used the dividends on these deposits for himself. The books which he took contained a provision that "any depositor at the time of making a deposit may designate the person for whose benefit the same is made, which shall be binding on his legal representatives." In an action by the executors of J. D. against the Savings bank to recover the amount deposited by him, *held*, that evidence that testator had said to each of the three persons in whose name he made the deposits, "that he had put his money in the bank for them; that he wanted to draw the interest during his life-time; and that after he was gone they were to have the money," was admissible to establish a trust, and if admitted, together with the other facts, would warrant a jury in finding a trust to exist. *Urann vs. Coates*, 109 Mass. 581. No particular form of words is required to create a trust in another, or to make the party himself a trustee for the benefit of another. It is enough for the latter purpose if it be unequivocally declared in writing, or orally if the property be personal, that it is held in trust for the person named. *Ex parte Rye*, 18 Ves. 140. When the trust is thus created, it is effectual to transfer the beneficial interest, and operates as a gift perfected by delivery. The decisions in both the English and American Courts in these cases are not entirely uniform. The difficulty is in the application of the rule to the varying facts of each case. In *Brabrook vs. Boston Five-Cents Savings Bank*, 104 Mass. 228, and in *Clark vs. Clark*, 108 *id.* 522, the transaction, so far as it tended to create a trust, was incomplete; the entries in the bank books did not possess the character of completed and fully executed declarations of trust. See, also, *Cummings vs. Bramhall*, 120 Mass. 552; *Powers vs. Provident Institution for Savings*, 124 *id.* 378; *Milroy vs. Lord*, 4 De G. F. & J. 264; *Warriner vs. Rogers*, L. R., 16 Eq. 340; *Richards vs. Dilbridge*, L. R., 18 Eq. 11; *Davis vs. Ney*, 125 Mass. 590. *Gerrish vs. New Bedford Institution for Savings*. Massachusetts Supreme Judicial Court. Opinion by COLT, J.

BUSINESS OF THE SAVINGS BANKS.—Statistics in the Bank Department show the amount due depositors in the Savings banks in New York State, on January 1 last, was \$319,266,019.93. The number of deposit accounts is 870,517. The average of each deposit account is \$378.24. The gain during 1879 in the aggregate deposit is \$20,281,370. The increase in the number of deposit accounts is 60,500. The increase in the average account is \$9.02. One-fourth of the gain in deposits was made between January 1 and July 1, and three-fourths during the last six months of the year, and extends throughout the entire State. The deposits during January, 1880, were unusually large.

The Savings banks of New Jersey have liabilities of \$16,590,528 and hold United States bonds to the amount of \$3,463,700. The Savings banks of Connecticut have liabilities of \$76,241,815 and hold United States bonds to the amount of \$7,980,400.

FIDELITY INSURANCE.—The last report of the Canada Guarantee Company shows the following figures:

New bonds issued in 1879.....	\$1,310,850 00
New annual premiums thereon.....	13,060 00
Total business in force, 3,432 bonds covering.....	4,663,500 00
Gross revenue for the year.....	53,272 93
Assets independent of the uncalled capital.....	125,647 85
Claims made and answered during the year.....	37,991 00

FINANCIAL MATTERS AT WASHINGTON.

In the Senate, February 3, Mr. Bayard, of the Finance Committee, presented an adverse report on the House bill known as Warner's Silver Bill. Mr. Beck said the report was not a unanimous one, and that the minority desired to debate the subject at the proper time. It is stated, that of the members of the committee, Messrs. Beck, Voorhees, and Jones, were in favor of the bill, and Messrs. Bayard, Kernan, Morrill, Ferry, and Alison opposed to it. The views of Mr. Wallace are not certainly known.

On motion of Mr. Bayard (Delaware) the Senate, February 4, took up the bill authorizing the conversion of National gold banks, and it was passed as amended by the Committee on Finance. The following is the text of the bill as passed :

"Be it enacted, etc., That any National gold bank, organized under the provisions of the laws of the United States, may, in the manner, and subject to the provisions described by section 5,154 of the *Revised Statutes*, for the conversion of banks incorporated under the laws of any State, cease to be a gold bank and become such an association as is authorized by section 5,133 for carrying on the business of banking, and shall have the same powers and privileges, and shall be subject to the same duties, responsibilities and rules in all respects as are by law prescribed for such associations; provided that all certificates of organization which shall be issued under this act shall bear the date of the original organization of each bank respectively as a gold bank."

In the House, February 5, the bill for the conversion of National gold banks was passed, without amendment, as it came from the Senate.

Mr. O'Connor, of South Carolina, introduced the following bills, which were referred :

"To provide for the payment of coupons on United States bonds at any and all depositories of the United States after July 1, 1880.

"To require the Secretary of the Treasury to pay the current interest on all registered bonds of the United States without respect to the date of assignment or transfer.

"To make silver certificates receivable at the Treasury in redemption of the circulating notes of issue of the National banks."

Secretary Sherman appeared before the House Committee of Ways and Means, February 11, and gave his views at length upon the refunding question. While advocating in general terms the adoption of a four-per-cent. bond, the Secretary thought some modifications as to time and interest might be made, and, in reply to questions by the chairman of the committee, he admitted that his views had been modified somewhat, and he was disposed to concede the possibility of negotiating at par a bond bearing a lower rate of interest than four per cent.

In the House, February 11, Mr. Price, of Iowa, submitted the report of that committee upon the affairs of the German National Bank of Chicago. It states that the testimony taken demonstrates that great irregularity had been practiced in conducting the affairs of that bank. So far as the acts of the Comptroller of the Currency and the receiver were concerned, the testimony indicated a disposition on the part of those officers to protect the rights of stockholders and creditors. In the opinion of the Committee the leading and principal cause of the failure of the bank is found in the fact that the directors utterly failed in their duty, and it recommends, in conclusion, that the National Bank Act be so amended as to hold all directors to a more strict accountability, and to provide that stockholders, whose duty it is to elect directors, shall in no case be relieved from personal responsibility to creditors of their bank until they have paid not only the amount of the stock held by them, but also an additional sum equal to said stock. The report was ordered printed and laid on the table.

Mr. Warner, of Ohio, from the Committee on Coinage, Weights and Measures, reported back the bill amending Section 3,564 of the Revised Statutes. Printed

and re-committed. It provides that the Section shall be amended to read as follows :

Section 3,564. The value of foreign coins, as expressed in the money of account of the United States, shall be that of the pure metal of such coins of standard weight as compared with the pure metal in the standard coins of the United States ; and the values of the gold and silver coins of the various nations of the world, known to our commerce, shall be ascertained by assays, to be made from time to time, under the direction of the Director of the Mint ; foreign gold coins being compared with the standard gold coins of the United States and foreign silver coins with the standard silver dollar, and the result of such assays shall be reported to the Secretary of the Treasury, and be embraced in his annual report to Congress.

In the House of Representatives, February 12, Mr. Stephens, of Georgia, Chairman of the Committee on Coinage, Weights and Measures, reported back a number of bills relative to the metric system of coinage, as follows :

To authorize the making of ingots of fine gold and fine silver of the value of \$100 each for exportation and manufacturers.

To authorize a new metric gold coin for international use, to be known as the "stella." This coin is to contain six grains of pure gold, three decigrams of pure silver, and seven decigrams of copper. Its weight is to be seven grains, and is to be of the value of \$4 United States standard. The mints are to make the coins upon the same terms as other coinage. William Wheeler Hubbell, who originated the idea of this coin, is to receive a seigniorage of one mill to the dollar of the value of the alloy.

Also a bill to authorize the coinage of the goldoid metric \$1, \$2, and fractions of \$1, and the coinage of the metric double eagle, eagle and half eagle, all to be of standard value.

These coins are to be a legal tender the same as other coins of the United States. All these coins are to contain parts of gold, silver and copper.

Also a bill to authorize the mintage of ingots of metric gold alloy and of metric goldoid alloy, and to provide for the issue of certificates of the denomination of \$100. Any holder of silver or gold bullion or coin may have the same coined at any mint of the United States into ingots of metric gold or goldoid of not less than \$500 in value of each ingot. The proportions of this coin are to be 750 grains of gold, twenty-seven and a half grains of silver, and eighty-seven and a half grains of copper.

The bills will be taken up for consideration at the next call of the committee.

The House Committee of Ways and Means finally determined, February 12, the character of the bonds to be adopted to replace those maturing in 1881.

The committee, by the decisive vote of ten to two, adopted a three and a-half-per-cent. bond ; those in favor were Representatives Wood, Tucker, Gibson, Carlisle, Phelps, Felton, Conger, Dunnell, Frye and Kelley ; opposed : Representatives Garfield and Morrison ; Representative Mills not voting. The question of time was decided by a vote of twelve to one in favor of a forty-year bond, with an option to the Government of redemption at any time after twenty years.

The motion of Representative Frye that authority be given the Secretary of the Treasury to issue \$200,000,000 of certificates to bear interest at four per cent., for one, two, three, four and five years, "to facilitate the refunding operations, and afford an opportunity of utilizing the surplus revenues of the Government," was also adopted.

On February 16th, the House Committee on Coinage, Weights and Measures ordered Mr. Warner's report on the petition of the New York Bullion Club, praying for a strict specie currency for all amounts under \$20, to be reported to the House with the request that it be printed and re-committed. The report recommends that the volume of paper credit money be limited to the present outstanding issue, or \$700,000,000, by stopping the further issue, and that all additional increase of paper currency shall be in coin and bullion certificates.

On February 18, Mr. Price (Iowa) introduced a bill defining the verification of returns of National banks. Referred.

Mr. Warner (Ohio) with the Committee on Coinage, Weights and Measures, reported back adversely the petition of the Bullion Club of New York City praying for specie currency.

A RECORD OF FIDELITY.

The *New Hampshire Sentinel*, of Keene, N. H., furnishes an interesting record of the long and able career of a Savings bank Treasurer of that town, Mr. George Tilden, (now President of the Cheshire Provident Institution), of which we append an abstract :

Mr. Oscar G. Nims was elected Treasurer of the Cheshire Provident Institution at the last meeting, the growing infirmities of an active old age compelling the resignation of Mr. George Tilden. A few facts concerning the latter gentleman and the institution over which he has presided as Treasurer for the past forty-seven years, will interest our readers. In 1833, Mr. Tilden conceived the idea that a Savings Institution was among the wished-for essential additions to Keene, and by his personal efforts secured signers to a petition for a charter, which charter was granted July 5th of that year for twenty years. The Institution commenced operations September 10th, same year, with the twenty-eight original corporators on the rolls. Amos Twitchell was chosen President, and Justus Perry, and Abijah Wilder, Vice-Presidents. George Tilden was elected Secretary and Treasurer. Dr. Twitchell served as President until 1850; Salma Hale served from 1850 until 1855, Levi Chamberlain from 1855 to 1867, Samuel Dinsmoor from 1867 to 1871, William P. Wheeler from 1871 to 1876, and F. A. Faulkner from 1876 to 1879. For many years Mr. Tilden carried home each night the funds of the bank in a trunk, placing the same under his bed. Finally they grew so large the directors had a special vault made for him. Until the present quarters were occupied in 1871 the business of the bank was carried on in Mr. Tilden's book-store, no rent or running expenses of the kind being paid, making it the cheapest institution—to the depositors—in the State, if not in the world. The deposits are now divided between the Ashuelot and Cheshire banks and the Provident Institution. The number of depositors closely approximates 6,000, and the amount deposited over \$2,000,000. Mr. Tilden has scarcely been absent from his post a day, except when he took a two weeks' trip West a few years ago. A brief sketch of his life is appended :

He was born in Marshfield, Mass., in 1802, and removed to Keene in 1817. In 1824 he began business for himself, and continued in it until 1866. He was town clerk five years, county treasurer three years, and treasurer of the school board over twenty years. He has been in the insurance business over thirty years, and now represents the *Ætna*, *Hartford*, and *Phoenix* of New York, and the *Orient*. Thus has a long, active and useful life been passed in contributing to the welfare of his fellow citizens. The world has too few such men. May he complete a full century in possession of health and all his faculties, is a wish that will be heartily and unanimously approved by all who know him.

That the depositors may fully realize the value of Mr. Tilden's services, the *Sentinel* states the expense account for 1878 of several Savings banks in the State. By this it is shown that with deposits of \$1,992,698, the total expense of the Cheshire Provident Institution, Keene, was only \$3,500. These figures are taken from the Bank Commissioners' report to the Governor, at the June session of the Legislature, 1879.

EDUCATION IN GREAT BRITAIN.—In 1856, there were in Great Britain no local rates for educational purposes, and the grants by Parliament were only £400,000. In 1878, the Parliamentary grants had increased to £2,000,000 and there were also local rates amounting to £1,000,000.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.*

I. ACCEPTANCE OF TIME-BILLS BY A NATIONAL BANK.

A, who is a depositor, draws upon this bank two drafts payable sixty days after date, in favor of B, who at once presents them for our acceptance. Have we the right to accept them and to charge them at once to A's account?

REPLY.—Some question may be made whether the acceptance of time drafts by a National bank is proper, because it may possibly be said to be within the spirit, if not the letter, of the prohibition against issuing post notes, *R. S.* § 5,183, Act February 18, 1875; and if the draft is not drawn against funds in the bank at the time, such acceptance, for the accommodation of the drawer, has been held illegal. See the Charlottesville National Bank cases reported in the December number. Though in the latter case the acceptance would doubtless be binding upon the bank, if the draft were afterwards negotiated to a *bona fide* taker without notice. We think, however, that the Bank Act refers only to notes *intended to circulate as money*, and that these drafts, being drawn against funds, may rightfully be accepted. We do not see how such a case differs much in principle from the certification of a check which the law expressly recognizes.

As to whether you have the right to charge the acceptance to the depositor's account at once, the law is unsettled. The uncertainty seems to have arisen from the fact that, as the deposit is really only a debt due from the bank to the depositor, if the depositor should bring an action at law for his balance, strict rules would not allow the bank, in such action, to set off against his claim, its liability on the acceptances, which would not become a debt from him to the bank until the acceptances were actually paid. Equity, however, would afford the bank a remedy; for it has been held in England that a depositor, who had brought an action against a bank for damages for refusing to honor a check, which the latter had refused to do, because the depositor was liable to it as indorser of paper previously discounted by it though not yet due and payable, the other parties thereto having become bankrupt, would be enjoined from prosecuting his action. *Agra & Masterman's Bank vs. Hoffman*, 34 *Law Journal Chancery* 285. And under the United States Bankrupt law it was held that a bank has a right to hold the customer's deposit as security for all his liabilities, contingent or otherwise. *In re North & Co.*, 2 *Lowell* 487. The bank in a certain sense has the power to hold the deposit as security for its acceptances, and as it has the power, we think, in the absence of a special agreement, it has the right to charge them to the depositor's account, whenever it is deemed advisable, in the particular case, to do so; precisely as certified checks are always so charged at the time of certification. We do not know that the point has arisen in any case in this country, but we think if it should arise in a suit by the depositor, either for his balance or for damages for dishonoring a check subsequently

* The answers to such of these inquiries as refer to points of law, rather than of banking practice, are furnished to us by Mr. M. M. Weston, 53 Tremont Street, Boston.

drawn, that the position of the bank would be sustained, especially since in most States no distinction is made between legal and equitable defences.

Our correspondent will find a discussion of the subject in *Morse on Banking* and in *Jeffrey vs. Agra & Masterman's Bank*, L. R. 2 Eq. 674, where a view somewhat contrary to the above is taken.

II. NEGOTIABLE DRAFT.

No. 106.

Blank, Ins. Co., Ohio Agency, Dec. 13, 1879.

Pay to the order of A B two hundred dolls. on account of loss, policy No. 1,572,
60 days after date, _____ \$ 200, and oblige C D, State Agent.

To E F, General Agent, Chicago, Ill.

The above is a copy of a draft discounted by us, before maturity and without notice, which the drawee refuses to pay because he claims it was procured by the payee by fraud, and that it was not negotiable unless accepted by him. Please give us your opinion on it?

REPLY.—We see no reason why this is not a negotiable draft; and of course its negotiability is not affected by the want of an acceptance by the drawee, because a bill of exchange is as negotiable before as after acceptance. What our correspondent probably means (though he has not said so) is that the drawee refuses to recognize the draft as the draft of the company, on account of some want of authority in C D. *Prima facie* we should say that this would be held to be the company's draft, if C D was authorized to draw it; but this, of course, will depend upon facts not disclosed in the inquiry.

III. NATIONAL BANK CIRCULATION.

1. How long a time is given the bill-holders to present for redemption the notes of the National banks that are in liquidation? Or, in other words: How long a notice is required before said notes can be declared as lost or past redemption?

2. Does the profit of lost National bank notes accrue to the banks that issued them, or to the Government?

3. What is the annual estimated per cent. of loss of National bank notes?

REPLY.—1. There is no prescribed limit to the time for presentation of notes of National banks. If the issuing bank goes out of business, there must remain in the hands of the Treasurer of the United States lawful money enough to redeem all the outstanding circulation of such bank.

2. If there is any profit from the loss of National bank notes, it may be said to inure ultimately to the Government, inasmuch as it holds for their redemption an equivalent sum which cannot be withdrawn. The issuing bank would merely gain the use of the money represented by the unredeemed circulation so long as it continues in business, but no longer.

3. There is no trustworthy estimate of this that we have ever heard of.

IV. NATIONAL BANKS AND SINGLE-NAME PAPER.

In the provisions of the Banking Law, we find the banks are to lend on "*Personal Security*." Now we find nothing as to whether a note discounted must have two or more names. We have always required two names on all paper, but the question is, are we debarred from taking single-name paper? "

REPLY.—The National Banking Law does not prohibit the taking of single-name paper. The amount of such paper that may be held by the bank is usually an object of careful scrutiny by the Bank Examiner in his visitations.

BOOK NOTICES.

Economic Studies. By the late WALTER BAGEHOT. Edited by RICHARD HOLT HUTTON. London: Longmans, Green & Co. 1880.

Among the few books of practical value on political economy and financial science which are likely to survive the severe tests of experience and the incisive criticism of the present age, Mr. Bagehot's Book, *Lombard Street*, may fairly claim a place. Whether as much can be said for the book before us may, perhaps, be doubted. But to the thoughtful economist, banker, and man of business, the two works are complementary and throw light upon each other. In *Lombard Street* Mr. Bagehot briefly describes the vast mechanism of the London money market, with its history, its achievements, its sources of strength and its peculiar dangers. In his *Economic Studies* he gives us the history of political science and lays the foundation for an elaborate treatise on the fundamental principles of banking and finance. Few men have been so gifted with the powers of analysis, the opportunities of observation, and the business experience which are needful to a clear perception of the workings of the money market, and fewer still have succeeded so well as Mr. Bagehot in making monetary facts clear and intelligible to the public mind. If his health had permitted him to enter parliament, some reforms in banking legislation might have been hoped for which are now crowded out of view for want of an advocate. Scarcely any English writer on financial science and practical banking has awakened so much hope by his labors or such lively regrets for his loss. The book before us contains seven essays with an appendix. The fragmentary character of some of these papers will not prevent the reader from appreciating their great value. The intention of the author evidently was to produce hereafter an historical work on economic progress and financial science, and the materials which are collected together in the essays under review are arranged under three general heads. Of these, the first is preliminary and contains a discussion of certain abstract questions as to the transferability of labor and capital, with other topics which the general reader will be very likely to skip. While the enlightened critic will question their soundness or admire their ingenuity as he pleases. Next come three essays upon the great founders of political economy—Adam Smith, Malthus and Ricardo. What other biographical essays were intended to be added to these is only partially known. The name of John Stuart Mill is, of course, too conspicuous to have been overlooked by Mr. Bagehot, and, as he did not carry out his intention of writing a complete essay, the editor has inserted in the appendix to the book some brief passages from a shorter paper on Mill, written on occasion of his death, and giving a general view of the economical labors of that eminent writer.

The most important part of the volume in a practical point of view, is contained in the last fifty pages, which are devoted to the discussion of the growth of capital and the cost of production. Many of the views of Mr. Bagehot are novel and suggestive, and in these two essays we have the germs of the two great divisions of the treatise upon National wealth, which our

author had intended to give to the public if his life had been spared for the completion of so great a work. The growth of capital and its distribution among the various members of the community are the topics on which all economic discussions turn. English writers have given, perhaps, an undue amount of attention to the latter, while foreign economists have devoted a large proportion of their speculations to the former. Mr. Bagehot was one of the few prominent writers on economics and finance, who gave to the creation and production of wealth as conspicuous a place as to the principles which regulate the distribution of wealth among the body of the people. We trust that the publication of the essays in their present form may incite some of our economists, both here and in Europe, to pursue the path of investigation which Mr. Bagehot has pointed out. We have often shown that works on political economy, if they are to command the sympathy and to influence the legislation of modern times must pursue new objects and adopt improved methods. A more suggestive book for the illustration of these new paths of economic discussion could scarcely be found than these posthumous essays which have been edited with judicious care and ability by Mr. Richard Holt Hutton.

The Statesman's Year-Book, Statistical and Historical Annual of the States of the Civilized World, for 1880. By FREDERICK MARTIN. London: Macmillan & Co. 1880. 8vo, pp. 784.

This is the seventeenth annual publication of this *Year-Book*, and its excellence is now well understood in this country as well as in Great Britain. It would be high praise to say that it maintained the standard of excellence of its predecessors, but Mr. Martin is in fact constantly improving it. This number commences with a chronicle of the principal events of 1879, which is followed by comparative tables of the density of population, births, deaths and marriages in the principal European countries, and the area and population of the great States of the world. But the great body of the book is devoted to an exhibition, in respect to each country by itself, of almost everything which it is useful to know in regard to its Constitution, Government, Church, Education, Revenue and Expenditures, Army, Navy, Births, Deaths and Marriages, Trade and Industry, Railways, Post-offices and Telegraphs, Money, Weights and Measures, etc. No country is omitted in which there is any degree of civilization, or any form of organized government. Such a book, if its information is carefully collected, as it is by Mr. Martin, is invaluable not only to statesmen, but to editors, statistical writers, and, indeed, to everybody who takes an intelligent interest in the affairs of the world.

The American Almanac and Treasury of Facts for the Year 1880. Edited by AINSWORTH R. SPOFFORD, Librarian of Congress. New York and Washington: The American News Co. 1880.

The third annual publication of this work is so full of information that it is not easy to present even an epitome of its general contents. As a reference book for constantly needed facts or figures, statistical, financial and political, it is of great value. The first edition was exhausted immediately, and the demand for the work is yet unappeased.

BANKING AND FINANCIAL ITEMS.

NEW YORK STOCK CLEARING HOUSE.—On February 17 the experiment of the Stock Clearing House ended. The proprietor stated that the result of the week's work was satisfactory, but owing to the lack of enthusiasm among the brokers the business was quite limited. When asked if the project was to be made permanent, he said that plans would be submitted to the Governing Committee of the Stock Exchange with a view to interesting members of the Exchange to make it permanent and have it under the control of that corporation or of some of its members. Nothing definite will be done for several weeks.

Mr. GEORGE WALKER, of this city, has been appointed and confirmed as Consul-General of the United States at Paris. Mr. Walker's ability in the field of financial literature is well known to the readers of this Magazine. Of his admirable fitness for the position which he has accepted the *New York Tribune* well says, that "the confirmation of Mr. George Walker as Consul-General at Paris completes one of the best appointments the President has ever made. We have already sufficiently indicated the many circumstances which make this selection one of peculiar fitness. It remains now only to express the conviction that the Consular service has gained by the enlistment in an important position of a gentleman of thorough business training, broad commercial views, and rare cultivation. The country is more to be congratulated than Mr. Walker."

A COMPUTATION.—In a letter addressed recently to Hon. Wm. D. Kelley, the Secretary of the Treasury says: "In reply to your inquiry relative to the time required to extinguish the public debt under existing law, I have to inform you that commencing with January, 1880, if one per cent. of the current indebtedness of the United States be thereafter annually applied as a sinking fund, interest being improved—*i. e.*, compounded—semi-annually at the rate of six per cent. per annum, it will take thirty-six years to extinguish the debt. If, however, the interest be re-invested semi-annually at the rate of four per cent. per annum, the period required for its extinguishment would be forty-six years and six months. In neither case is interest computed on amounts already in the sinking fund."

CALIFORNIA.—It is understood that the California gold banks will be at once converted into National banks under the law recently passed by Congress authorizing such conversions.

The *Commercial Herald* of San Francisco reports that there is more money there than employment for it, and that local securities, especially of the dividend-paying class, are rising in price.

The superintendent of the Central Pacific Railroad, on the basis of reports from all stations of the lines under the control of that company, estimates the growing California wheat crop at 50,000,000 bushels. The crop of 1879 is computed to have been 37,333,000 bushels.

COLORADO.—The mint at Denver has been authorized to purchase silver, it may be offered, in lots of less than 10,000 ounces, at the prices fixed from time to time by the Secretary of the Treasury.

The Robert E. Lee mine at Leadville yielded \$301,494 in January. It was in one single day of that month that it turned out rather more than \$100,000.

A PACIFIC RAILROAD CONSOLIDATION.—There was filed in Virginia City, Nevada, February 12, articles of consolidation between the Central Pacific Railroad Company, California and Oregon Railroad Company, San Francisco, Oakland and Alameda Railroad Company, and the San Joaquin Valley Railroad Company. The articles are signed by the directors of the several companies named.

THE COMSTOCK MINES.—The statement of the County Assessor of Virginia City of the tax on the net proceeds of the mines and mills for the quarter ending December 31, 1879, shows a total tax of \$22,346, which is fifty per cent. greater than for the preceding quarter. The proceeds of the mines alone are sixty-six per cent. greater. Of the above amount California pays \$5,467; Consolidated Virginia, \$8,810; Ophir, \$3,481; and Union, \$3,937.

BANK ROBBERIES.—On the night of February 6th three burglars entered the First National Bank at Knoxville, Ill., seized and bound President E. C. Runkle, who sleeps in the building, and after gagging and beating him, and burning his feet in a shocking manner, to compel him to reveal the combination of the safe lock, left with \$3,200, which had not been locked up. There was a time lock on the safe, and Mr. Runkle was unable to give the combination.

The vault of the Westport, Conn., National Bank was broken open and robbed of nearly \$4,000, at three o'clock on the morning of February 11. Before commencing operations the burglars, five in number, knocked down and gagged the village watchman. The blowing open of the safe aroused the neighborhood, but the robbers escaped. Inside the vault was a steel safe, containing bonds and a large sum of money, but it was not touched.

KANSAS.—The taxes for all purposes paid by railroads in Kansas in 1879 were \$490,323. This does not include taxes on land, but only the taxes on right of way, road-bed, rolling stock, tools, materials, telegraph lines, &c.

LOUISIANA.—The annual report of Administrator Glynn, of New Orleans, shows that the total bonded debt of that city on December 31, 1879, was \$15,621,869, and the total floating debt \$1,972,610, making a total, after deducting \$444,700 of waterworks stock in litigation, of \$17,149,780. The amount of uncollected taxes was \$4,109,785. The total bonded debt of the city on December 31, 1874, was \$24,741,765.

MISSOURI.—The Merchants' Bank of St. Joseph has now a paid up capital of \$50,000. Its officers are Thos. E. Tootle, President; J. B. Hundley, Vice-President; B. F. Loan, Secretary; Edgar M. Yates, Cashier, and Thomas W. Evans, Assistant Cashier.

Philip Krieger, Sr., President of the defunct Broadway Savings Bank, in St. Louis, has been convicted of swearing falsely to a statement of the bank's condition, and has been sentenced to three months' imprisonment and a fine of \$500.

NEW HAMPSHIRE.—At the annual meeting of Trustees of the Cheshire Provident Institution for Savings, at Keene, N. H., George Tilden, Esq., Treasurer, was elected President, to succeed the late F. A. Faulkner, and Mr. Oscar G. Nims, Teller of the Cheshire National Bank, was elected Treasurer.

CALIFORNIA GRAPES.—A California correspondent of the *New York Journal of Commerce* says: "The assured success in curing raisins has encouraged the planting of extensive tracts in the southern counties, which are favorable to proper drying, whereas in Sonoma and Napa, the wine counties par excellence, thousands of acres will this spring be planted for the manufacture of wine, stimulated by the present active demand at improved rates for California wines. I have personal knowledge of vineyards whose net profits in 1879 exceeded \$200 per acre. The Zinfandel, a Hungarian grape, commands \$25 a ton, and under favorable conditions will yield upward of ten tons per acre."

NEW JERSEY.—The State Comptroller of New Jersey, having obtained exact returns from all but one of the counties, has recently published the following aggregate statement of all the local debts in the State :

	<i>Funded.</i>	<i>Floating.</i>
County debts.....	\$ 6,983,848	\$ 787,701
City debts.....	42,221,615	4,229,927
Incorporated towns.....	562,752	68,505
Other towns.....	715,225	568,514
Total.....	\$ 50,483,450	\$ 5,654,647

The City Assessors return the value of the property in the cities at \$ 253,002,509. The debt of Jersey City represents twenty-five per cent. of the assessed values of her property. The debt of Newark represents less than fifteen per cent. of her assessed wealth. The cities which owe most proportioned to their means are Elizabeth, whose debt is fifty per cent. of her wealth, and Rahway, who owes on her \$ 2,700,000 of property about \$ 1,500,000.

VIRGINIA.—The dominant party of the General Assembly, known as readjusters, February 10, presented to the Senate a bill to re-establish the public credit. It reduces the principal by the elimination of the heretofore funded war, reconstruction and compound-interest debt from \$ 32,000,000 to \$ 19,665,000, and the rate of interest to three per cent.; forbids the collectors of revenue from receiving tax-receivable-coupons cut either from consols or 10-40s; provides that one-third of the net revenue of the State be paid into the Treasury to the credit of the public debt as re-established. Coupons from new bonds are not to be receivable for taxes nor exempt from taxation. A loan of \$ 1,000,000 is authorized, certificates issued thereunder to be sold to taxpayers at fifty cents on the dollar, and be received in payment of taxes. This feature is intended to coerce consol holders, who now sell their tax-receivable coupons for a much higher figure. No writ is to be issued by any State court compelling tax collectors to receive tax-receivable-coupons; the act to be submitted to the people for ratification in November.

VIRGINIAN MANUFACTURES.—There are five cotton factories in operation in Petersburg, Va., and vicinity, employing 715 operatives, which, from 9,000 bales of cotton, manufactured during the year 11,105,000 yards of cloth, bringing from six cents to eight cents a yard.

CANADA.—The Canadian financial statement for the year ending June 30, 1879, gives the revenue at \$ 22,611,500 and the expenditure at \$ 24,549,500, showing a deficit of \$ 1,938,000. Of the expenditure, \$ 5,648,000 was on the Pacific Railway, the Welland Canal and other public works.

MONTREAL.—Montreal is making great preparations for competing with Boston and New York for the cattle and grain trade, during the coming spring and summer. Such a reduction in the rates of towing and pilotage is expected to be made that Montreal will be practically a free port, so far as shipping charges are concerned. The Harbor Board have spent a very large sum of money in deepening the St. Lawrence, and it is now believed that the Government will recognize the importance of the work and assume the expense, which will relieve the Harbor Board from levying harbor dues to meet the interest charges. In anticipation of a large increase in the trade at Montreal, the ocean steamship lines have increased their fleets, the Dominion and Allan each adding several steamers of large carrying capacity.

THE GLASGOW BANK FAILURE.—A charitable fund of nearly \$ 2,000,000 has been raised, chiefly in Scotland, for the relief of the ruined shareholders of the City of Glasgow Bank. About \$ 500,000 of this sum have been expended in advances to re-establish in business tradesmen rendered destitute by the catastrophe. Further sums have been invested to secure pensions to aged persons who have been utterly ruined by their losses.

PETROLEUM.—The *Franfurter Zeitung* says that a company, with a capital of \$ 250,000, has been formed at Bremen to work the recently discovered petroleum springs in Hanover, and that a similar company is forming in Berlin.

NEGOTIABLE PAPER.—An important decision has been rendered by the Supreme Court of Wisconsin, respecting the use of the words "currency" or "current funds" in drafts and certificates of deposit. The court held that a certificate of deposit payable in currency is negotiable. The ordinary form of a certificate of deposit of money falls precisely within the definition in law of a negotiable promissory note, "a written engagement by one person to pay another person therein named, absolutely and unconditionally, a certain sum of money at a time specified therein." Currency means money, paper and gold circulating on an equality. The opinion of the court in this case (*Klauber et al., vs. Biggerstaff*) we will publish in full in our next number.

ANOTHER RECORD OF FAITHFUL SERVICES.—Mr. Amos Townsend, now in the eighty-second year of his life, having declined, on account of feeble health, to serve any longer as Cashier of the National New Haven Bank, has been appointed Assistant Cashier, at his own request, and now enters upon his fifty-fifth year of continuous service in the employ of this institution. Mr. Robert I. Couch, for the past fourteen years with the bank in the capacity of bookkeeper, has been chosen Cashier.

Among other changes during the past month we have to note also the retirement, on account of ill-health, of Mr. George Adams, Cashier since the organization, of the Bank of the Ohio Valley, and of its predecessor, the First National Bank of Wheeling, W. Va. In accepting Mr. Adams' resignation, resolutions were unanimously passed by the Directors, to the effect "that it is with regret, in accepting the resignation of Mr. Adams, we lose the services of one whose financial abilities and social qualities have won our highest esteem, and whose best years have been devoted to our interests with unswerving fidelity and untiring zeal."

TRADE WITH EUROPE.—During the nine years ending June 30, 1878, four-fifths of the domestic exports of the United States were to Europe. Of our exports to Europe in those years, seven-eighths were to Great Britain, Germany, and France, and between five and six-eighths were to Great Britain alone.

OBITUARY.

The Hon. CHAUNCEY DEWEY, President of the Harrison National Bank of Cadiz, Ohio, died on February 15th, after a short illness, in his eighty-fourth year. Mr. Dewey has been the leading citizen of Harrison county for more than forty years. In all banking and financial affairs he had but few equals, and none superior in Eastern Ohio. He retained almost the full vigor of his great mind up to within a few days of his death, and died as he had lived for fourscore and four years, honored and respected by all who knew him, and although he had served his day and generation up to a grand old age, first in all worthy charitable enterprises, liberal and progressive in all county, State and National improvements, his loss will be sadly felt, especially by the citizens of Cadiz and Harrison county.—*Cincinnati Commercial*.

Mr. WILLIAM L. GILL, Cashier of the Merchants' National Bank of Baltimore, died on January 12th, in his eighty-third year. The Board of Directors placed upon its records the following testimonial to his worth:

"After eighteen years of service as a clerk of the Branch Bank of the United States in Baltimore, Mr. Gill, upon the organization of the Merchants' Bank of Baltimore, was elected one of its Tellers. Holding this responsible position for forty years, he became, in December, 1875, its Cashier. His services as a bank officer thus extended over the almost unprecedented period of sixty-two years, of which forty-four years were spent in the arduous and responsible duties pertaining to the offices of Teller and Cashier of this bank.

"Throughout this long career, amid all the commercial vicissitudes of its eventful course, the record of William L. Gill presents the highest type of a faithful officer and a Christian gentleman."

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from February No., page 663.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
COL....	First National Bank, Colorado Springs	Irving Howbert, <i>Pr.</i>	C. B. Greeough.
" ..	German Nat'l Bank, Denver..	J. F. Humphrey, <i>Cas.</i>	I. Howbert.
" ..	" ..	J. A. Cooper, <i>V. P. and Mgr.</i>	" ..
" ..	" ..	W. I. Jenkins, <i>Cas.</i>	J. A. Cooper.
CONN....	National New Haven Bank....	Robert I. Couch, <i>Cas.</i>	A. Townsend.
" ..	Fairfield Co. N. B'k, Norwalk..	Lester S. Cole, <i>Cas.</i>	C. H. Street.
" ..	Fairfield Co. Sav. B., " ..	Lester S. Cole, <i>Tr.</i>	C. H. Street.
" ..	Pawcatuck N. B'k, Pawcatuck..	J. A. Brown, <i>Cas.</i>	J. A. Morgan.
DEL....	First National Bank, Seaford...	Daniel Hearn, <i>Pr.</i>	L. N. Wright.
ILL....	Home National Bank, Elgin. }	H. Lee Borden, <i>Pr.</i>	M. W. Hawes.
" ..	First National Bank, Olney....	W. K. Hoagland, <i>Asst. Cas.</i>	" ..
" ..	State Nat'l Bank, Springfield...	H. Spring, <i>Pr.</i>	J. Kramer.
" ..	" ..	S. H. Jones, <i>Pr.</i>	S. M. Cullum.
IND....	Evansville Nat'l B., Evansville..	Matthew Dalzell, <i>V. P.</i> ...	D. J. Mackey.
" ..	Citizens' N. B'k, Jeffersonville..	John F. Read, <i>Pr.</i>	D. Ricketts.
" ..	First National Bank, Liberty...	Joseph Corrington, <i>Pr.</i> ...	M. J. Witt.
" ..	Merchants' N. B., New Albany.	J. B. Winstandley, <i>Pr.</i> ...	J. Hangary.
" ..	Citizens' Bank, Noblesville....	Elbert Shirts, <i>Cas.</i>	G. H. Bonebrake.
IOWA...	Second Nat'l Bank, Dubuque...	Louis Boisot, <i>Cas.</i>	G. V. Smock.
" ..	First Nat'l Bank, Tama City...	A. P. Starr, <i>Cas.</i>	G. H. Warren.
KY....	Mt. Sterling N. B., Mt. Sterling.	B. F. Cockrell, <i>Pr.</i>	C. Brock.
" ..	First Nat'l Bank, Springfield. }	D. R. Hays, <i>Pr.</i>	R. J. Brown.
" ..	" ..	A. C. McElroy, <i>Cas.</i>	J. A. Kelly, <i>pro tem.</i>
MAINE..	Second Nat'l B'k, Cumberland.	Lloyd Lowndes, <i>Pr.</i>	L. Lowndes, Jr.
" ..	Richmond Nat'l B'k, Richmond.	George A. Theobald, <i>Pr.</i> ...	J. M. Hagar.
MD....	Merchants' N. B'k, Baltimore..	D. H. Thomas, <i>Cas.</i>	W. L. Gill.
MASS...	Andover Nat'l Bank, Andover..	Edward Taylor, <i>Pr.</i>	J. L. Taylor.
MICH...	Second Nat'l Bank, Hillsdale...	O. H. Gillam, <i>Cas.</i>	R. M. Hubbard.
" ..	First National Bank, Ionia....	Frank A. Sessions, <i>Cas.</i> ...	R. P. Sherman.
MINN..	Merchants' Nat'l B'k, St. Paul..	J. L. Merriam, <i>Pr.</i>	M. Auerbach.
" ..	First National Bank, Stillwater.	F. A. Seymour, <i>Cas.</i>	F. Siebold.
MO....	Biddle Mkt. Sav. B., St. Louis..	John Dierberger, <i>Cas.</i>	A. Schenk.
" ..	Bank of Edina, Edina.....	Elias V. Wilson, <i>Pr.</i>	P. B. Linville.
" ..	First Nat'l Bank, Jefferson City.	J. M. Ciarke, <i>Pr.</i>	A. M. Davison.
" ..	Macon Savings Bank, Macon. }	J. B. Melone, <i>Pr.</i>	" ..
" ..	" ..	T. E. Sharp, <i>Cas.</i>	J. B. Melone.
N. H....	Cheshire Provident Inst., Keene }	George Tilden, <i>Pr.</i>	" ..
" ..	" ..	Oscar G. Nims, <i>Tr.</i>	G. Tilden.
N. J....	National State Bank, Elizabeth.	James Maguire, <i>Cas.</i>	A. C. Kellogg.
" ..	North Ward Nat'l B'k, Newark.	William H. Faull, <i>Cas.</i> ...	" ..
" ..	Vineland Nat'l Bank, Vineland.	Horatio N. Greene, <i>Pr.</i> ...	B. D. Maxham.
N. Y....	Hungerford Nat'l B'k, Adams..	R. H. Huntington, <i>Act'g Cas.</i>	G. W. Bond.
" ..	Cambridge Valley Nat'l B'k, Cambridge }	A. G. Taylor, <i>Cas.</i>	J. Thompson.
" ..	City Nat'l Bank, Jamestown...	G. W. Tew, <i>Pr.</i>	M. L. Fenton.
" ..	First National Bank, Yonkers..	Wallis Smith, <i>Cas.</i>	" ..
N. C....	Traders' Nat'l B'k, Charlotte..	J. H. Ross, <i>Cas.</i>	C. N. G. Butt.
OHIO...	Ashtabula Nat'l B'k, Ashtabula.	S. W. Smith, <i>Pr.</i>	H. Fassett.
" ..	Guernsey Nat'l B'k, Cambridge.	A. A. Taylor, <i>Cas.</i>	W. A. Lawrence.
" ..	Second Nat'l Bank, Cleveland..	George A. Garretson, <i>Cas.</i>	H. C. Deming.
" ..	First National Bank, Delaware.	C. B. Paul, <i>Pr.</i>	B. Powers.
" ..	Commercial Bank, Delphos....	W. H. Fuller, <i>Cas.</i>	" ..
" ..	First Nat'l Bank, Garrettsville..	J. S. Tilden, <i>Cas.</i>	C. W. Goodsell.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
OHIO...	Hillsborough Nat'l Bank,	Benjamin Barrere, <i>Pr.</i>	J. A. Smith.
	Hillsborough	Lyne S. Smith, <i>Cas.</i>	C. Barrere.
	First Nat'l Bank, Middletown..	J. R. Allen, <i>Ass't Cas.</i>	W. S. Marshall, <i>Cas.</i>
	First Nat'l Bank, Mt. Gilead...	William F. Bartlett, <i>Pr.</i> ...	J. M. Briggs.
	First Nat'l Bank, New London.	A. S. Johnson, <i>Pr.</i>	J. C. Ransom.
	First Nat'l Bank, St. Clairsville.	J. R. Mitchell, <i>Cas.</i>	H. C. Welday.
PENN...	Northern Nat'l Bank, Toledo...	W. Cummings, <i>Pr.</i>	J. T. Newton.
	First Nat'l B'k, Lehighton.....	Thomas Kemerer, <i>Pr.</i>	D. Olewine.
" ..	Second N. B., Mechanicsburg..	F. K. Ployer, <i>Cas.</i>	W. J. Meily.
	First Nat'l Bank, North East...	W. A. Ensign, <i>Pr.</i>	A. F. Jones.
	Third Nat'l Bank, Scranton..	William Connell, <i>Pr.</i>	A. Hand.
" ..		George H. Catlin, <i>V. P.</i> ...	L. Pudge.
	R. I....	Globe Nat'l Bank, Providence..	Benjamin A. Jackson, <i>Pr.</i>
S. C....	Bank of Charleston N. B. A....	W. C. Courtney, <i>Pr.</i>	
TENN ..	Franklin Asso. Bank, Athens...	R. M. Fisher, <i>Cas.</i>	
	First Nat'l Bank, Clarksville...	B. W. Macrae, <i>Cas.</i>	W. P. Hume.
TEXAS..	First Nat'l Bank, Forth Worth.	George Jackson, <i>Cas.</i>	C. H. Higbee.
	San Antonio N. B'k, San Ant..	John Withers, <i>Cas.</i>	J. T. Brackenridge.
VT....	Battenkill N. B'k, Manchester..	A. J. Gray, <i>Pr.</i>	E. B. Burton.
	Merchants' N. B., St. Johnsbury.	W. S. Streeter, <i>Cas.</i>	Not Struter.
VA....	First Nat'l B'k, Harrisonburgh.	Philo Bradley, <i>Pr.</i>	J. L. Sibert.
W. VA	Bank of the Ohio Valley,	Franklin P. Jepson, <i>Cas.</i> G. Adams.	
	Wheeling	James P. Adams, <i>Ass't Cas.</i>	
Wis....	B'k of Evansville, Evansville.	D. M. Rowley, <i>Pr.</i>	
		M. V. Pratt, <i>V. P.</i>	
		L. T. Pullen, <i>Cas.</i>	
		Chas. F. P. Pullen, <i>A. C.</i>	

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from February No., page 665.)

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>	
			<i>Authorized.</i>	<i>Paid.</i>
2451	First National Bank..... Cuba, N. Y.	Elmer M. Bond..... Mortimer W. Potter.	\$ 50,000	\$ 50,000
2452	Lititz National Bank..... Lititz, PENN.	John B. Erb..... Mathias T. Hubuener.	70,000	35,000
2453	National Marine Bank... .. Baltimore, MD.	B. A. Vickers..... John M. Littig.	377,070	377,070
2454	San Miguel National Bank... Las Vegas, N. M.	Miguel A. Otero..... Jacob Gross.	50,000	50,000
2455	City National Bank..... Dallas, TEXAS.	A. F. Hardie.....	100,000	100,000
2456	Santa Barbara Co. Nat'l B'k. Santa Barbara, CAL.	W. M. Eddy..... E. S. Sheffield.	50,000	50,000
2457	National Deposit Bank..... Brownsville, PENN.	W. Cotton..... O. K. Taylor.	50,000	50,000
2458	Second National Bank..... Morgantown, W. VA.	G. W. John..... John H. Hoffman.	60,000	60,000
2459	Morrow County Nat'l Bank.. Mount Gilead, OHIO.	William H. Marvin..... M. Burr Talmadge.	50,000	—

THE LAW OF COLLATERAL SECURITIES.—The February number of the *American Law Review* contains an able article on this topic, written by Leonard A. Jones. Another article from the same author, in a future number, is promised, which will exhaust the discussion of the subject. The *Review* is published by Little, Brown & Co., Boston.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from February No., page 665.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
CAL....	Santa Barbara..	Santa Barbara Co. N. B'k. \$ 50,000	Chemical National Bank. W. M. Eddy, Pr. Eugene S. Sheffield, Cas.
DAKOTA	Central City....	Stebbins, Mund & Fox.....	Kountze Brothers.
IOWA...	Osceola.....	Clarke County Bank..... \$ 50,000	Chase National Bank. B. L. Harding, Pr. J. H. Jamison, Cas.
LA.....	Shreveport.....	Levy & Bodenheimer.....	Boatmen's Sav. Bank, St. Louis.
MD....	Baltimore.....	National Marine Bank..... \$ 377,070	Union National Bank. B. A. Vickers, Pr. John M. Littig, Cas.
NEB....	Hastings.....	McKinley & Lanning.....	Gilman, Son & Co.
"	Niobrara.....	Niobrara Valley B'k (Bevins & Perrine.)	Preston, Kean & Co.
N. M.	Albuquerque...	Central Bank.....	Kountze Brothers.
N. Y. ..	Cuba.....	First National Bank..... \$ 50,000	Ninth National Bank. Elmer M. Bond, Pr. Mortimer W. Potter, Cas.
"	.. Little Valley...	Arthur H. Howe.....	Imp. & Tra. Nat'l Bank.
"	.. Richfield Spr'gs	Elwood & Tuller.....	Imp. & Tra. Nat'l Bank.
OHIO...	Mt. Gilead.....	Morrow County Nat'l B'k.. \$ 50,000	William H. Marvin, Pr. M. Burr Talmadge, Cas.
PENN...	Brownsville....	National Deposit Bank.... \$ 50,000	Chase National Bank. W. Cotton, Pr. O. K. Taylor, Cas.
"	.. Coleville.....	Bank of Coleville.....	J. A. Steele, Pr. L. H. Gormley, Cas.
"	.. Lititz.....	Lititz National Bank..... \$ 35,000	First National Bank. John B. Erb, Pr. M. T. Huebener, Cas.
TEXAS..	Dallas.....	City National Bank..... \$ 100,000	Hanover National Bank. A. F. Hardie, Pr. P. Furst, Acting Cas.
"	.. " ..	Flippen, Adoue & Lobit...	.....
W. VA..	Morgantown...	Second National Bank..... \$ 60,000	Chase National Bank. G. W. John, Pr. John H. Hoffman, Cas.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from February No., page 664.)

GA.....	Hawkinsville...	Lewis, Leonard & Co. ; dissolved by death of John F. Lewis, senior partner.
ILL....	Peoria.....	J. B. Hogue & Co. ; going out of business.
KANSAS.	La Cygne.....	La Cygne Exchange Bank ; reported closed.
"	.. Paola.....	Bigelow & Shaw ; dissolved.
"	.. Valley Falls....	Valley Bank ; discontinued.
MINN ..	Blue Earth City.	Dendon & Maxwell ; discontinued.
MO....	Warren.....	Warren County Savings Bank ; out of business.
OHIO ..	Cleveland.....	German-American Bank ; suspended and assigned.
PENN...	Easton.....	Merchants' Bank ; out of business.
TEXAS..	Ennis.....	Mark Latimer & Co. ; dissolved.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from February No., page 666.)

N. Y. CITY.....	Murray Hill Bank; removed to Third Ave. and 47th St.
" "	E. S. Jemison & Co.; removed to 10 Old Slip.
" "	J. & J. Stuart & Co.; firm name and business continued by Joseph and Robert W. Stuart.
" "	Van Schaick & Co.; William Van Schaick retires.
CAL....	Santa Barbara. Santa Barbara County Bank; now Santa Barbara County National Bank. Same officers.
ILL....	Chandlerville.. Lippincott, Chandler & Co; now H. T. Chandler & Co.
" ..	Marion..... Evans, Pace & Co.; now Pace, Goddard & Co.
IND....	Grundy Centre. Holt & Beckman; now E. H. Beckman.
IOWA...	Dexter..... G. G. Pierce; succeeded by Bank of Dexter.
" ..	Osceola..... H. C. Sigler; now Clarke County Bank.
KANSAS.	Wellington..... Wellington Bank (Baird & Co.); now J. E. Neal & Son.
MD....	Baltimore..... Marine Bank; now National Marine Bank.
MASS...	Boston..... Downer & Co.; admit Roswell C. Downer.
MISS....	West Point.... Stockard & Bonner; now Stockard, Bonner & Co.
NEB....	Sutton..... Grimes & Dinsmore; now J. B. Dinsmore & Co.
" ..	Wahoo..... Henry Anderson; now Anderson & Griffith.
OHIO....	Willoughby.... E. W. Bond; succeeded by S. W. Smart.
PENN...	Brownsville.... Deposit & Discount Bank; now National Deposit Bank.
" ..	Litiz..... Same officers.
R. I....	Providence..... Deposit Bank; now Lititz National Bank. Same cashier.
" ..	Wilbour, Jackson & Co.; M. Watson retires. Style same.
TEXAS..	Dallas..... City Bank; now City National Bank. Same President.
" ..	Houston..... T. W. House; deceased. Bus. cont. by heirs. Style same
W. VA..	Morgantown... Morgantown Bank; now Second Nat'l B'k. Same officers.
PR.QUE.	Montreal..... Consolidated Bank of Canada; to resume payment March 1

THE POWERS OF BANK CASHIERS.—Judge Larremore, in the New York Court of Common Pleas, has rendered a very important opinion, defining the power of bank cashiers to compromise debts of the bank, the result of which has been looked forward to with considerable interest. The question in dispute is whether a written acceptance by the cashier of a proposition to settle an indebtedness as indorser, by satisfaction notes at twenty-five cents on the dollar, would be binding upon the bank and was within the scope of his duties. The referee to whom the case was sent reported in favor of the defendant, and an appeal was taken. In his opinion Judge Larremore assents to most of the legal propositions advanced in the referee's report, but says he feels constrained to differ from his conclusion of law upon the question of estoppel in pais. A cashier of a bank, he says, attends to routine business, and not to matters involving discretionary authority, which belong, unless delegated, to the Board of Directors. The bank could not be responsible for acts of his which are discretionary, semi-official and solely within the prerogative of the directors, though done in good faith. If he have a special authority, or if he acts in conformity with a general usage, the bank will be responsible for such acts, though beyond the ordinary scope of his duties. The right claimed was not within his general powers, and there is no proof of such power having been delegated to him. Judge Larremore concludes by stating that he places his judgment on the broad ground of want of legal authority in plaintiff's cashier to compromise the claim in question or execute a composition agreement and release therefor. The judgment is accordingly reversed and a new trial ordered.

NOTES ON THE MONEY MARKET.

NEW YORK, FEBRUARY 25, 1880.

Exchange on London at sixty days' sight, 4.84% a 4.85 in gold.

The loan market is firmer and a larger volume of business is reported at full rates. Several interesting questions are being discussed as to the probable monetary movements in the early future. First, it is observed that the green-back reserves are lower now than a month ago. The total reported last Saturday was \$15,505,500 against \$17,143,500 on the 24th January. Secondly, the drain of currency to New England and the West continues to carry off the supplies of greenbacks and bank notes which arrive here from other points, and it is not easy to estimate with much assurance the prospective duration and extent of this new demand. Thirdly, the Redemption Bureau at Washington reports very small receipts of bank notes. Last week the aggregate was only \$749,000 against \$3,403,000 for the corresponding week last year. The scarcity of currency in the New England financial centres, and the active demand for greenbacks and bank notes are shown by the small extent of the bank-note redemptions from Boston; the total last week being \$44,000 against \$1,140,000 in 1879. Finally, the specie reserves of our chief cities have been replenished by various circumstances, and especially by the Treasury purchase of fourteen millions of Government bonds for the sinking fund during the last fortnight. The consequent disbursement from the New York Sub-Treasury of so large an aggregate of coin has augmented the specie reserve of our Clearing-house banks \$6,892,600 during the last two weeks. Hence, the excess of reserves at New York has been raised to \$7,492,450 against \$6,039,825 on the 17th of January, and \$9,212,650 a year ago. The delay in the return of currency from the interior is the most conspicuous fact suggested by the foregoing statistics, and two theories are held as to the prospective movements of the early future. It is argued that the vast aggregate of currency which is afloat cannot remain in circulation between seasons, and that before long the great law must assert itself, by which currency accumulates in New York at this season preparatory to the demand for money to move the crops, and for the ordinary Spring trade. These arguments go to show that the money market will become easier, and that the rates of interest will rule lower.

On the other side it is contended from the delay in the usual return of currency from the interior, that we cannot measure and forecast the future movements of the banking and monetary machinery, especially in view of the active demand for currency in Massachusetts and at the West. Moreover, the immigration of capital and business to New York from San Francisco and other mining centres, has introduced a new factor into our monetary calculations, and the influx of capital from foreign countries for investment, has added to the difficulty of forming an intelligent and trustworthy analysis of the financial situation, so as to measure and predict its changes in the next six weeks. In presence of this uncertainty the rumor has just been started that trouble is apprehended among the speculators in wheat, and the New York Stock Exchange is

already showing manifest signs of sympathy with these apprehensions. Subjoined are our usual averages of the New York Clearing House, according to the official reports :

1880.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Circulation.</i>	<i>Net Deposits.</i>	<i>Surplus.</i>
Jan. 31.....	\$ 283,194,500	.. \$ 50,312,800	.. \$ 18,586,000	.. \$ 21,520,900	.. \$ 259,675,900	.. \$ 3,979,825
Feb. 7.....	290,381,600	.. 52,994,600	.. 16,437,900	.. 21,683,200	.. 264,404,200	.. 3,331,450
" 14.....	290,445,200	.. 54,746,500	.. 16,686,000	.. 21,599,600	.. 267,128,100	.. 4,650,475
" 21.....	290,091,200	.. 59,887,200	.. 15,505,500	.. 21,282,200	.. 271,601,000	.. 7,492,450

The Boston bank statement for the same period is as follows :

1880.	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Jan. 26.....	\$ 139,165,600	.... \$ 3,857,100	.... \$ 5,435,700	.... \$ 52,651,000	.... \$ 31,385,900
Feb. 2.....	139,816,800	.... 3,970,300	.... 5,320,300	.... 53,742,200	.... 31,240,200
" 9.....	141,215,600	.... 4,374,800	.... 4,826,300	.... 55,016,200	.... 31,081,500
" 16.....	142,161,000	.... 4,576,500	.... 4,040,300	.... 53,728,400	.... 31,072,300
" 23.....	140,628,500	.... 4,488,400	.... 3,637,900	.... 53,605,200	.... 31,003,400

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

1880.	<i>Loans.</i>	<i>Reserves.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Jan. 26.....	\$ 64,656,180	.... \$ 16,931,434	.... \$ 54,306,766	.... \$ 12,073,093
Feb. 2.....	64,972,032	.... 17,213,347	.... 54,563,582	.... 12,068,233
" 9.....	65,670,329	.... 17,120,173	.... 54,672,059	.... 12,076,263
" 16.....	66,888,134	.... 17,197,950	.... 56,186,186	.... 12,048,483
" 23.....	67,265,668	.... 16,220,959	.... 55,627,182	.... 12,058,555

The stock market is fairly active, and a large volume of business is doing. Governments are in good demand and the quotations show an improvement ; the chief demand is for the four-and-a-half per cents. coupon, the sixes of 1881, and the new fives. The closing prices are given below, with the aggregate outstanding according to the last official statement of February 1, 1880 :

<i>Title of bonds.</i>	<i>Closing price.</i>	<i>Rate of interest.</i>	<i>Redeemable after</i>	<i>Total outstanding.</i>
Loan of February, 1861 ('81's), Reg'd.....	104	6 per cent.	Dec. 30, '80	\$ 14,845,000
do Coupon.....	103½	6 "	do	3,570,000
Oregon War Debt, Reg'd.....	—	6 "	July 1, '81	—
do Coupon.....	—	6 "	do	814,300
Loan of July and August, 1861 ('81's), Reg'd.	105½	6 "	June 30, '81	129,956,750
do Coupon.....	105½	6 "	do	50,561,000
Loan of 1863 ('81's), Reg'd.....	104½	6 "	June 30, '81	54,282,400
do Coupon.....	104½	6 "	do	16,316,100
Funded Loan of 1881, Reg'd.....	103½	5 "	May 1, '81	288,823,750
do Coupon.....	103½	5 "	do	217,671,600
Funded Loan of 1891, Reg'd.....	108	4½ "	Sept. 1, '91	163,391,000
do Coupon.....	109½	4½ "	do	81,600,000
Funded Loan of 1907, Reg'd.....	106½	4 "	July 1, 1907	507,687,400
do Coupon.....	106½	4 "	do	231,088,750

Aggregate of bonds bearing interest in coin February 1, 1880..... \$1,781,686,850

State stocks are quiet and steady. District of Columbia 3-65's sold at 97½, closing at a decline to 96½. Missouri sixes of 1888 sold at 110, closing firm. Alabama sixes, class A, declined to 62 and recovered to 64. Tennessee sixes, new, are in demand at 33½. Virginia sixes, deferred, are dull at 8½. Railroad bonds are less in demand. The quotations for the better-known descriptions have advanced to a point which tends to discourage the investment of certain classes of capital. Railroad shares are active and Coal stocks feverish and irregular. Bank shares are stronger, and the quotations are

improving. Mining shares are attracting more attention at the New York Stock Exchange than for several years past. Foreign exchange is firmer. Subjoined are our usual quotations :

QUOTATIONS :	Jan. 31.	Feb. 4.	Feb. 11.	Feb. 16.	Feb. 21.
U. S. 6s, 1881, Coup.	104 $\frac{3}{8}$..	103 $\frac{1}{2}$..	105 $\frac{1}{8}$..	105 $\frac{3}{8}$..	105 $\frac{3}{8}$
U. S. 4 $\frac{1}{2}$ s, 1891, Coup.	107 $\frac{3}{8}$..	106 $\frac{3}{8}$..	108 $\frac{3}{8}$..	109 $\frac{3}{8}$..	108 $\frac{3}{8}$
U. S. 4s, 1907, Coup.	104 $\frac{1}{8}$..	105 ..	106 ..	107 ..	106 $\frac{3}{8}$
West. Union Tel. Co.	103 $\frac{1}{8}$..	103 $\frac{1}{8}$..	103 $\frac{3}{8}$..	106 $\frac{1}{2}$..	114 $\frac{3}{8}$
N. Y. C. & Hudson R.	130 $\frac{3}{8}$..	131 ..	131 $\frac{3}{8}$..	131 $\frac{1}{2}$..	131 $\frac{1}{2}$
Lake Shore	104 $\frac{1}{8}$..	104 $\frac{1}{8}$..	103 $\frac{1}{8}$..	104 $\frac{1}{8}$..	105 $\frac{1}{8}$
Chicago & Rock Island	149 $\frac{1}{2}$..	149 $\frac{3}{8}$..	149 $\frac{1}{2}$..	149 $\frac{1}{2}$..	151
New Jersey Central	82 $\frac{1}{8}$..	81 $\frac{1}{8}$..	81 $\frac{1}{2}$..	84 $\frac{3}{8}$..	84 $\frac{3}{8}$
Del., Lack. & West.	86 $\frac{3}{8}$..	85 $\frac{1}{8}$..	84 $\frac{1}{2}$..	86 $\frac{3}{8}$..	83 $\frac{3}{8}$
Delaware & Hudson	75 $\frac{1}{2}$..	74 $\frac{1}{2}$..	72 $\frac{1}{2}$..	75 $\frac{1}{2}$..	76 $\frac{1}{2}$
North Western	90 $\frac{1}{2}$..	90 ..	89 $\frac{3}{8}$..	91 ..	91
Pacific Mail	38 $\frac{1}{2}$..	39 ..	40 ..	41 $\frac{1}{2}$..	42 $\frac{1}{2}$
Erie	47 $\frac{1}{8}$..	47 $\frac{1}{8}$..	47 $\frac{3}{8}$..	47 $\frac{1}{2}$..	46 $\frac{1}{2}$
Call Loans	6 @ 7 ..	6 @ 7 ..	5 @ 6 ..	6 @ 7 ..	6 @ 7
Discounts	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6
Bills on London	4.83-4.85 ..	4.82 $\frac{1}{2}$ -4.85 ..	4.83-4.85 $\frac{1}{2}$..	4.83 $\frac{1}{2}$ -4.86 ..	4.84 $\frac{1}{2}$ -4.87
Treasury balances, cur.	\$ 7,232,440 ..	\$ 6,816,377 ..	\$ 7,128,417 ..	\$ 6,972,302 ..	\$ 7,061,867
Do. do. coin.	\$ 106,446,967 ..	\$ 105,445,785 ..	\$ 107,413,000 ..	\$ 98,081,389 ..	\$ 100,998,750

The revenue receipts are so active and the surplus is so ample that the Treasury bought to-day two millions of bonds, instead of one million which is the usual weekly purchase under the recent arrangement. The total offers were \$ 7,135,450, comprising \$ 2,558,300 of the sixes of 1881 at 105.62 to 105.97 ; \$ 700,000 sixes of 1880 at 103.78 to 104, and \$ 3,877,150 fives of 1881 at 103.62 to 104. None of the fives were accepted. The allotments were \$ 1,846,300 sixes of 1881 at 105.62 to 105.97, and 153,700 sixes of 1880 at 103 $\frac{3}{8}$ to 103.99. These prices are higher than those at which the market closed to-day. The money market is expected to show some relief from these disbursements from the Treasury, especially if the purchases of bonds in March are on the same liberal scale. How far these purchases may be affected by the debate in Congress on the refunding bill next week, is a question upon which an animated discussion has arisen in Wall Street. Meanwhile the monetary situation shows some evident signs of incipient ease.

On the 11th of February a syndicate purchased, at a price understood to be 97.7, bonds of the Metropolitan Elevated Railroad to the amount of \$ 6,000,000. They are gold seven-per-cent. bonds, payable in New York or London. The principal firms connected with the syndicate are Drexel, Morgan & Co. ; Winslow, Lanier & Co. ; J. & W. Seligman & Co., and Hallgarten & Co. The bonds delivered by the Railroad Company, in payment for the completed line on the east side to Sixty-ninth street, are at the rate of \$ 600,000 per mile.

At the New York Sub-Treasury, February 11, proposals to sell bonds for the sinking fund were opened. The amount called for by the Treasury was \$ 11,000,000, and the total offerings were \$ 11,625,000. A dispatch was received at about 3 P. M. from Washington authorizing the acceptance of all 6's of 1880 offered at 103 $\frac{1}{8}$ and under, all 6's of 1881 offered at 105 $\frac{1}{2}$ and under, and all 5's of 1881 at 103 $\frac{1}{2}$ and under. There were accepted, according to these terms, \$ 11,474,000 bonds. The largest offerings were by the First National Bank of \$ 5,300,000 bonds, Fisk & Hatch of \$ 2,000,000 bonds,

and I. & S. Wormser of \$1,500,000 bonds. There were offered \$6,233,500 6's of 1881, \$4,897,450 5's of 1881, and \$494,000 6's of 1880.

On the 12th of February the Secretary of the Treasury gave notice that commencing with Wednesday, February 18, he would receive offers every week for the sinking fund of any of the five and six-per-cent. bonds redeemable in 1880 or 1881, and would purchase to the amount of \$1,000,000 every week, if the prices were satisfactory.

The offerings of bonds for purchase for the sinking fund February 18, amounted to \$3,362,200 as follows: 6's of 1880, at 103.95 to 105; 6's of 1881, at 105.56 to 106, and 5's of 1881, at 103.50 to 104. The Secretary accepted \$1,000,000 as follows; 6's of 1880, at 103.95 to 103.97; 6's of 1881, at 103.56 to 103.75, and 5's of 1881, at 103.50 to 103.67.

During the six secular days ending February 11, there were paid into the New York Custom House for duties \$772,000 in silver certificates, and \$5,000 in silver dollars. During the week ending February 20, \$767,000 in silver certificates were paid for duties.

Messrs. I. & S. Wormser sold, February 18, \$1,000,000 of Erie consolidated seven-per-cent. gold bonds, having forty years to run, at 121½.

Forty thousand dollars of the city of Kingston, (N. Y.) six-per-cent. funding bonds were sold February 18 at \$115.

The bonded debt of Maine is \$5,849,900. The sinking fund is \$1,166,159.

A letter to the Editor from a New England banker, says: "Your articles on refunding are good. Our debt should not be permanent, but should be wiped out. If the bonds falling due in 1881 could be refunded in one, two, three, four, five, six, seven, eight, nine and ten-year bonds, the one, two and three-year bonds could probably be sold at three per cent. interest, perhaps less."

The county, city and town debts in New Jersey are equal to 11.3 per cent. of the aggregate assessed value of all the property in the State; but this assessed value is far below the actual value.

Within eighteen months there has been an advance of \$2,500,000 in the market price of the shares in the cotton mills at Lewiston, Me. They are nearly all held in Boston, not more than \$300,000 being supposed to be held in Maine.

During the last six months of 1879 there were exported 275,407,615 gallons of petroleum valued at \$22,486,089. During the last six months of 1878, there were exported 228,655,833 gallons, valued at \$25,555,871.

Cook county (Illinois) is issuing \$1,158,000 of five-per-cent. bonds, some of them in denominations of \$50 and \$25, for the purpose of taking up the same amount of seven-per-cent. bonds.

The subscription for \$2,000,000 of bonds of the Texas and Pacific Railroad, offered to stockholders, was closed at Philadelphia, February 20. The amount subscribed was \$5,641,000.

The Mayor and Common Council of Milwaukee have memorialized Congress to take away the legal-tender powers of United States notes.

The San Francisco Board of Trade, at their February annual meeting, expressed themselves satisfied with the reciprocity treaty with the Sandwich Islands, and as desirous that a similar reciprocity should be arranged with Mexico and Central America.

In the British House of Commons, February 19, the Chancellor of the Exchequer, replying to a question, said there was no intention of resuming the negotiations regarding the silver question started by the United States and discussed at the Paris Conference.

The Bank of France, having failed in its application to the Government to be indemnified for the money taken from it by the Commune, is now contemplating a suit to recover it back from the City of Paris.

From the statistical bulletin of the Municipality of Paris, it appears that the total rents paid for shops and offices in that city amount to 248,000,000 francs, and for houses to 332,000,000 francs, being equal in the aggregate to about \$ 116,000,000.

At the end of 1879 the Austrian Government one-florin notes outstanding had been reduced from 80 millions to 57 $\frac{1}{4}$ millions, and of these it is supposed that a considerable portion is not in existence. Silver florins have been substituted for those redeemed.

During the year 1879 the Austro-Hungarian Bank lost 8,742,722 florins in gold, but gained 19,128,013 florins in silver. On the 31st of December, 1879, the metallic reserve was divided into 58,631,872 florins of gold and 105,613,790 florins of silver. The Austrian florin is worth about forty-eight cents.

In the Saxon Chambers a resolution in favor of returning to a single standard of silver was recently debated, but was defeated by a large majority.

It is announced that the German Government has resolved to adopt the French system of allowing very small investments in the public funds.

In the German Parliament, February 18, the Under-Secretary of the Treasury said that the revenues had improved \$ 5,000,000. In respect to the money standard, he said that the question of changing the standard had not been even discussed, but that sales of silver remained suspended.

The Swiss loan at four per cent., recently negotiated at 99 $\frac{1}{2}$, was a small one of 35,000,000 francs, and intended principally to take up an outstanding 4 $\frac{1}{2}$ -per-cent. loan.

A Belgium loan at five per cent. for 68,000,000 francs, intended for public works, was recently negotiated at a premium of 5 $\frac{1}{4}$ per cent.

A loan of the Colony of Ceylon for £ 700,000 has been put on the London market at 98. The interest is four per cent., and there is a sinking fund sufficient to discharge the debt in forty-one years.

The Ceylon four-per-cent. loan was subscribed for seven times over, and the new Belgian four-per-cent. loan four times over.

DEATHS.

At Cadiz, Ohio, on Sunday, February 15th, aged eighty-three years, CHAUNCEY DEWEY, President of the Harrison National Bank of Cadiz.

At BALTIMORE, Md., on Monday, January 12th, WILLIAM L. GILL, Cashier of the Merchants' National Bank of Baltimore.

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THE NATIONAL DEBT.

There are two great opposing ideas in respect to that portion of the debt which becomes redeemable in 1881.

The first is to abandon the policy of reducing the debt, and to ignore and practically abrogate the sinking fund, by converting all the bonds redeemable in 1881, at once and without waiting for the period of redeemability to arrive, into long bonds. That is the policy of the President, of the Secretary of the Treasury, of Mr. Wood, and (with a trifling modification) of the House Committee of Ways and Means. The President and Secretary proposed thirty-year bonds, Mr. Wood proposed fifty years, and the Committee propose twenty years. These are distinctions where there is no substantial difference. If the old American policy of paying is once abandoned, it will never be resumed, and the debt becomes perpetual. The bonds on twenty years will be renewed over again, and the country might as well, and perhaps better, issue an irredeemable consol and thus make an end of it. Nobody will be deceived by the suggestion that the reduction of the debt may still be continued, by the method of buying up, at enormous premiums, bonds not redeemable for twenty, thirty, and fifty years. It is too plain that the odium of paying such premiums would practically break down the sinking fund, and it is the extreme of disingenuousness to deny that such is the necessary, and probably intended, effect of all these long-bond propositions.

The second idea is to keep the debt redeemable in 1881 so within control that the sinking fund may reach it without premiums, to the end that, if circumstances shall favor, it

may be extinguished by payment before September, 1891, when the four-and-a-half per cent. bonds amounting to \$250,000,000 become redeemable. The sinking fund for the next fiscal year will be, as stated by the Treasury Department, \$39,828,225, and as it will increase from year to year by some rate of interest on each annual sinking fund payment, it may be roughly calculated that during the ten fiscal years beginning with July 1, 1881, it will amount to an annual average of \$50,000,000. In addition there are large arrearages now due to the sinking fund, and furthermore it is always to be borne in mind that the law establishing that fund did not fix the *maximum*, but only the *minimum* of the reduction of the public debt from year to year. The country is bound to make every year at least a certain reduction, but it is not restrained from making any larger reduction which the situation may render practicable and expedient.

Unless our existing revenue systems are unwisely tampered with, the debt redeemable in May and July, 1881, will be reduced to not far from \$675,000,000, and such a sum may easily be paid off in ten years, in the absence of unforeseen public misfortunes. The interest account of the whole debt, which has been as high as \$143,000,000, and the annual average of which was equal (in coin) to \$119,230,147 during the four years beginning July 1, 1869, being very nearly the first four years of General Grant's administration, will be reduced next year to less than \$70,000,000. It is idle to say that we cannot now, with doubled wealth, pay as much towards the interest and principal of the debt as we then paid on the interest alone. To do merely that would leave \$50,000,000 annually for the principal, and we must never forget that during the same four years beginning July 1, 1869, when we were paying for interest an annual average of \$119,230,147, we were also paying upon the principal an annual average of \$82,827,452, thus making the total reduction of the debt during those four years the great sum of \$327,309,811.

We have observed that the Committee bill slightly modifies the propositions of the President, of the Secretary of the Treasury, and of Mr. Wood, to refund and perpetuate the entire debt redeemable in 1881. The modification consists in putting \$200,000,000 in a shape to be reached and paid off within ten years. This is well so far as it goes, but it falls lamentably short of going far enough. Mr. Wood claims as one merit of this part of the Committee's bill, that it prohibits the payment of more than \$40,000,000 in any one year. It is, however, entirely plain that such a prohibition is an open and undisguised repudiation of the sinking fund, which is \$39,828,225 for the next fiscal year, and must exceed \$40,000,000 for every year thereafterwards. The country will never consent to tie itself up so that it cannot perform a duty which it undertook, both wisely and deliberately, when the National debt was contracted.

But the bill prevents, not only the payment of more than \$40,000,000 in any one of the ten years, but it limits the aggregate of payments during the whole ten years to \$200,000,000, and thus restricts the annual average of the payments to \$20,000,000.

Furthermore, it prohibits, absolutely, the payment of any of the notes within two years after the bill shall become a law so that if any reduction is made within those two years, it must be at the cost of paying such premiums on long bonds as the holders may demand.

The policy of perpetuating the National debt is contrary to the uniform traditions of the country, and to all sound general views of public policy, and it is particularly objectionable under the special circumstances of the present time.

In these evil days, when socialism and communism are sapping and mining the foundations of the Republic, it will be most unwise to hold up one moment longer than is absolutely unavoidable such a broad target for obloquy, and such a keen provocation to evil passions, as an immense debt, the holders of which are exempted from the payment of any species of taxes thereon. The exemption may be admitted to be a necessity, but the perpetuation of the debt, of which the exemption is an incident, is not at all a necessity. The people will be quiet under it so long as they see it steadily diminishing, and can look forward to its extinction within a reasonably near period.

In these evil days of repudiation (open and covert) it will be most unwise to set an example of tampering with the public faith and honor, by such a thinly disguised abrogation of the sinking fund, as extending the debt for such terms as to put it practically out of the reach of reduction.

Now that the nations of Europe are plunging more recklessly than ever into the vortex of debt and inevitable bankruptcy, it will more than ever give both prestige and power to the United States, if they still heed, as they have always done to this time heeded, this warning advice which General Washington made conspicuous in his farewell address to his countrymen: "Avoid likewise the accumulation of debt, not only by shunning occasions of expense, *but by vigorous exertions in time of peace to discharge the debt which unavoidable wars may have occasioned.*"

The spectacle of the United States steadily approaching an entire freedom from debt, will attract both capital and labor from Europe; capital, in order that its profits may not be curtailed, and labor in order that its wages may not be eaten up by the taxation which debts impose.

Freedom from debt will secure to us external peace, and almost dispense with any other precautions for external defence. Money is the sinews of war. Credit commands money, and the best support of future credit is to reduce

and extinguish present debts. This country could never have raised the vast sums expended in the Civil War, if it had been hampered with debt when that struggle begun. If money is power, so also is freedom from debt power, because it leaves the resources of credit untouched. To spend money on demoralizing standing armies, rotting ships, or accumulations of arms certain to become worthless in a few years by the rapid progress of inventions, will not make us respected and powerful in our external relations. The way to do that is straight and luminous before us. It is to extinguish the National debt, so that the world may see that we are able at all times to raise armies, to build and equip ships, and to maintain any struggle, however protracted, which may be forced upon us by the defence of National interests, rights, or dignity. That is the plain road to security and *prestige* in peace, and to power, defensive and offensive, in war.

National debts, in one aspect, may add to the security of the governments of such countries as England and France, where the financial condition of all the territorial divisions is nearly alike, and where the holders of the debts are strong in all of them. In England and France there are no old sections and no new sections, and no geographical lines which separate those who have and those who have not, money to invest in securities. In the United States it is otherwise, and a National debt, instead of strengthening and consolidating popular affection towards the Government, is a perpetual cause of heartburnings and alienation over the greater part of the area of the Republic, where it is viewed as an odious burden. No solid political peace is possible until the country is rid of it, and the time of all others to move vigorously to be rid of it in the only honest way, which is to pay it, is when we have struck an era of prosperity, when labor is well employed and when the public revenue is abounding.

Conditions of the loan markets have sometimes existed when the payment of large amounts of the public debt might cause an injurious glut of loanable capital. Precisely the opposite condition exists to-day, and is likely to exist for a long period. Railroads, public works of all kinds, and the development of numerous interests, especially that of mining, are calling for great amounts of money on every side. Towards meeting such calls, the constant redemption of Government securities has been for months past an invaluable aid. Without it the rates of interest in the New York market which have been high, would have reached a height which would have checked and possibly paralyzed the most useful enterprises. So far as it is ever safe to forecast the future, the next two years, which have been selected by the House Committee of Ways and Means to be covered by an interdiction of any payment whatever on the public debt, will be precisely the period

during which no conceivable amount of such payments can be in excess of what the loan market will urgently require. Shallow persons may say that it adds nothing to the volume of money in circulation for the Government to collect it through taxation with one hand, and purchase bonds with another. The question is not that of the volume of money, but of the volume of disposable capital, to which the aggregation of the minute sums collected from everybody by taxation is an unmistakably new addition. When the Government buys and cancels a bond, the former holder has received for some other investment the amount which the Government has paid. Nor is it to be overlooked that an unknown but considerable part of our tariff taxation is really levied upon and borne by foreigners. The dogma of theorizing essayists that all taxes are paid by consumers, is known by every man of practical sense and observation to be an entire mistake. But by whomsoever paid, the surplus of our revenues over expenditures is a new capital, which is rendering an essential service as a recruitment of the mass of loanable funds. The propositions of the Ways and Means Committee to limit this recruitment to \$200,000,000 in the aggregate for ten years, to prevent its exceeding \$40,000,000 in any one year, and to cut it off entirely for the coming two years, are thoroughly mischievous. In the present active condition of the country, they mean extravagant and impossible rates of interest, ruinous to borrowers and dangerous to lenders. Sound and conservative bankers desire such rates quite as little as anybody else.

Within six months bonds to the amount of about \$37,000,000 have been purchased and canceled by the Secretary of the Treasury, and the amount so paid has gone into other securities and investments. Instead of there being a glut of loanable capital in consequence of this supply of new capital, at the rate of \$74,000,000 per annum, the new demand has been more than equal to it. The present condition of the loan market is not one of plethora, but of constriction. It is easy to see what it would have been, if a large amount of funds locked up in Government bonds had not been made available for active uses. In the circumstances which exist, and are likely to exist for several years, nobody will agree with Mr. Fernando Wood that it is the special duty of the Government to create new bonds as a safe investment for accumulated capital, which is already so pressed with other inviting opportunities on every side. The policy which the signs of the times plainly indicate to be now the wise one, is for the Treasury to restore to the markets, as rapidly as may be, the sums it has heretofore been compelled, by the pressure of the calamity of war, to abstract from them.

RELIEF TO BANKS FROM STATE TAXATION.

The American Bankers' Association have published the recent decisions of the Supreme Court of the United States, which restrict some of the unjust inequalities in the assessment and taxation of National bank shares, and extend the application of certain fundamental principles limiting, in a way favorable to the banks, the excessive burdens levied and assessed upon National bank shares by the State Governments more than upon other personal property. Two of these decisions are from the State of Ohio and two from the State of New York. The latter will be found fully reported elsewhere in the present issue of THE BANKER'S MAGAZINE. We have received several communications on the tax questions raised in this protracted dispute which are assuming a new phase, and have long been attracting much attention from the Clearing Houses and the banks throughout the country. Mr. C. P. Williams, of Albany, the plaintiff in two of the cases under review, has addressed a circular to the banks and bankers of the State of New York, in which he predicts very justly that whatever be the results of the decision to the National banks "it is beyond doubt" that the Legislatures of the several States will place the State banks, Trust Companies, and other financial institutions on the same footing. He adds that "experience has shown us that in deference to a mistaken prejudice in the public mind against the banks, our State courts have been ready to uphold any exactions upon them that the Legislature might adopt; and it becomes all bankers and bank-stock holders to watch with vigilance, and to resist with earnestness any legislation to subject them to special taxation in whatever manner. The indifference of the bankers of the State to, and their supine acquiescence in, the unequal and unjust exactions made upon them under the act of 1866, as interpreted by our courts in the Cagger case, have resulted in fastening upon them this flagrant injustice for fourteen years past. It is an amazing fact when viewed with reference to the manifest wrong of that interpretation. Bankers, no more than others, can exempt themselves from the rule which makes vigilance the price of liberty. If we fail to demand our rights, we cannot expect that they will be conceded."

The New York Clearing House has employed counsel to investigate the important practical questions arising out of these latest decisions of the Supreme Court, and the whole subject has been placed in the hands of a special committee who are in active correspondence with the authorities of the State and city governments. It will be premature, at present,

to attempt to answer the numerous inquiries which have been addressed to us, but in our next issue we may endeavor to give a more complete view of some of these points than is now possible. Among the communications sent to us is a letter from a functionary at Albany, who is regarded as one of the best authorities there on tax questions. The following extract gives a clear expression to the views entertained there upon the chief points on which the banks in New York and other States desire information:

"This important decision declares that the law of this State of 1866, chapter 761, regulating the assessment and taxation of shares to the shareholders of the stock of National banking associations in this State, '*is unconstitutional and void.*' Here, then, is an end of all taxation of National banks under that law in this State. The Legislature must now pass an act authorizing the assessment of the shares held by resident shareholders in these banks in the places where the shareholders live, to be returned by them with their other personal property liable to taxation and subject to the same deduction for debts, as are in the law regulating personal estate assessments. The Legislature must also provide some way to collect the taxes imposed upon the shares of stock of non-resident shareholders at the places where the banks are located.

"As National banks can only be taxed by a State, by permission of the United States, and as Congress has specified how States may tax the shares held by persons in these banks, the law of the State taxing the shares to the shareholders, must be in exact conformity with the law of the United States, or it is null and void, as the Supreme Court has decided in the case of the National Exchange Bank, of which Mr. Williams is President here, and the Commercial National Bank of Cleveland, Ohio, and the Merchants' National Bank of Toledo, Ohio. There is an end to the assessment of shares of National banks at their full market value, or to the taxing of them upon this value for State, county, town and city purposes, while the real estate and personal property, moneys and credits of persons are assessed only at one-third or one-half of full value.

"The banks in the City of New York, as well as in some other places in this State, have been taxed at a ruinous rate, and the result has been that since 1873 we have lost in bank capital, and surplus in the city of New York the sum of \$35,109,000. This, as far as taxation is concerned, is like sinking the county of Columbia, and letting water take the place of land. The National banks in New York City have been taxed more than twice the amount of the National banks in Philadelphia. The State of New York has one-fifth of the National bank capital of the country, and it has paid thirty per cent. of the taxes paid by the National banks.

But there is an end to this. Hereafter the shareholders will pay taxes in this State on their bank shares where they live, and the towns and villages and cities will get the benefit of their taxes. The banks can no longer pay taxes for their shareholders. This cannot be required of them."

The banks do not desire to escape their fair share of the taxation imposed by the State or National Governments. But the time has come when the commerce and trade of the nation will suffer severe injury unless those oppressive and unequal tax burdens are removed, which have been operating to the injury of our banks in some of their most vital interests for many years. In the newspaper criticisms evoked throughout the country by the decisions above referred to, it is gratifying to observe, in some quarters, a broader intelligence and a more judicious conservatism than have often appeared in previous discussions about giving relief to the banks from the most mischievous and unjust portion of their fiscal burdens.

EUROPEAN AND AMERICAN FINANCES

British trade returns for January, 1880, compared with the returns for the same month in 1879, are as follows :

	1880.		1879.
Imports of foreign merchandise.....	\$ 161,864,535	..	\$ 131,835,230
Less re-exports, as far as reported.....	12,767,475	..	13,641,840
	<hr/>		<hr/>
Net imports.....	\$ 149,097,060	..	\$ 118,193,390
Exports British produce and manufactures	84,564,290	..	70,982,590
	<hr/>		<hr/>
Excess of imports of merchandise.....	\$ 64,532,770	..	\$ 47,210,800

Of the increase in imports, \$12,099,500 is in articles of food, among which, by the way, the English reckon tea, coffee, wine and spirits.

The real balance of trade against Great Britain and Ireland in January was not so great as the above figures indicate. British imports are valued at the place of landing, and of course the freight and profits, although not paid to foreigners, are included in such valuation. Freight and profits are also received on exports. But with all allowances, the real balance of trade against Great Britain was undoubtedly greater than the income upon its foreign investments.

In November, 1879, the balance of trade against Great Britain, as shown at the Custom Houses, was greater by \$36,842,725 than it was in November, 1878, and greater in December, 1879, by \$35,091,435 than it was in December, 1878.

In November, 1879, the excess of imports over exports (not including a small amount of re-exports) was \$86,457,165, and in December, 1879, the same excess was \$93,669,680.

In this condition of its foreign trade, which is known to have continued through January, and which, doubtless, continued through February, it is not credible that Great Britain can have increased its aggregate holding of foreign securities. It may have purchased some, but must have sold more than it purchased, or must have possessed itself of means by some form of borrowing.

It was surprising, therefore, to find in the London *Economist* of February 7, such a paragraph as the following :

"The chief difficulty is the surprisingly quick growth of speculation in this country, which is raising prices greatly, and bringing securities to us from all parts of the Continent and from our colonies. Colonial loans are written for many times over, the Prussian consols are dealt in here almost before they are issued in Germany, and older international stocks are coming to us in considerable amounts. This keeps the foreign exchanges adverse to this country."

There are no means of knowing with certainty, whether the balance of the flow of securities is in or out of Great Britain or any other country. Dealers who happen to be importing them, will say that the flow is inward. Other dealers who happen to be negotiating securities abroad, will say that the flow is outward. If anybody wishes to test that, he has only to step into Wall street any day in the week, and the accounts he will get will be as various as the bankers and dealers he consults.

But we know very well that Great Britain, with the enormous balance of trade against it, has no money or means of any kind wherewith to increase the amount of its claims against outsiders. It must, in the aggregate, be steadily diminishing that amount, either by borrowing foreign money, or by selling securities to foreigners.

The London *Economist* of February 14, said :

"Foreign money has come for employment to our market. We referred a few days since to this feature having appeared. It seems now to have taken place again on a large scale. Should the rate for money go up, we may probably look for an increase of this."

In the money article of the London *Times* of March 1, it is stated that there was very little disposition on the part of the public, either in Paris or London, to buy securities, but that that disposition was found elsewhere, "in more than one portion of the Continent."

In the money article of the *Times* of March 2, it is stated that British sales of Russian stocks to Germans have been on so great a scale as to force German exchange on London "close up to the gold point."

During January the merchandize imports of New York were \$40,022,116 and the merchandize exports only \$25,416.56, which induced a city paper, the *Journal of Com-*

merce, to say: "As New York receives about two-thirds of all the foreign imports, and ships about half of the exports to foreign ports, the balance of trade against the country must be all of ten millions. This is likely to continue."

Upon this we observed in our last number: "We doubt if this prediction of so large a balance against the country as \$10,000,000 in January, will be verified when returns from all the ports are received, and however it may be in any exceptional month, we do not believe that a turn is yet reached in the general course of our foreign trade. But, of course, such a thing as a permanent balance of trade in favor of the United States, which are large producers of gold and silver, is an impossibility."

The fears of the *Journal of Commerce*, although apparently shared generally by the press, have been most happily dissipated by the publication of the official returns from all the ports, which show that there was an actual excess of merchandize exports over merchandize imports, in January, of \$11,817,477. Although not equal to the same excess in January, 1879, which was \$25,893,554, it was still very large, and is at the rate of an annual balance of \$141,809,724.

The exports in January, from New York, instead of being one-half of the exports of the whole country, were only, \$25,416.56 in a total of \$66,996,993.

The *Journal of Commerce* of March 11 thinks, and the *New York Tribune* of March 15 concurred in this view, that when the returns from all ports for February are received, it will be shown that the merchandize balance against the country for January and February together was \$20,000,000. This involves the supposition that the adverse balance for February was \$31,817,477, which it is really impossible that the full returns should show. It is not yet certain that the balance for February was unfavorable at all.

The recent rise in prices swells our imports, but so also it swells the money valuation of our exports. If the rise was uniform on all articles, it would increase, rather than diminish, the balance of trade in favor of countries like the United States. The *New York Public*, of March 18, has a table showing that within a year the New York prices have risen, of wheat, No. 2, red winter, thirty per cent.; of superfine flour, twenty-six per cent.; of corn, thirty-four per cent.; of oats, forty-six per cent.; of cotton (middling), thirty-six per cent.; of mess pork, twenty-eight per cent.; of bacon, forty-six per cent.; of lard, seventeen per cent.; of butter, thirty per cent.; of cheese, forty-two per cent., etc., etc. The only important exported article which has declined is petroleum.

The comparative condition of the funds in the United States Treasury, February 2, and March 2, was as follows:

	March 2.	February 2.
Gold coin and bullion (less outstanding gold certificates). \$	136,795,458	143,340,026
Silver dollars (less outstanding silver certificates).....	32,399,487	30,972,157
Silver bullion.....	4,525,306	4,880,035
Subsidiary silver.....	21,179,312	20,204,809

Of the silver dollars coined during February, about \$1,400,000 passed into the ownership of the Treasury, and about \$900,000 passed into the ownership of individuals. Of the total coinage since the passage of the silver law, \$32,399,487 belong to the Treasury, and about \$22,000,000 are in circulation in either the metallic or certificate form. The silver certificates which are issued would remain longer in circulation if no question had been raised about the right to have them reckoned, as gold certificates are, as a part of the reserves of National banks.

On the 1st of March, the outstanding bonds redeemable in 1881 amounted to the following sums:

6 per cents. redeemable June 30, 1881.....	\$245,919,000
5 per cents. " May 1, "	501,418,900
	<u>\$747,337,900</u>

There were in addition \$18,229,000 of six per cents., payable December 31, 1880, making a total of \$765,566,900.

On July 1, 1879, the outstanding bonds redeemable in 1881, amounted to the following sums:

6 per cents. redeemable June 30, 1881.....	\$265,266,350
5 per cents. " May 1, "	508,446,350
	<u>\$773,706,700</u>

There were in addition \$18,415,000 of six per cents., payable December 31, 1880, making a total of \$792,121,700.

The purchase and cancellation of these several classes of bonds from July 1, 1879, to March 1, 1880, amounted therefore to \$26,554,800, which will be swelled to \$60,000,000, and perhaps more, at the end of the fiscal year on the 30th of June next. These results, so auspicious to National credit and sound finance, give great and general satisfaction in this country. Abroad, they are causing the United States to be more than ever respected.

The press continues to manifest trepidation in respect to an approaching outflow of gold. A city paper, of March 18, now before us, points to the \$128,000 exported during the previous week, not as an alarming sum in itself, but as the possible and even probable small beginning of an overwhelming catastrophe. We confess an entire inability to take part in any panic of this sort. The annual product of our gold mines is sufficient, after supplying all demands for plate and the arts, to furnish a weekly export of \$500,000 or \$600,000, without trenching upon the existing stock at all. What is to be gained by increasing that stock? The banks have already converted as much of their reserves into gold as they are ever likely to keep in the metallic form. For actual circulation, gold is not wanted, or at any rate no addition is

needed to the amount which is already in circulation. It is never to be forgotten that the normal condition of a gold-producing country is to be an exporter of it, and whatever may be the amount of our export of gold, we shall have the satisfaction of knowing that it will go to Europe, where we sell the great bulk of our merchandize exports, and where it will have the effect of sustaining the prices we shall receive for them.

The movement of gold and silver in Great Britain was comparatively small during January, but there was an excess of exports of both metals, the figures being as follows :

	<i>Gold.</i>		<i>Silver.</i>
Exports.....	\$3,237,585	..	\$3,826,320
Imports.....	1,131,540	..	1,900,745
	<hr/>		<hr/>
Excess of exports.....	\$2,106,045	..	\$1,925,575

Of the silver exports, \$3,146,750 were to India. The gold exports were principally to South America. The gold imports from Australia, as compared with January, 1878, fell from £445,776 to £95,642, which must have been principally an accidental circumstance.

The India demand for silver since January has not come up to the expectations in England. The London *Economist*, of February 28, says: "Silver is still weak at 52*d.* per ounce, in spite of the rise in the value [interest] of money in Calcutta. The Budget statement to the effect that the Indian Council drafts will in the year ended March 31, 1881, be increased to £16,670,000 has had rather a dispiriting effect, although the chief reason is undoubtedly the strange absence of the expected revival in the export trade of India. High prices here have been followed by increased shipments of cotton manufactures to India—not by large shipments of raw cotton to England."

The eighth annual report upon the new coinages of Germany was laid before the German Parliament at the end of February. The following is the paragraph in respect to silver: "The low price of silver was the cause why the sale of silver on State account progressed but slowly; so that the withdrawal of one-thaler pieces—the only coins of the old currency still in circulation—and the melting of them into silver bullion, ceased almost entirely. The sale of silver was causing the Exchequer important losses, and as the interests of commerce and traffic did not demand the withdrawal of the old thalers, it was believed best to discontinue withdrawing them. In May, 1879, the sale of silver was stopped altogether, and no more thalers were withdrawn or melted into bullion. The necessity of taking new measures on this question has not yet shown itself."

All of which means that Germany has taken the "expectant" attitude, which France has quietly occupied since 1876. The only thing which is clear is, that Germany will sell *no*

more silver until a turn in the market shall save the operation from being, to any considerable extent, a losing one. There will be some loss at anything less than a price of 60 $\frac{7}{8}$ pence in London, where the present price oscillates from a little above to a little below fifty-two pence.

While so many silver discoveries are being announced from all points of the compass, it is pleasant to hear occasionally that something is being done and likely to be done in the way of producing gold. A. J. Bell, a California mining engineer, stoutly maintains that there is more of the yellow metal in the "dead rivers" of the Pacific slope, than there is of the white metal in the silver carbonates of the Rocky Mountains, and he predicts a great future for hydraulic gold mining. We need not fear that there will be too much of either metal. Mr. Samuel B. Ruggles frightened the Paris Conference of 1867, by telling them that the metallic production of the United States was already \$100,000,000 and would be \$400,000,000 "long before" 1900. In fact it had not then, nor has it ever since, reached \$100,000,000, and by the time that figure is quadrupled, the needs of mankind for the metals may have correspondingly advanced.

A correspondent of the London *Times* insists that the gold quartz reefs in India will prove extremely valuable, and that the interest of the Glasgow Bank in them may yet be worth £7,000,000, or \$35,000,000. On all accounts, and especially on account of the defrauded shareholders of that institution, it is to be hoped that this will turn out to be true.

From the official returns now received for 1879, it appears that the gold production of that year in Victoria was 715,009 ounces. In 1866 it was 1,536,581 ounces. The subsequent decline has been continuous, except that the production of 1872 slightly exceeded that of 1871.

The coin and bullion in the Bank of England amounted November 26, 1879, to £28,371,119. From that time it was below twenty-eight millions until January 21, when the figure of £28,027,949 was reached, after which there was a slow increase to March 3, when the figure was £28,515,985. During the week ended March 17, the bank is reported to have gained £324,000. All the gains since November, have been drawn from the circulation, and not from abroad, as the exports of gold have exceeded the imports.

The coin reserves of the Bank of France have been as follows, at the dates named:

	<i>Gold in francs.</i>	<i>Silver in francs.</i>
Feb. 5.....	739,956,479	.. 1,248,523,111
" 12.....	748,303,385	.. 1,250,372,739
" 19.....	767,236,290	.. 1,258,479,549
" 26.....	781,744,133	.. 1,262,062,225
March 4.....	787,216,011	.. 1,263,452,543

During the week ending March 18, the gain of coin reserves by the bank is reported at 23,189,000 francs.

NON-TAXABILITY OF GOVERNMENT BONDS.

It is idle to disguise the fact that the exemption of United States bonds from State and municipal taxation is obnoxious to a popular prejudice, which it is impossible to overcome. It has been shown that the United States Supreme Court decided years ago that such taxation is inadmissible, even if Congress enacted no special exemption. It has also been clearly pointed out, that the public realize more in the price of the bonds from making the special exemption, than could possibly be obtained from taxation by the States and municipalities of a species of property which they have no means of discovering and reaching in the hands of holders. But the prejudice still survives in all its original vigor, and a very dangerous use is made of it in creating heart-burnings and class hatreds. In that aspect alone, aside from other numerous and strong reasons, it is most desirable that the National debt which gives rise to the necessity of bonds should be steadily reduced, and at least as rapidly as is required by the sinking fund to which the public faith is solemnly pledged. The following views of Hon. Wm. D. Kelley, deserve a careful attention: "The idea of the perpetuation of a National debt cannot be harmonized with love of simple republican institutions, for the existence of such a debt is itself evidence of the existence of a favored, if not absolutely privileged, class. Capital invested in National loans must be free from taxation. No matter how heavily capital invested in productive industries may be taxed, that which is loaned to the Government is and must be beyond the reach of the tax gatherer. This inequality is inevitable. A tax imposed by a Government on its own evidences of debt would enter into the consideration of investors, from whom it must borrow, and experience has shown that such a tax would cost, in the higher rate of interest demanded, more money than it would yield. But, were it practicable, it would be absurd for the Government to employ one set of agents to collect such taxes and another to return them to the people from whom they had collected them. Therefore, the cry with which our ears are vexed against the privileged bondholder, whose investments are not taxed, as is the property of the farmer, the manufacturer, the miner, and the merchant, is an appeal to us to hasten the extinguishment of our debt as the only means of removing the anti-republican inequality.

"Constant payments on account of our debt will, in so far as our bonds are held by our own people, transfer to the channels of productive industry the capital which is now

untaxed, and unproductive because invested in the bonds which we thus extinguish. Happily, we are now in a condition to make large monthly payments. The surplus revenue of December extinguished \$5,000,000 of our debt in January; the surplus of January has extinguished more than \$11,000,000 in February. . . . Each of these payments reduces the interest, which thenceforth instead of compounding against tax-payers, compounds in their favor by the investment of the interest thus saved in the purchase of larger amounts of bonds in the future. Let me, in conclusion, invite attention to the possibilities of the immediate future.

"It is apparent that we shall pay \$60,000,000 during this fiscal year. The belief that we may pay a like sum in each of the three succeeding years is justified by the facts of the case. Last year it required \$105,000,000 to square our interest account, and \$80,000,000 will settle it this year. Here we will find an annual redemption fund of \$25,000,000, which is supplemented by a large and steady increase of revenue from internal taxes and customs duties."

NATIONAL SAVINGS BANKS.

In the United States Senate, March 1, Mr. Windom, of Minnesota, submitted a bill to authorize National Savings banks. No limit is placed upon their number, and the certificate of organization is to be given by the Comptroller of the Currency, much the same as in the case of the National banks. Depositors are to receive interest at three per cent. per annum (interest to commence in thirty days after a deposit is made) and to have the right to withdraw the whole, or any part of the same, on three days' notice. In addition, they are to receive semi-annual dividends of all profits, after the deduction of not more than one-half per cent. per annum towards a guarantee fund, which, however, is not to be accumulated beyond five per cent. No investment is to be allowed except in United States bonds and securities, and of these, at least ninety per cent. are to be deposited in the United States Treasury. All deposits in the proposed Savings banks, inasmuch as they are required to be invested in United States securities, are exempted from all taxes, National, State, or municipal. We have not undertaken to give all the minute details of this most important bill of Mr. Windom, but as will have been seen, its general scope is to allow everybody possessing any amount of money, however small, to participate to that extent in the safety and profits of holding Government securities, coupled with the power of repossessing himself of his money at three days' notice, with-

out the risk of losing by a sudden and forced sale of such securities.

Discussion will, of course, develop reasons for modifying the particular details of such a bill. One such modification, which may possibly be worth considering, suggests itself to us as we write. As the proposed Savings banks must be always ready to respond to the calls of their depositors for money, they might themselves be authorized to deposit certain amounts on call at the United States Treasury, carrying interest at the rate of three per cent. per annum. The Government is, and must for many years continue to be, a large borrower and debtor, and may be a gainer rather than a loser, by paying three per cent. for call money to Savings banks. In the aggregate, the amount of their deposits would be likely to be tolerably steady. Mr. Chase, when he was at the head of the National finances, found it very convenient and economical to borrow a good deal of money in that form.

BANK LOANS ON REAL ESTATE.

We have never observed, or read, anything to shake our confidence in the old and well-approved rule, that the resources of banks of circulation should be kept well in hand, by short loans on personal security, or by the discount of short paper which has grown out of real transactions. That rule excludes loans on real estate. Such loans may be, and often are, the very best, so far as ultimate safety is concerned, but prompt collectability is not one of their recommendations. It is not at all probable that the law prohibiting National banks from making such loans will ever be repealed, or in any degree relaxed. Such a change is, however, very persistently urged in an important section of the country, where peculiar local circumstances exist, and it is only fair that a hearing should be given to the reasons assigned in its favor. A summary of them was presented at the last September meeting, at Saratoga, of the Bankers' Association, by Dr. Simonds, President of the First National Bank, of Charleston (S. C.). We copy here, the following portion of the observations which he then made upon the subject :

I respectfully ask this convention to aid the movement already inaugurated by the introduction of a bill in the House of Representatives, . . . to the effect that a direct authority be given to all National banks to make loans upon mortgages of real estate, limiting such loans, if you choose, to twenty or twenty-five per cent. of their capital and surplus, with a proviso permitting the mortgagee to pay taxes or insurance, or both ; such payment to be reckoned as part of

the principal of such loans, and to bear the same rate of interest. Such a measure may not seem necessary in the great commercial and manufacturing centers of the East, where the activity of business gives constant and profitable employment for the capital of so large a proportion of the whole number of National banks.

In these localities, the restriction we seek to modify, doubtless occasions little inconvenience. But it is very different in the agricultural States of the South and West, where the welfare of the banks and the people alike imperatively demand the utilization of real estate as a security for a safe proportion of our loans. I know that objections exist in the minds of some very able bankers to such loans. It may be said that banks are, or ought to be created to facilitate commercial exchanges; and that if they be allowed to make loans upon real estate, the money so loaned would be withdrawn from the current of actual commercial transactions. But in the South I am sure, and possibly in the West, the banks are now confronted with the fact, that there is not enough commercial paper (paper based upon actual transactions on existing values) offered to make a volume of business that will enable them to pay their expenses and their enormous taxes, now that the high rates of interest that prevailed a few years ago can no longer be obtained.

But where legitimate commercial paper may be scarce with us, there is a constant demand for loans upon real estate; and our experience has shown a smaller percentage of losses on such transactions than on any other class of loans in the last twelve or fourteen years. Modify the restriction of the existing law, and you at once open to our banks a field for the safe and profitable use of money, and, at the same time, you extend to the people of the South and West the aid they so much require for the development of the great agricultural interests.

LIABILITY OF SAVINGS BANK TRUSTEES.—The Supreme Court of New York, General Term, has handed down a decision in the suit of Marcus T. Hun, Receiver of the Central Park Savings Bank, against John T. Cary and other trustees of the bank, which is important as limiting the power of Savings bank trustees in certain instances. The defendant trustees purchased a number of open lots on Third avenue for \$74,500, subsequently selling a portion of the property for a sum sufficient to make the cost of the remainder \$29,250, building upon this latter property the bank building. After the bank became insolvent the receiver brought suit to recover this \$29,250, charging that the defendants were guilty of dereliction of duty in expending so large a sum of money in real estate on which to put up the bank building. Judgment was recovered in circuit in favor of the plaintiff, and the General Term now sustains the judgment.

The opinion, which is written by Justice Barrett, says that, under the circumstances, the transaction in question was an extraordinary one, showing the height of imprudence and indicating a rash speculative spirit on the part of the trustees. To call it an error of judgment is idle. Some of the trustees having pleaded bankruptcy, the General Term holds that they are not relieved from liability, it being for unliquidated damages arising from tort. The judgment is reversed as to Mr. William Smith, one of the trustees, who was not present at the meeting when the action in question was taken.

EMPLOYMENT OF EUROPEAN CAPITAL.

The Brussels *Moniteur des Intérêts Matériels*, publishes annual statements of the new bonds of various kinds, government, city, railroad, etc., put on the European markets, whether issued in Europe or elsewhere. The amounts of such bonds so placed during the year 1879, according to the *Moniteur*, are as follows, reducing francs to dollars at the rate of 5 to 1 :

Bonds of governments and cities.....	\$1,101,980,972
Bonds of railroads and industrial enterprises.....	303,066,425
Bonds of moneyed and credit institutions.....	475,953,800
Total.....	\$1,879,001,177

That is a formidable sum on the face of it, but an examination of the items which make it up, will show that the amount of new employment for capital which it involved, is very small.

Thus, in the column of government bonds, the United States figure for \$606,554,000, although not a borrower at all, but merely converting one kind of bonds into another at a lower rate. Russia figures for \$283,000,000, but these were principally bonds issued to take up previously existing liabilities for war expenditures, and furthermore, all its bonds issued in 1879, were paper-rouble bonds. Switzerland figures for \$8,492,500, but that was wholly an operation of converting an old debt into a new one at a lower rate, and the same thing is true as to the greater part of \$19,758,800 which Belgium is set down as having borrowed. In fact, there is very little in the whole which implies any investment of new capital, except the issue of bonds by municipal corporations in Great Britain, and by the British colonies, amounting in all to \$102,233,000. That borrowing was for new works and not for old debts, and was a welcome relief to the English owners of loanable capital. The British municipal corporations are pretty well loaded, but the colonies are young, prosperous, and vigorous, and can bear a good deal more debt yet, and they also seem well inclined to push their borrowing capacity to the utmost.

Of the bonds of railroads and industrial establishments, put down by the *Moniteur* at \$303,066,425, the principal items are the following :

French and French colonial.....	\$176,218,811
British and British colonial.....	62,195,500
German.....	23,614,939
Italian.....	13,932,492

It is evident that the *Moniteur* has, in the French case, put down in the column of railroad loans, the loans of the French Government for the purchase and construction of

railroads, inasmuch as in the column of Government loans, France figures for only \$1,448,613.

Of the large sum of \$475,953,800 put down as the amount of bonds issued by moneyed and credit institutions, much the greater part consisted of mere conversions of one class of bonds into another. The Paris credit institutions made such conversions on a great scale during 1879.

In Europe itself, there seems at present to be no great prospect of new investments of capital, except in France, where the stupendous system of improvements at the expense of the Treasury, already inaugurated, is being pushed by the administration of M. Freycinet with even redoubled ardor. To what extent European capital can be drawn into outside enterprises remains to be seen. M. Lesseps, with his Darien Canal, will bring that to one test very soon. Undoubtedly, European capitalists prefer, above all things, to lend money to foreign nations, by which they have profited so much in times past. It may happen, however, that if borrowers do not appear, they will take upon themselves the risks of foreign enterprises, as the next best thing possible to be done.

CANADIAN EXPORT OF LIVE ANIMALS.

The number and value of live animals exported from the port of Montreal compare as follows for the calendar years 1879 and 1878:

	Number		Value	
	1879.	1878.	1879.	1878.
Cattle	26,176 ..	18,655 ..	\$ 1,911,000 ..	\$ 1,678,950
Sheep	78,780 ..	41,250 ..	631,000 ..	330,000
Horses	386 ..	690 ..	84,000 ..	82,200
Mules	74 ..	..	7,500 ..	..
Hogs	3,391 ..	2,027 ..	47,500 ..	26,375
Total	108,807 ..	62,622 ..	\$ 2,681,000 ..	\$ 2,117,525

In the exports for 1878 were included 9,070 cattle and 500 sheep shipped through from the North-western States by way of Chicago. For 1879, the shipments, other than Canadian grown stock, number only 1,400 sheep and seventy-four mules.

The losses suffered in the sea voyages of these animals seem to be diminishing. On that point, the *Montreal Journal of Commerce* says:

"Notwithstanding the great increase in the number of live stock shipped, which, for obvious reasons, might be expected to swell the percentage of loss by disease and death, that percentage has decreased during the years compared. This result is attributable in part to the more thorough inspec-

tion of stock under the supervision of Mr. Duncan McEachran, Government Inspector, and in part to great improvements in the methods adopted for ship ventilation. Steps in this direction will doubtless be continued until the comfort and safety of the animals is carried to the highest point justified by the emoluments of the traffic. Another cause of the diminished mortality is the providing of suitable attendance for the stock on ship board."

It may be presumed that the export of live animals from the provinces of Ontario and Quebec is principally from the port of Montreal. The figures of those exports from New Brunswick, Nova Scotia and Prince Edward Island, are not within our reach, but they are known to be not only large but very rapidly increasing. The Canadian Minister of Agriculture so reported within a year past, and shipments from Halifax are frequently announced. Cattle, horses and sheep have long been reared in Prince Edward Island very abundantly and at such low prices as to admit of considerable exports to this country. In Nova Scotia the winter climate is so mild from the influence of the Gulf Stream, that sheep do not absolutely require winter shelter, although they are benefited by it. Taking all the conditions into the account, including cheapness of land and proximity to the British islands, we doubt if cattle and sheep can be produced for export to Great Britain in any part of North or South America at a better profit than in the maritime provinces of the Dominion.

Great Britain has long been an importer of live animals from Ireland, and more recently has imported largely from France and Holland. Those three suppliers of the British fresh-meat demand have only to encounter the expense of a short sea voyage, as compared with that across the Atlantic, but that circumstance is offset, and perhaps more than offset, by the higher rents of the lands necessary to the rearing of animals. The cost of sea voyages have been reduced during the past few years, and may very probably be yet further reduced. In respect to the carriage of live animals in that way, we have seen it stated that as yet no steamers have been constructed with special and exclusive view to that traffic. Without doubt there will be, if the traffic becomes very large and promises to be permanent.

Animals are reared abundantly and sold very cheaply on the spot in some parts of Eastern Europe, such as Bulgaria, Servia, &c., and we have seen occasional accounts of the formation of plans and even of companies, to transport them in various ways to Great Britain. We hardly see, however, that the freight charges from such points can be made less than from the North Atlantic ports of America.

WHO HOLD THE FRENCH DEBT?

The French have a system of making use of the Receivers-General in the Departments as buyers and sellers of Government *rentes*, but not in any town in which any local bourse exists. The object is to bring that security within the easy reach of everybody in the provinces who desires to invest in it. From official returns it appears that since the great loans growing out of the struggle with Germany, from 1871 to 1879, both inclusive, the sales of *rentes* made in this way have amounted to 4,075 million francs, and the purchases to 1,660 millions, making the excess of sales over purchases 2,415 millions, which is nearly half of the famous "*five milliards*" imposed upon France as a war indemnity. The Paris correspondent of a London financial journal says:

"This does not include the business done by the Agents de Change, and may be taken as representing only the investments in the towns which do not possess a local bourse. Provincial bankers and capitalists transmit many orders direct to Paris."

During 1879 the sales amounted to 391 millions and the purchases to 311 millions, leaving a balance retained in the provinces of 80 millions.

In Paris there are a multiplicity of investments, which offer real or supposed guarantees of safety and profit in loans of capital. In the provinces the attention of investors is less disturbed by other temptations, and they are more exclusively attracted by the Government funds. The peasants especially are said to put every franc they can spare, outside of their land purchases, into the *rentes*.

Without doubt this general diffusion of the holding of the French National debt, adds very greatly to its security, as the classes interested in it are, taking their numbers and position both together, really the controlling electoral power of the country. Their influence has been and still is strong enough to deter the Government from doing what justice and policy require it to do, in the matter of the conversion of the five-per-cent. *rentes* into a lower interest security. The right to make the conversion is undisputed, the precedents for such conversions have been numerous during the last sixty-five years, and there could now easily be saved by a conversion \$ 12,000,000, which is an important sum in the present overburdened and strained condition of French public finance. But the present French Cabinet hesitates to make it, as did the late Cabinet, and the market price of the five-per-cent. *rentes* is decisive proof that it is not expected to be made very soon, if ever.

The British National debt holders are a very powerful class. They have been powerful enough, at any rate, to secure the payment of their dividends for a very long period. But they are a comparatively small class, and growing smaller rather than larger, and they have never dreamed of opposing their particular advantage to that of the great body of the taxpayers, when the latter had a clear right on their side. The history of the British debt for a century has been a record of conversions from a higher to a lower rate of interest, whenever the condition of the loan markets made such conversions practicable. If a $2\frac{1}{2}$ -per-cent. consol could be floated at par, there would be no delay in paying off the three per cents. In fact, a bill for that purpose was proposed by the Ministry to Parliament about thirty years ago, in the first flood of the California and Australian gold. This bill originated, to be sure, in an opinion which is perfectly absurd, that an increase in the amount of money tends to reduce interest. Clearly, the volume of money affects only prices, and in no degree the rate of interest which depends upon altogether different elements. But the expectation of a fall of interest from the effect of the new gold was, in fact, then common, and Lord Beaconsfield, who was one of the leaders of the party at that time out of power, opposed the bill on the ground that the new gold would probably soon reduce the rate of interest to two per cent. and perhaps even lower. The event soon convinced both parties that they had made an entire mistake, and there has been no time since when a conversion of the three per cents has been financially practicable. But if it should ever become so, the present holders of the British National debt, however much they might regret a conversion to their disadvantage, would never think for a moment of undertaking to obstruct it. It is otherwise in France, where the debt holders are the most formidable element in the electoral body.

The diffused holding of the French debt among large classes of the French people, is ascribable in part to their saving and thrifty habits. But it is aided by the financial methods of the French government, in the two particulars of permitting the debt to be split up into very minute parts, and of facilitating the conversion of it back into money, so as to serve the convenience and necessities of small holders. We do not profess to understand the exact rules which govern the Receivers-General in the provinces in buying and selling *rentes*, but it is evident that they bring both operations within the easy reach of the rural populations.

The same thing in substance could be accomplished in this country, greatly to the advantage of both the treasury and the people, by the direct reception by public officers of deposits repayable on call with a moderate interest, or by the indirect operation of National Savings banks, on the plan

of Senator Windom, elsewhere explained in this number of the Magazine, or on some similar plan. It is undoubtedly true that borrowing money is no legitimate part of civil public administration, but if governments are involved in debts they must either pay them, or repudiate them, or keep them afloat by successive operations in getting loans in one form or another. If there is any fourth method we shall be glad to know what it is.

A BRITISH COMPARISON BETWEEN EUROPE AND AMERICA.

The London *Economist* of March 6 has a remarkable and suggestive article, showing how alive and sensitive European thinkers are to the fact that the payment by the United States of its National debt, which they are watching with the closest attention, will place Europe at an enormous comparative disadvantage, and attract hither the capital as well as the labor of that Continent.

The key-note of the article in the *Economist* is a comparison of the budgets, military and naval expenditures, and interest on National debts, in the years 1865 and 1879. The tables for all the European States which it publishes, show that the annual budgets have increased in that time from \$1,994,000,000 to \$2,929,250,000. They show also that of this great increase, \$216,750,400 is to be set down to the score of greater armies and navies, and \$438,249,600 to the augmented interest charges of National debts, the principal of which has been swollen in the same time from \$13,113,750,000 to \$21,623,000,000. The increased cost of armies and navies could be gotten rid of by a general agreement to disarm, but the increased interest charges cannot be, except by payment of the debts, which is impossible, or by repudiating them, which might be socially and politically ruinous.

In contrast with this burdened condition of Europe, the *Economist* points to the United States, which it says will be clear of debt in 1900, and draws the following most unfavorable augury of the future of the Old Continent :

"It is becoming more clear day by day that the industrial competition of the future will be between North America and Europe. North America, possessing all climates, produces, or can produce, everything, and has fairly embarked on an industrial career. . . . The United States are rapidly paying off their debt, the only serious National debt of the Continent, and it is possible, if not probable, that the Republic and Canada may hereafter be bound together by some more or less strict engagement of customs union.

Should that occur, it is extremely probable that by 1900, only twenty years hence, North America may compete with Europe in all the markets of the world for the sale of produce and manufactures, which will have had to provide in America only £60,000,000, against the European £600,000,000 for State expenses; in other words, that Europe may be faced by a competitor equal to her in all resources except number of hands, and *paying not more than one-tenth of her total taxation*. That is, of course, putting the matter favorably for America, for we suppose the United States debt paid off, but it is not putting it too favorably, for we have omitted the heaviest item in the calculation; Europe, besides paying ten times the total sum in taxes, will have no healthy young men between nineteen and twenty-two engaged in industrial production. They will all be in the army, as outside these islands they already are. As the period of energetic labor with all men only lasts about thirty years, Europe, besides her immense taxation, will be sacrificing, in comparison with America, one clear tenth of her available supply of human force. We do not wish in the least to exaggerate the total result, for we are well aware that all economists have underrated the capacity of mankind to endure taxation, and have forgotten too much that oppression is sometimes a stimulus, but we have no hesitation in saying that as between one continent and the other, the older one will enter into the ultimate struggle loaded with a State demand, to be satisfied before profit is realized, equal in weight to a universal income tax of quite three shillings in the pound. That is a heavy load to stagger under, and there is every sign as yet that it will be steadily increased."

The debt of Great Britain, on March 31, 1879, was as follows:

Stocks bearing interest at three per cent.....	£ 691,581,867
" " two-and-a-half per cent.....	4,177,111
" " three-and-a-half per cent.....	225,756
Debt to Banks of England and Ireland at three per cent..	16,645,869
Total funded debt.....	£ 709,430,593
Terminable annuities, capital value.....	37,604,369
Exchequer bills.....	5,162,800
Exchequer bonds.....	15,276,300
Treasury bills.....	5,431,000
Due Savings banks and Friendly Societies.....	4,583,433
Total debt.....	£ 777,548,495
Deduct—Suez Canal shares.....	£ 3,866,300
Loans recoverable*.....	27,733,700
	31,700,000
Net debt.....	£ 735,848,495

If the deductions made in the above exhibit are fair ones, the reduction in the debt in the three years after March 31, 1876, was £10,242,648, and is highly creditable to the Bea-

* The "loans recoverable" are principally loans to municipal bodies.

consfield administration, considering the commercial depression and the wars in Asia and Africa during the period which is covered. The Tory administrations in England have always been superior to the (so called) Liberal administrations, in matters of finance. Of Liberal Chancellors of the Exchequer, Mr. Gladstone was a conspicuous and most deplorable failure. Enjoying power during a period of great prosperity, when the revenue was very elastic, prices comparatively high and taxes easily paid, he acted, as such men always act, on the idea that adverse times would never come. Instead of applying his surpluses steadily to a reduction of the debt, he took care that there should be no surplus by constantly taking off taxes, and ended his career by throwing upon his successors the necessity of increasing the income tax in order to prevent a deficit.

During the first fifteen years after the pacification effected at Waterloo, the British debt was constantly diminished. When the Tories went out of power, that policy was abandoned. That it was so, is now deprecated by all British financial authorities whose opinion is of any value.

The landed aristocracy of England is powerful in both the British parties, but its influence is most controlling in the Tory, or, as it now pleases to style itself, the Conservative, party. This landed aristocracy is not particularly well affected towards the drain of the interest charge of a permanent National debt.

At the annual meeting (January 16) of the Liverpool Penny Savings Bank Association, Lord Derby, whose family is reputed to have a rent roll of £300,000, said: "Depend upon it, this question of National debts is going to be a serious one some day in Europe. They are getting steadily piled up higher (I speak of foreign countries, not our own), and when the burden grows intolerable, people will begin to ask questions which are not quite easy to answer, as to the right of one generation to lay burdens on all posterity in perpetuity. So let us keep out of the mess by lightening our load while we can."

ENGLISH BANKING CAPITAL.—During the four years ending December 31, 1879, the joint-stock banks of England and Wales added £2,647,444 to their paid-up capital, and £2,853,737 to their reserve funds. From this aggregate increase of £5,501,181 in the capital employed in joint-stock banking, is to be deducted the lost capital of £750,000 and lost reserve fund of £156,000 of the failed West of England Bank. During the present year the English joint-stock banks are adding largely to their paid-up capital, for the purpose of making good any possible loss of credit which might result from re-organizing under the recent Limited Liability Act.

IRISH BANKING.

Mr. Murphy, a statistician of the industries, banking, etc., of Ireland, adopts the statement of an Irish bank manager, that nine-tenths of the amount of the deposits in the Irish joint-stock banks belong to the farming class. Of course, the Irish peasantry, or "cottiers," are not among these depositors, but Ireland has farmers who possess and employ capital in their business, although much fewer, both absolutely and relatively to the whole number of farmers, than are to be found in England. In respect to this statement that nine-tenths of the bank deposits are made by the agricultural interest, the *Pall Mall Gazette* says: "This is probably an over-statement. It is, however, well known in Ireland that the farmers are by far the largest class of depositors, while it is clear that it is not the commercial classes who can afford to place their money at one-and-a-half or two per cent."

Looking at the matter from this distance, we are quite unable to see why the commercial classes cannot as well afford as the farmers can, to deposit money at one-and-a-half or two per cent. interest, which seems to be the rate allowed by the Irish banks. It is certain, at all events, that the commercial classes in England deposit amounts enormous in the aggregate at no higher rate of interest. However, while we reject the reason which the *Gazette* assigns for the fact, we do not dispute the fact itself, which is affirmed by those who ought to know what the fact is, that the bank deposits in Ireland come mainly from the farmers. But the real explanation of this, we apprehend, is, that Ireland is almost exclusively an agricultural country.

On the assumption, presumably correct, that the rise or fall in the amount of bank deposits in Ireland indicates in some measure the prosperity or adversity of the agricultural interest, it is remarkable that recent bad harvests have diminished those deposits so little. Their maximum (including current accounts) in the Irish joint-stock banks was attained June 30, 1876, when the figure was £32,815,000, having increased by the sum of £13,839,954 within the preceding ten years. On the 30th of June, 1879, the deposits and current accounts had fallen to £30,191,000. This is eight per cent., which is, to be sure, a considerable fall, but not one of startling proportions, even if there be added to it, as there should be, the consideration that it followed a previous condition of a large and steady increase.

The suggestion will naturally occur, that the effect of the deplorably bad harvest of 1879 would not be felt so early as

the 30th of June of that year, and that the subsequent decline in the bank deposits may have been much greater. But this is not so, if it is safe to judge from the accounts which are given of two banks. The deposits in the National bank, which declined £265,000 during the first half of 1879, increased £245,000 during the last half. Men who are prosperous themselves are very apt to hold roseate opinions as to the public condition, and the President of this bank, at the moment of declaring a dividend of eleven per cent., for the closing six months of 1879, is reported as "taking a somewhat sanguine view of the immediate future of the Irish agricultural interest." In respect to another bank, the *Pall Mall Gazette* says: "The accounts of the Munster Bank, which has branches in every important town in the province, and sub-offices at every village where a fair or a market is held, also seem to point to a turn in the affairs of the class which almost entirely constitute its customers. Its Directors have declared a dividend at the rate of ten per cent., and report that the deposits, which fell off £131,417 during the first half of 1879, fell off only £58,509 during the last half. It would seem, therefore, that the farmers have now passed their worst period; and the history of former years shows us that Ireland very quickly recovers herself after seasons of severe agricultural distress. Thus, the deposits of the joint-stock banks, which fell from £8,442,133 in 1846, to £6,493,124 in 1847, the year of the famine, rose at the end of the year 1848, to £7,071,122.

"The prodigious success of these joint-stock banks in Ireland, some of which have for many successive years distributed dividends of twenty per cent., shows what a large amount of farmers' capital is locked up which might be so remuneratively employed in the improvement and cultivation of the land. These establishments may be seen all over the country fighting for the farmers' deposits, and their competition one with another in the most out-of-the-way places testifies to large profits in expectancy. In Ennis, for instance, with its population of 6,503, four banks—the Bank of Ireland, the Munster, the National, and the Provincial Bank of Ireland—are represented. The savings of the farming class, lent to these establishments, are, in turn, lent in London, the most profitable market, at a rate of interest twice or thrice that paid for the original; so that this habit of the most 'National' section of the Irish people constitutes, just as in the case of absentee rents, a constant drain from the country."

We are quite unable to see that Irish farmers are "drained" by receiving interest at the rate of one-and-a-half to two per cent., although they ought, perhaps, to get more. Whether the profit made above that rate on their money is enjoyed in Ireland, or not, depends upon who own the shares in the

Irish banks. A majority of them may be Englishmen, but so far as they are Irishmen, the profit accrues to Ireland.

Whether Ireland will as "quickly recover" from the present agricultural distress, as it did from some preceding ones, is not certain. Doubtless bad harvests will be followed, in the succession of nature, by good ones, but Ireland is now exposed for the first time, to a very damaging foreign competition in the export of live animals, cattle and sheep, to England. British imports of that kind by long sea voyages are a very recent thing. The appearances are that it will assume enormous proportions. If this turns out to be so, Ireland, which is pre-eminently a grazing country, will feel the effects of it very sensibly.

EGYPT AND TURKEY.

When Italy was split up, as until a very recent period it had been for centuries, partly into petty sovereignties and partly into the provinces of foreign masters, it was accurately and wittily described as "nothing but a geographical expression." An almost equally happy phrase was conceived by the London *Economist*, in speaking recently of Egypt, in the hands of a joint foreign financial commission, as "only a commercial speculation." That is exactly what it is, and as completely so as a tea plantation in Assam, or a coffee plantation in Ceylon. There is a form of Khediveship kept up, but the net result of the whole administration of it is to convert the capacity of the Nile valley to produce cotton, corn, and sugar, into so much bright gold for coteries of fortunate gentlemen who reside in Paris and London, and who are always prepared to show the most unexceptionable paper vouchers, in the shape of bonds, for their right to what they are enjoying.

It would seem that the French, not content with what they are receiving by way of taxes on Egyptian lands, are proposing to acquire the lands themselves, by way of mortgages and a Credit Foncier. This proposition is approvingly described in the following extract from the correspondence in Egypt of the London *Times* :

The establishment of a Credit Foncier d'Egypte is virtually settled. A company backed by great French financial houses, with a capital of £ 1,600,000, is about to start as a semi-governmental institution for the advance of money at reasonable rates on landed security. The want has long been felt in Egypt of an intermediary between the landowners in need of money for their seed, their water, and their agricultural machinery, and the host of small capitalists ready to lend at reasonable interest on decent security. Money has constantly been advanced at twenty, thirty, forty, fifty, and even sixty per cent., because the borrower has not been able to take his wants into a proper market, and the lender has been able to make his own terms. More prosperous times have

somewhat reduced the rate of interest, but the Credit Foncier with its organization will at once reduce it to under ten per cent., and do great good to the country as well as pay a handsome profit to its shareholders.

It is easy enough to foresee what will become of Egyptian landholders who can be cajoled into giving mortgages at rates of interest approximating ten per cent., even if they are slightly "under ten" as the *Times* correspondent encourages us to hope that they may be. It is true enough that ten per cent. is not as high a rate as "twenty, thirty, forty, fifty, and even sixty per cent.," but a ten-per-cent. rate, actually enforced by the International Tribunals now operating at Cairo, will be found to eat up the land more rapidly than the higher rates, which were avoided and evaded in a great variety of ways under the old order of things.

The smoothness with which things are now running in Egypt, and the perfect quietude of the population under the Anglo-French control, have naturally revived among the French the idea of subjecting what remains of Turkey, and a good deal of admirable territory does still remain, to a similar *regime*. The English, to whom the financial aspect of collecting old debts, although important, is still somewhat subordinated to political considerations, do not take any initiative in the movement, and it is somewhat doubtful to what extent they will finally coöperate in it.

The 18th Protocol of the Treaty of Berlin, provides that a Financial Commission, representing the several signatory Powers, should be appointed to examine the claims of Turkish bondholders, and propose such measures for satisfying them as would be consistent with the condition of Turkey. In reference to that part of the Treaty of Berlin, the *Journal des Debats*, of Paris, gave out the following ominous utterance on the 19th of January :

The remedy proposed at the Congress by the three most interested Powers was undoubtedly the best. The attempt has been made in Egypt with excellent results. Singularly enough, Egypt, who had entered into no engagement whatever, has witnessed her finances set in order, thanks to the direct and efficacious intervention of France and England, whereas the creditors of Turkey have waited, and will perhaps continue a long while to do so, the settlement of their interests. Has the Porte no fear of beholding some day the application in its own case of the system adopted in Egypt by the signatories of the Berlin Treaty? This solution may become inevitable unless the Porte enters without delay upon some measures, not such petty ones as heretofore, of which the least objectionable consequence has been to increase the just suspicion of the creditors, but efficacious measures, and especially in consenting to a system of serious control."

The Paris correspondent of the London *Economist*, writing January 29, says : "A great meeting of Turkish bondholders, at which 3,000 persons were present, has been held in Paris to protest against the confiscation, by the recent convention with the Galata bankers, of the guarantees conceded to the foreign creditors. Should satisfaction not be afforded, the meeting proposed to demand the execution of the article

of the Treaty of Berlin, by which an international commission was to be appointed to watch over the rights of foreign creditors. A deputation has since waited on the President of the Republic, who promised to do all in his power to defend the interests of the French creditors."

BRITISH POST OFFICE NOTES.

We copied in our last number an article from the *Scottish Banking Magazine*, referring to a proposition to introduce into Great Britain a system of post-office notes for sums ranging from 2s. 6d. to 20s., payable without interest anywhere within the kingdom, but the presentation of which within one year from their date should be made obligatory. The *Scottish magazine* manifested a decided opposition to it, observing: "We have no doubt the *Scottish banks* will have something to say to this revival of a project which, when formerly projected, was stopped by a few signs of opposition."

In the *London Economist*, of February 14, we find the following comments upon the proposition: "A bill has been introduced in the House of Commons, by the Postmaster-General, for the purpose of granting 'additional facilities for transmitting small sums of money through the post office.' The plan proposed appears to contemplate the issue of circulating orders not to exceed £1 each, which need not be presented for payment for twelve months after the date of issue. The clause enacting that 'no interest shall be payable in respect of an order issued under this Act,' and the reference to prosecution for 'fraud and forgery of die, paper, etc.,' suggest a considerable issue of these orders, and their circulation from hand to hand. The establishment of what would practically be £1 Government notes is to be deprecated on every economic ground. There is no reference in the bill to any proper reserve of specie to be held against the notes in order to insure the certainty of payment on presentation."

The Scotch banks dislike the proposed post-office notes, because they will interfere with the circulation of their own £1 notes. In fact they object to the present system, which, it seems, makes all money orders payable, not only at the office upon which they are drawn, but also in London.

The English objection, to which the *Economist* gives expression, is of a different kind. There are no English £1 notes to be interfered with, but the circulation of small Government notes will cause a corresponding decrease of the metallic circulation, and thereby disturb the established system in an important particular. It may be difficult, however, to prevent the adoption by Parliament, of the proposal of the Postmaster-General, in view of the great convenience

of small notes, and especially for the purpose of transmission by mail.

A preference for paper over the metals, even for small sums, shows itself in many countries, and it is quite possible that this preference may force the issue, even in England, of some kind of paper below the denomination of £5. In Austria, according to current accounts, the people are very loth to give up their one-florin Government notes (the Austrian florin is about forty-eight cents) and substitute silver florins. The Vienna correspondent of a London journal writes, February 10 :

The information given by the Council of Administration of the Austro-Hungarian Bank on the silver circulation, and also on the effects produced by the new silver coinage, are of interest. The circulation of silver, it seems, remains within a small circuit, chiefly between the National coffers, the bank, and the surrounding bankers, and usually returns again to the cellars of the Austro-Hungarian Bank. The public, for the most part, refuse the silver florins. The directors are, therefore, of opinion, that the circulation cannot be forced upon the public otherwise than by a partial withdrawal of the smaller notes.

All of which means that the Austrians will not use coin if they can get paper. There is no gold in circulation, for the two reasons, that it is worth more than the standard money which is paper, and that it is not a legal tender in that country. All small notes in Austria are issued by the Government, the amount of certain denominations having been as follows on the 31st of January :

	<i>Florins.</i>		<i>Florins.</i>
In 1-florin notes...	56,094,515	..	In 5-florin notes... 102,094,315

The number of outstanding one florin notes has been reduced about twenty-nine millions within a year and a half, since the mint has been striking silver florins to take their place.

The British Postmaster-General's proposition to issue circulating notes, in addition to the influence in its favor of their convenience and popularity, may derive support from the fact that it will be a facile method of borrowing money and thereby tiding the Government over in its finances. The revenues were very well kept up through 1879, but have fallen off heavily since January 1. Between that date and February 14, the drop in the yield of the excise taxes, as compared with the same period of 1879, was the important sum of £713,000, or three and one half million dollars.

At the annual meeting in February, of the Associated Chambers of Commerce, the proposed post-office notes were discussed, and a resolution in favor of them was adopted. The London *Times* says that the bankers of the metropolis have generally signed a memorial against them, on the ground that they will constitute a paper money not representing metal. The London *Bankers' Magazine* for March has the following paragraph against them in the same sense : "No provision is made in the bill for any reserve of gold to

be held against these notes, which will, if the measure is carried into force, form a Government small-paper issue of considerable extent. It is very undesirable for the Government to make alterations in the law respecting the note issue of the country in this irregular manner, without going thoroughly into the many important questions involved."

It was announced in the House of Commons in the early part of March, that the Postmaster-General intended to modify his plan in two particulars.

First. That the time within which the presentation of the proposed notes should be obligatory, should be reduced from a year to six months.

Second. That the maximum of the notes, instead of being a pound, should be fifteen shillings.

The last modification will probably take away the principal objection made to the plan by those who wish to preserve the British currency system intact. Notes limited to fifteen shillings, as a maximum, will interfere very little, if at all, with the circulation of gold. The interference, whatever there may be of it, will be principally with the use of subsidiary silver coins.

DECREASING POPULATION OF IRELAND.

The special correspondent in Ireland of the London *Times*, writing under date of February 9, brings together some authentic facts which will tend to change the opinion, very common in this country, that the natural increase of the Irish population at home is extraordinarily rapid and far ahead of the natural increase in England and Scotland. That the Irish are prolific as a race, we know well enough from observation of them in the United States. The general American impression is, that their physical capacity to multiply is quite unchecked in their native island by any prudential considerations, and that the utmost to be expected from any amount of emigration which is practicable, is to keep their numbers stationary. The correspondent of the *Times* affirms, on the contrary, that marriages are very largely restrained by a forecast of the difficulty of maintaining families, and it has always been well known that in respect to the smallness of the percentage of children born out of wedlock, the Irish have a better record than the other populations of the British Islands, and indeed those of any population on the Continent of Europe. Furthermore, the emigration from Ireland for years past has been principally of persons within the reproductive ages. The Irish emigration to this country, and doubtless to the British colonies, has been made up of females

in a proportion very unusual in emigrations. During the fiscal year ending June 30, 1879, rather more than half of the Irish arriving in this country were females. Nothing like such a proportion is found in the immigration from any other part of Europe. These circumstances restrict the capacity and tendency to multiplication of the Irish population left at home.

The priesthood and the political demagogues in Ireland have their respective motives for opposing emigration, but the indications are that their resistance to the movement, now strong in that direction, will be feeble and unavailing. Under certain conditions, the island is undoubtedly capable of supporting more inhabitants than now occupy it, but, under actual conditions, it is clearly overpopulated and emigration is a plainly indicated remedy. In saying this, however, it is by no means intended that other remedial measures are not also demanded, as well by the true interests of England, as by justice to the people of Ireland.

From 1861 to 1871, the population of Ireland fell from 5,798,624 to 5,402,759, or about six-and-two-thirds per cent. Since the census of 1871, according to the running account to be collected from the annual reports of the Registrar-General, the decline in the population has been considerably less, but may now be expected to increase under the new impetus given to emigration.

The correspondent of the *Times* says :

The peasantry are in no haste to marry. I have learnt that their marriages are commonly as much matters of prudent arrangement on the part of parents and families—combining interests in holdings or adding to the stock and means at the disposal of an occupier—as we sometimes see chronicled in higher life respecting owners of properties and businesses and professions. Then a vast proportion of the marriageable and most eligible young men and women emigrate to the extent of 30,000 or 40,000 a year. The consequence is that out of the number of the very young and the old people left behind, the number of marriages is a much less percentage than among the population of other divisions of the United Kingdom, from which the marriageable persons are not so drained away. Thus in the year 1876 the marriages in England and Wales were 8.32 for every 1,000 of the population, in Scotland 7.53, and in Ireland 4.96. In 1871, of persons in Ireland seventeen years old and upwards, forty-one per cent. were bachelors and spinsters. It appears from the Registrar-General's Report that the birth-rate is as high in proportion to the number of married women, as it is in England or Scotland; it is the lateness and fewness of the marriages which make the number of births so low in Ireland, numbering only 26.4 per 1,000 of the population, while in England and Wales, the percentage is 36.6, and in Scotland 35.9. To Ireland's credit, moreover, there are fewer children born out of wedlock than in Great Britain. The excess of births over deaths per annum is in England and Wales 15.2 per 1,000, in Scotland 14.9 per 1,000, and in Ireland 9.1 per 1,000 of the population; the ratio of deaths to births, however, being about the same in the different divisions of the United Kingdom. On the other hand, the yearly emigration amounts to 3 per 1,000 from England and Wales, 2.8 from Scotland, but 7.1 per 1,000 from Ireland.

Hence it appears very clearly that the natural increase of the population, for whom neither a continual augmentation of productiveness in the soil nor a growth of any industrial occupation makes adequate provision, take of themselves the effectual course of just going away to employments in other kingdoms.

POLITICS *versus* BANKING.

To the Editor of THE BANKER'S MAGAZINE :

It is about time that the banking interest of the country had some honest consideration at the hands of Congress. For many years it has been plundered by Congress, and we have been treated as though we were the most disreputable of men, engaged in a nefarious business. I would welcome almost anything that would take banking and the currency out of Congress. So long as they are subjects of Congressional action, just so long will they be political questions to the great injury of all concerned.

I have been slowly coming to the conviction that the best interests of this country require that Congress should be confined in its field of action to those things only that are purely National in their character, and which cannot be managed by the States. I doubt not that there are many things which might be done by the general Government much better than they could be by the States, provided we could have wise legislation on the part of the general Government. But we may not expect either wise or just legislation by Congress. It is little else than a political machine, and is but little disposed to devote itself to other purposes. As regards the legal-tender notes, I have no hope that anything towards their withdrawal will be done by Congress until the members see that there is political capital in so doing. And this condition of things will come about, I think, only in the effort for State banks. I believe that if the Southern, the Middle and Eastern States should join forces in favor of State banks, there will then be a possibility that the legal-tender notes will be retired.

I do not like this aspect of the question, but I believe it is what it must assume. A sound bank currency is much to be preferred to Government money of any kind, for Congress cannot be trusted with its control. If we were to adopt a currency issued by the general Government, and have it fully covered by coin, it would not be long before Congress would appropriate all the coin and leave the paper without any protection.

I believe that when we shall have passed through the present period of business activity and have run our full course of temporary prosperity, and another financial revulsion comes, we then shall have the wildest kind of a greenback craze, and that we shall then enter upon a course from which we will not turn until we have passed through inflation to general bankruptcy.

In the very nature of things the National banking system cannot be considered a permanent one, for in the course of time the bonds will be paid off, and some other system must take its place. What shall we have then? If the legal-tender notes are not then out of the way, the currency will, in all probability, be issued by the Government, and I would favor anything rather than that. To me it is a matter of surprise that so little interest should be taken in regard to the legal-tender notes.

No one (if we except Mr. Chittenden) seems to be seriously bent upon any effort for their retirement, and but few appear to care that the greenbacks are a standing impeachment of the honesty of the Government and people of this nation. Even those who are sincerely desirous for a sound system of currency, and who may have opportunities of influencing, in some degree, public opinion, hesitate to utter their protests. Would it not be better if such persons were more active in this matter, and helped to create a sentiment in favor of the retirement of the legal-tender notes? For my own part, my vote shall never be given for any one, for a high office, who is in favor of legal-tender paper money.

GEORGE A. BUTLER.

NEW HAVEN, Conn., March, 1880.

ASIA MINOR COTTON.

The *Dry Goods Reporter* says: "Before the American war, the cultivation of cotton had been carried on in Asia Minor for centuries, but twenty years ago the whole production, which, by the way, was almost exclusively consumed in the country, did not amount to more than 10,000 bales. Cotton was largely sown as soon as it was evident that the prices produced by the scarcity of American cotton were likely to last some time, and many growers had the foresight to procure good American seed to improve the quality of their crops. The business thus established has been kept up, and cotton from Turkey has found its way of late to markets in Trieste, Barcelona, and Genoa, the export being now about 75,000 bales a year.

"Like everything Oriental, it is not surprising that the preparation of Eastern cotton for the market is anything but what it should be: most of it is gathered with the pods and thus thrown into bags, and not sorted, which in itself deteriorates it; these bags are then taken to the gins, which cannot do it justice on account of the mixed nature of the staple, and consequently the product is but imperfectly cleaned. Of the 8,000 bales used in the country almost all is spun by hand. Three years ago a small spinning mill was started near Smyrna, but it disappeared by fire when only a year old.

"We may not be wrong in supposing that British energy to be imparted to the Asiatic provinces of his Mohamedan Majesty may find it lucrative to pay attention to the cultivation of cotton, for it has thus been shown by ocular demonstration that it can be profitably carried on. Almost the whole of the soil of the country is admirably suited for its cultivation."

CURRENT EVENTS AND COMMENTS.

IMMIGRATION.

The arrivals of immigrants at Castle Garden during February amounted to 7,904, an increase of 5,287 over the corresponding period last year. The number landed between January 1 and March 1 was 13,581, an increase of 8,774 over the corresponding period last year. Of the arrivals during February, 1,735 were from Ireland, 1,189 from England, 1,074 from Prussia, 482 from Italy, 369 from Sweden, 271 from Switzerland, 260 from Bavaria, 252 from Baden, 225 from Wurtemberg, 223 from Russia, 213 from Scotland, 166 from Austria, 123 from France, 120 from Wales, and 118 from Saxony.

NEW YORK PRODUCE EXCHANGE.

A provision broker resisted in the Courts the payment of certain notes, on the ground that they resulted from contracts for future delivery, and the latter were in the nature of gambling transactions, and therefore void. The matter was brought before the Board of Managers, March 5, and after a full discussion it was decided to expel him from the Exchange for "conduct inconsistent with the just and equitable principles of trade."

A city paper, the *Journal of Commerce*, says: "The question has excited considerable discussion on 'Change, and the action of the Board is generally approved by the members."

GEORGIA RAILROAD REGULATIONS.

The Railroad Commission of Georgia has adopted rules regulating all rates in the State. Freight rates were fixed at much lower than present figures. Discriminations are strictly forbidden, and the whole system of the present charges is destroyed. Through rates are affected, but not so sensibly. The passenger fare is fixed at four cents per mile with ticket, and four and a half without. Only two roads in the State now charge so little. Sleeping-car fare is limited to one cent per mile, each berth.

RAILROAD GAUGES.

The Erie Railway have begun the work of removing the third or broad rail, narrowing their gauge down to the uniform gauge. The rail first taken up is between Attica and Hornellsville, a distance of sixty miles. The company is having thirty new locomotives built, all narrow gauge, and most of their freight rolling stock is already of the requisite gauge. Broad-gauge cars are to continue to run by what is known as the old road. Railway officials think that the broad gauge will all disappear by fall.

REPORTED NEW MINES.

A dispatch from Cheyenne, March 8, states that "considerable excitement prevails here over the reported valuable mineral discoveries near Rawhide Buttes, which are about 140 miles north of Cheyenne. Recent assays made in Denver of surface rock are said to average 125 ounces of silver and \$8 in gold per ton. A regular stampede to the new discoveries on the part of those who can secure transportation is now progressing."

A VIRGINIA ENTERPRISE.

The James River and Kanawha Canal Company, closed a contract, March 4, with the Richmond and Allegheny Railroad Company, for the purchase by the latter of all works and franchises of the canal company. The railroad company propose to construct a railroad along the entire line of the canal from Richmond to Buchanan, about 200 miles, and from thence about forty miles to Clifton Forge, on the Chesapeake and Ohio Railroad. The capitalists of the Richmond and Allegheny Railroad Company are chiefly New York bankers. This new line of road will open up the enormous iron deposits in the James River Valley, believed to have no superior in the world. Its projectors believe that no more important step has ever been made in the economical progress of Virginia.

INVITING IMMIGRATION.

The Land Department of the Atchison, Topeka and Santa Fe Railroad Company has just organized, through its General Foreign Agent, an extensive system of agencies throughout Great Britain and Ireland, and established a central office at Manchester. The Atchison, Topeka, and Santa Fe expects that a large number of emigrants, not only from England and Ireland, but also from Germany and Russia, will settle along the line of its road during this summer. The lands are offered in England at from fifteen shillings to forty shillings per acre, on eleven years' time. A discount of thirty-three and a half per cent. is made for cash.

THE NORTHERN PACIFIC RAILROAD.

Of the 173,000 acres of breaking done in 1879, on the line of the Northern Pacific Railroad, only about 12,000 acres were on the "big farms." There have been 3,996 new farms opened.

During the year, 153,246 acres of land were sold, making 2,261,464 in all. The company has earned on its land grant between St. Paul and Duluth and Bismarck 7,910,000 acres. The saw-mills in the timber district, on the company's line east of the Red River, produce about 70,000,000 feet of lumber annually. The flouring mills on the line of the road produce over 500 barrels of flour daily. Other flour mills will be erected this Spring, at Fargo, Valley City, and Jamestown.

SOUTH CAROLINA.

The Boston *Commercial Bulletin* says: "South Carolina contains seventeen cotton mills, having 95,438 spindles and 1,933 looms, and producing 101,338 yards of cloth, and 17,183 pounds of yarn daily. The capital invested is \$ 2,288,600, and 2,296 operatives are employed, with aggregate monthly wages of \$ 38,000.

"Although these figures seem small when compared with the statistical position of the industry in Massachusetts, they show a very decided and encouraging development of the industry, especially within the past ten years. In 1870 there were but twelve cotton factories, 34,940 spindles, and 745 looms in the State."

AMERICAN WATCHES.

The American Watch Company of Waltham received recently an order from the British Government for 372 watches, intended for the use of conductors, engineers, station masters, and other employees of the State railroads of India. This is the third large order received by the company from the same source, and, like the former ones, was obtained in public competition with foreign manufacturers.

AMERICAN SILK INDUSTRY.

At the last annual meeting of the Paterson (N. J.) Board of Trade, Mr. William Strange, Chairman of the Committee on Industries, in alluding to the condition of the silk manufacturing industry, said: "The mills are running overtime, wages have advanced, and everywhere there are signs of prosperity. The number of hands employed in the silk business alone, it is now calculated, will number at least 12,500, and is being increased daily. This is partly due to the slack trade in Europe, but more to the improvements in our own manufactures of silk goods. The Paterson mills can now drive off all competition from abroad, for there are very few patterns and styles made in Europe at the present day that cannot be duplicated in this city. The importing trade of to-day is due to the fact that we are unable to furnish quantity, not quality."

ZINC.

There are in the United States thirteen zinc works, carried on by eleven companies of which there are three in New Jersey, at Newark, Jersey City, and Bergen Point; one in Pennsylvania, at Bethlehem; three in Missouri, at St. Louis; four in Illinois, at La Salle and Peru; and two in Kansas, at Cherokee and New Pittsburgh. The aggregate number of furnaces is ninety-four, with 7,580 retorts, of the daily capacity of 118,470 pounds. There is a considerable exportation of the Bergen Point zinc to Europe, where it is in much request for making cartridge cases. Most of the zinc is sent to market in the shape of slabs or sheets, the former being chiefly used by brass manufacturers and lead desilverizers. There are zinc rolling mills at Passaic, in Jersey City, at La Salle (Illinois), and the Lehigh Zinc Company at Bethlehem.

HOME COTTON SPINNING.

A Southern paper says: "We must revert to first principles in seeking after the best methods of spinning cotton from the seed, at our own homes here in the South. We need no invention. Just order or make your 'mule,' specifying in advance the number of spindles to suit the plan of your factory, from two spindles upward. As to separating the seed from the lint, the common saw gin invention is the best possible; and each party desiring to start a home factory can order a gin, in size and cost, proportionate to the plan of the factory.

"We have visited and examined the Westminster narrow gauge cotton factory, in Oconee county, S. C., where two 'mules,' of 250 spindles each, are made to spin forty bunches of yarn per day from the seed. The factory is owned by three or four adjacent farmers, who have thus combined to spin their own cotton."

GLUCOSE.

A glucose factory is to be started at Chicago by a company of New York capitalists. It will occupy a block on the west side of the South Branch, 400x750 feet, and will cost about \$500,000. Its daily consumption of corn will be about 15,000 bushels, and it will produce glucose, grape sugar, starch, and sirup, indifferently, according to the demand for each article. There are now nine of these factories in the country, the largest one being at Buffalo, and they are said to be enormously profitable.

CONVICT LABOR.

A city journal, *America*, says: "The State of Massachusetts has recently published a very interesting document on this subject compiled by Mr. Carroll D. Wright, Secretary of the Bureau of Statistics of Labor of that State. Mr. Wright has carefully obtained full statistics from all the States and Territories, and they form quite an interesting study. There are no less than one hundred and twenty-nine penal institutions in the country where the inmates are kept at work. The total number of convicts in these institutions is 47,769, and of these 40,122 are employed in some kind of labor; 4,930 of the latter are, however, employed in prison work, and therefore do not come into competition with the laboring classes. The most important work carried on by the convicts is that of farming, 10,607, or more than one-fourth of them being engaged in this branch. The last census reports give no reliable data as to the number of men engaged in agricultural pursuits, but it is certain that the 10,000 criminals are hardly 'a drop in the bucket,' so to speak. Twenty-six States have all or part of their convicts making shoes, the total number employed being 6,581; but when it is taken into consideration that there are 135,889 shoemakers in the United States, it will be readily conceded that the sons of Crispin have little to fear from this competition. Fourteen States employ 3,504 convicts in iron manufactures; this is just a little over two and one-half per cent. of the 137,545 iron workers in the country; 2,884 convicts are employed in seventeen States at furniture making, or about five per cent. of the entire number engaged in this branch of labor. Clothing making is carried on in eighteen different States by 2,262, about two per cent. of the 118,375 tailors throughout the country. There are 1,687 stone-workers in sixteen States, or about five per cent. of the stone-working force. There are various other prison industries, but as a rule, the proportion to the outside workers is even lighter than the foregoing. Nearly all the Southern States lease out their convicts, while in the North the labor is generally performed in the prisons."

SCOTCH INVESTMENTS IN AMERICAN MORTGAGES.

At the request of the Directors of the American Mortgage Company of Scotland, Councillor Thomas Landale visited the United States in the fall of 1879, for the purpose of continuing the investigation of the securities held by the company upon cultivated farms in certain of the States. Mr. Landale's report concludes by saying: "On the whole, and as a *résumé* of my experience of America, acquired by my recent visit, I have returned highly satisfied with the business we are doing there, and with the manner in which it is done. America has a great future before it; has any amount of excellent land waiting to be taken up—land which requires no cleaning to make it ready for the plough; it has abundance of water, either in rivers or creeks, or easily got by sinking wells, which are worked by windmill pumps; it has within itself such immense internal resources as to be almost independent of any other country for supplies of any kind; its people are energetic, and I am glad to say, have the kindest feeling for our country; and all they want to develop their country is more population and more money. . . . I can, therefore, with every confidence, recommend our Company, and the classes of its securities, and trust that as the safe nature of the business we are doing becomes better known, the general public will put it in our power to extend its operations very considerably."

COAL AND OIL.

The Union Pacific Railroad Company report that during 1879 they mined on their lands 340,152 tons of coal at an average cost of \$1.06 $\frac{3}{4}$ per ton, of which they sold 125,662 tons at an average price of \$5.65 per ton. They also report: "This decrease in average is caused by a reduction in price at points on the east end of the road for the benefit and encouragement of settlers, as fuel is scarce. The demand for coal has been very large, and the company has been unable to furnish all that was wanted. It will be necessary to open other mines in order to meet this increased demand. This will be done this season. Oil has been discovered during the last year about ninety miles from the road, due north from Point of Rocks Station. Thorough tests have been made of it, and it is found to be as good as any that can be bought in the market, and it is being used largely on the road. There is said to be an inexhaustible supply of it. It is already being offered for transportation, and it will probably soon become quite a prominent article of transportation, and add another to the local resources of the road."

CANADIAN PACIFIC RAILWAY.

From the report of the Canadian Minister of Railways and Canals, it appears that the total length of the Canadian Pacific Railway, from its eastern initial point at Lake Nipissing to Burrard Inlet on the Pacific Ocean, will be 2,531 miles, of which 735 miles are completed, or under construction. From Fort William, on Lake Superior, otherwise often referred to as Thunder Bay, the 400 miles westward to Selkirk are all completed, or under construction. The total expenses to date, including surveys, have been \$12,444,537.

NOVA SCOTIA.

It is officially stated that the value of the exports last year, including those to other provinces of Canada was \$7,241,595, of which \$1,250,000 was direct to Labrador. The increase over the previous year was \$516,922. Of exports there were 28,385 tons of copper ore, valued at \$510,930; 998,544 quintals of fish, valued at \$3,494,639; 1,608 barrels of trout, valued at \$100,934; 24,350 cases of preserved lobster, valued at \$11,688; 4,399 tons of cod oil, valued at \$439,900; 6,919 tons of seal oil, valued at \$719,576; and 457,855 seal skins, valued at \$320,498.

The annual report of the Mines Department gives the following as the production of the mines the past year: Gold, 13,801 ounces; iron ore, 29,889 tons; Manganese ore, 145 tons; coal raised, 788,273 tons; coke made, 9,646 tons; gypsum, 95,126 tons; building stone, 5,562 tons; barytes, 480 tons; limestone, 9,444 tons; fireclay, 50 tons; grindstones, etc., 1,675 tons; and copper ore, 28,385 tons.

BRITISH EMIGRATION.

In 1876, 143 more people migrated from the United States to Great Britain and Ireland than migrated from Great Britain and Ireland to the United States. These emigrants from the United States were principally persons who had migrated thither, but deluded themselves with the idea that they could do better in the "old country."

In 1877, the balance of migrations between the United States and Great Britain and Ireland was only 603 in favor of the United States.

But this favorable balance ran up to 20,654 in 1878, and to 71,758 in 1879, and will doubtless be still larger in 1880.

The above figures are from returns published by the British Board of Trade.

BRITISH AGRICULTURE.

In 1878, Mr. James Caird, the most approved authority on British agricultural statistics, estimated the farmed lands of the United Kingdom at two thousand millions sterling, or about £ 40 per acre, and that this was an increase, as shown by the income returns, of £ 331,000,000 within the preceding twenty years. Of that increase, he estimated that only £ 60,000,000 represented improvements made by the landlords. It is altogether probable that of this increase in value of £ 331,000,000, a part has been lost since, and that the remainder, and even more, is rapidly being lost by the fall in rents which is in progress.

In the same year (1878) the same authority estimated the capital invested by farmers in the United Kingdom, at 400 millions, or about £ 8 per acre. In respect to that capital, J. J. Mechi, the well-known agriculturist, says in a letter written to the *London Times* last December: "There is a great vacating of farms, and the ruin and impoverishment of a large number of worthy agriculturists. Implements, machinery, and farm animals are all greatly depreciated in value. Much of the tenants' aggregate capital is already lost, taking into account the diminished production, the inferior quality of crops, and the greatly diminished valuation of farm animals, implements, and machinery."

It is stated that "experts" estimate the losses of British farmers in 1879, at from £ 100,000,000 to £ 150,000,000. Some part of this loss is borne by landlords through the remission, either voluntary or forced, of rents.

IRISH EMIGRATION.

The *London Times*, of March 4, states that since Spring set in considerable stir is apparent in emigration at Queenstown. People of the rural classes, and of both sexes, are flocking thither and departing for America. The recent revival of trade in America and the arrival of large remittances from American friends are attracting people thither. It is anticipated that after Easter there will be an unusual rush of emigrants to America.

JAPANESE SAVINGS.

The Government of Japan provides its people with post-office savings banks. Of these there were last year 595, an increase of 303 as compared with 1878, and of 576 as compared with 1875, the year of their establishment. The statistics show a rapid advance in other respects. The number of depositors in 1879 was 27,085, more than twice as many as the year before. The deposits amounted to \$ 381,105, an increase of nearly fifty-five per centum. The amount of interest paid was \$ 15,303, nearly three times as much as the year before. The figures speak well for the growing thrift of the Japanese and the careful management of the investments. The Government does not manage the business gratuitously, but as the revenue derived from the post-office savings banks last year was only \$ 1,401 the charge is not excessive.

NEW ZEALAND.

New Zealand has 1,100 miles of railroad, constructed at an expense of \$ 37,000,000, and all owned by the Government. The annual receipts exceed the expenses by \$ 450,000, and the interest on the cost of construction is \$ 1,650,000.

The production of the gold mines in New Zealand decreases at the rate of about \$ 500,000 a year. It was \$ 14,000,000 in 1866, and \$ 6,000,000 in 1878.

SHIP RAILROADS.

The New York *Commercial Bulletin* says: "The principle of a ship railroad, for the transport of vessels in cargo from one water to another, invented and patented by M. Sebillot, an eminent Paris engineer, is about to be practically applied in France. A company has been formed in Paris for constructing a railroad of this character, about thirty-five miles from the capital, to connect the Canal de l'Oureq with the river Marne. A concession has been procured and the land purchased, and the construction is to be undertaken forthwith. The distance to be traversed by the railroad is, we believe, five or six miles; which will afford a fair means of testing the adaptability of M. Sebillot's "rolling-dock" principle for affording connecting links in navigation that have hitherto been supplied by canals."

Application has, it is said, been made to the Greek Government to construct such a ship-railroad, four miles in length, across the isthmus of Corinth, the cost of which is estimated at \$2,500,000.

FRENCH FINANCIAL SPECULATION.

A French financial journal calculates the profits made in 1879 by the group headed by M. de Soubeyran, of Paris, in the subscriptions to its five principal creations, from the premiums at which the shares were issued to the public supposing that the whole were taken up. The Banque d'Escompte, 200,000 shares, 125 francs called, at 300 francs premium, profit, sixty millions; Fonciere Insurance Company, 80,000 shares, 125 francs called, 250 francs premium, profit, twenty millions; Fondiaria Italian Insurance Company, 80,000 shares, 255 francs called, 125 francs premium, profit, ten millions; Societe des Immeubles, 200,000 shares, 225 francs called, 160 francs premium, profit, thirty-two millions; Banque Hypothecaire, 200,000 shares, 125 francs called, 250 francs premium, profit, fifty millions. Total, 172 millions profit on 103 millions of paid-up capital.

IRON IN ALABAMA.

The great developments of the iron industry within three or four years have attracted general interest. The New York *Commercial Bulletin* says: "The announcement that a number of new iron furnaces and rolling mills are about being started in Alabama has attracted considerable attention in the iron trade. The development of this new iron industry is principally along the line of the North Alabama Railroad, which is a branch of the Louisville and Nashville. It is stated that a new rolling mill at Birmingham, Ala., is now nearly ready for operations and will be opened about July 1st. There are two other furnaces at the same place rapidly approaching completion. A proposition has been made to the directors of the Louisville and Nashville to give their indorsement and aid toward the erection of seven large iron furnaces in Alabama. The proposition was favorably received, and a verbal contract has already been made in accordance with the request. It is also intended to open several coal mines in Alabama in connection with the iron works. The furnaces at Oxmore, Ala., are now being worked to their full capacity. They are capable of turning out from 2,000 to 2,500 tons of iron daily. It is stated that two other furnaces will shortly be in operation there. One special advantage is, that the mills in Alabama can be kept at work all the year round. It is claimed that the iron can be produced much cheaper there than in other places, and it is said that the cost for manufacturing No. 1 iron will not exceed from \$9 to \$11 per ton."

THE TAXATION OF NATIONAL BANK SHARES.

SUPREME COURT OF THE UNITED STATES, OCTOBER TERM, 1879.

I.

The People of the State of New York, ex rel. Chauncey P. Williams, Plaintiff in Error, vs. William F. Weaver, Edward Brennan and Robert H. Weir, constituting the Board of Assessors of the City of Albany.—In Error to the Court of Appeals of the State of New York.

1. The provision of the National bank law that State taxation on the shares of the bank shall not be at a greater rate than is assessed on other money capital in the hands of citizens of the State, has reference to the entire process of assessment, and includes the valuation of the shares as well as the ratio of percentage charged on such valuation.
2. A statute of a State, therefore, which establishes a mode of assessment by which the shares of the National banks are valued higher in proportion to their real value than other moneyed capital, is in conflict with the act of Congress, though no greater percentage is levied on that valuation than on the valuation of other moneyed capital.
3. The statute of New York of 1866, which permits a debtor to deduct the amount of his debts from the valuation of all his personal property, including moneyed capital, except his bank shares, taxes those shares at a greater rate than other moneyed capital, and is, therefore, void as to the shares of National banks.

Mr. Justice Miller delivered the opinion of the Court.

The law of the State of New York for taxation in the county of Albany, enacted in the year 1850, contained the following section:

“SEC. 9. If any person shall, at any time before the assessors shall have completed their assessments, make affidavit that the value of his real estate does not exceed a certain sum, to be specified in such affidavit, or that the value of the personal estate owned by him, after deducting his just debts, and his property invested in the stock of any corporation or association liable to be taxed therefor, does not exceed a certain sum, to be specified in the affidavit, it shall be the duty of the Board of Assessors to value such real or personal estate, or both, as the case may be, at the sum specified in such affidavit and no more.”

In the year 1866 the Legislature of that State enacted on this subject another law, the first section of which reads as follows:

“SEC. 1. No tax shall hereafter be assessed upon the capital of any bank or banking association organized under the authority of this State, or of the United States, but the stockholders in such banks and banking associations shall be assessed and taxed on the value of their shares of stock therein: said shares shall be included in the valuation of the personal property of such stockholder in the assessment of taxes at the place, town or ward where such bank or banking association is located, and not elsewhere, whether the said stockholder reside in said place, town or ward, or not, but not at a greater rate than is assessed upon other moneyed capital in the hands of individuals in this State. And in making such assessment there shall also be deducted from the value of such shares such sum as is in the same proportion to such value as is the assessed value of the real estate of the bank or banking association, and in which any portion of their capital is invested, in which said shares are held, to the whole amount of the capital stock of said bank or banking association. And provided further, that nothing herein contained shall be held or construed to exempt from taxation the real estate held or owned by any such bank or banking association; but the same shall be subject to State, county, municipal, and other taxation to the same extent and rate and in the same manner as other real estate is taxed.”

The defendants in error constituted the Board of Assessors of the city of Albany for the year 1875, and assessed against the plaintiff for taxation the sum of \$38,250 on account of shares owned by him in the National Albany Exchange Bank, organized under the general Banking Act of Congress. He appeared before this Board in due time and demanded the reduction of this sum to the amount of one dollar, and accompanied the demand with this affidavit:

"CITY AND COUNTY OF ALBANY, ss. :

"I, Chauncey P. Williams, being duly sworn, do depose and say that the value of personal estate owned by me, including my bank stock, after deducting my just debts and my property invested in the stock of corporations or associations liable to be taxed therefor, and my investments in the obligations of the United States, does not exceed the sum of one dollar.

"C. P. WILLIAMS.

"Subscribed and sworn before me, this 28th day of September, 1875.

"JAMES MAHER, Notary Public."

The defendants refused to make this deduction, and under the procedure in the courts of New York, which allows of an amicable suit on an agreed statement of facts, the case finally came to the Court of Appeals of that State. The judgment there being in favor of defendants, the plaintiff brings the record to this court by writ of error. Three questions were raised and decided in the Supreme Court and its judgment affirmed in the Court of Appeals. They are thus stated in the record:

"The case coming on for argument on the submission thereof, after hearing Mr. Hale, of counsel for relator, and Mr. Peckham, of counsel for defendants, the court decides:

"1st. That it was not the duty of the defendants, as assessors of the city of Albany, to comply with the demand made by said relator, and reduce his assessments to the sum of one dollar, and answer the first question submitted in the negative.

"2d. That under the law of the State of New York, referred to in the second question, and passed April 23, 1866, the defendants, as such assessors, were justified in refusing to reduce the relator's assessment on his shares of bank stock mentioned in said submission to the sum of one dollar, and answers the second question in the affirmative.

"3d. That the said law of the State of New York, passed April 23, 1866, is not in violation of any law of the United States relating to the amount of taxes on shares of National banking associations, and answers the third question submitted in the negative.

"Judgment is, therefore, ordered for the defendants against the relator, with costs."

Of the second of these propositions this court has no jurisdiction, but must accept the decision of the highest court of the State that the act of 1866 took the money invested in bank shares out of the general provision of the law of 1850, which allowed a reduction of the debts owing by the shareholder from the value of the personal property, as a basis for laying the tax. In that respect we are bound by the decision of the Court of Appeals as the true construction of the State statute. The first proposition is but the necessary result of the case, if the other two are decided in favor of defendants by that court. We have thus left for our consideration the third proposition, which being decided against a right asserted by plaintiff under the act of Congress establishing the National banking system, presents a question reviewable by this court. We proceed to consider it.

The Court of Appeals delivered no formal opinion in the present case, but in the entry of their judgment, which is part of the record, they say: "This judgment is upon the authority of the former decision of this court rendered in the case of *The People against Dolan and others*. 36 N. Y. R. 59."

The opinion in that case is before us, and it decides directly the question now presented, and if sound it justifies the judgment of the court in this case. We have given it the careful consideration which the high character of the court demands at our hands. The question arises on the provision of the

National bank law concerning taxation of the shares of the banks, which is thus expressed in section 5,219 of the Revised Statutes, in force at the time of this assessment :

“Nothing herein shall prevent all the shares in any association from being included in the valuation of personal property of the owner or holder of such shares, in assessing taxes imposed by authority of the State within which the association is located, . . . subject only to the two restrictions, that taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State, and that the shares of any National Banking Association owned by non-residents of any State shall be taxed in the city or town where the bank is located, and not elsewhere.”

It cannot be disputed—it is not disputed here—nor is it denied in the opinion of the State Court, that the effect of the State law is to permit a citizen of New York who has moneyed capital invested otherwise than in banks, to deduct from that capital the sum of all his debts, leaving the remainder alone subject to taxation, while he whose money is invested in shares of bank stocks can make no such deduction. Nor can it be denied that inasmuch as nearly all the banks in that State and in all others are National banks, that the owner of such shares who owes debts is subjected to a heavier tax on account of those shares than the owner of moneyed capital otherwise invested who also is in debt, because the latter can diminish the amount of his tax by the amount of his indebtedness, while the former cannot. That this works a discrimination against the National bank shares as subjects of taxation, unfavorable to the owners of such shares, is also free from doubt. The question we are called to decide is whether Congress, in passing the act which subjected these shares to taxation by the State, intended by the very clause which was designed to prevent discrimination between National bank shares and other moneyed capital, to authorize such a result.

That the provision which we have cited was necessary to authorize the States to impose any tax whatever on these bank shares, is abundantly established by the cases of *McCulloch vs. The State of Maryland*, 4 Wheaton 316; *Weston vs. City of Charleston*, 2 Peters 449; *Osborne vs. United States Bank*, 9 Peters 738.

As Congress was conferring a power on the States which they would not otherwise have had, to tax these shares, it undertook to impose a restriction on the exercise of that power, manifestly designed to prevent taxation which should discriminate against this class of property as compared with other moneyed capital. In permitting the States to tax these shares, it was foreseen—the cases we have cited from our former decisions showed too clearly—that the State authorities might be disposed to tax the capital invested in these banks oppressively.

This might have been prevented by fixing a precise limit in amount. But Congress, with due regard to the dignity of the States and with a desire to interfere only so far as was necessary to protect the banks from anything beyond their equal share of the public burdens, said, you may tax the real estate of the banks as other real estate is taxed, and you may tax the shares of the bank as the personal property of the owner, to the same extent you tax other moneyed capital invested in your State. It was conceived that by this qualification of the power of taxation equality would be secured and injustice prevented.

That such was the intent of Congress, can admit of no doubt. Have they given expression to that intent so that courts can see and enforce it, or have they expressed themselves so unfortunately that the States may by a narrow interpretation of the act of Congress and by skillfully-framed statutes of their own, exercise the power thus granted so as not only to reap its full benefit, but at the same time cause the burden of supporting the State Government to fall with unequal weight on the subject of taxation thus surrendered to it by the National Government?

The argument by which this view is supported is founded on the assumption that while Congress limited the State authorities in reference to the

ratio or percentage levied on the value of these shares, which could not be greater than on other moneyed capital invested in the State, it left the matter of the relative valuation of the shares and of other moneyed capital wholly to the control of State regulation. The State can, therefore, adopt any arbitrary or conventional system of valuation as a basis of taxation, however unequally or unjustly it may operate and however it may discriminate against bank shares, provided the percentage of the tax levied in this valuation is the same in all cases. If, for instance, the tax is two per cent. on all personal property, the argument is that the act of Congress is not violated if the valuation on the money of the citizen invested in State bonds is, by statute, one-half its real value, and that on bank shares is its full value, or as in the statute of the State now under consideration, the taxpayer is allowed an exemption from taxation in whole or in part, as regards his State bonds, while none is allowed in reference to bank shares.

"Taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individuals." Seizing upon the word *rate* in this sentence as if disconnected from the word *assessment*, and construing it to mean percentage *on any* valuation that might be made the Court of Appeals arrive at the conclusion that, since that percentage is the same in all cases, the act of Congress is not infringed. If this philological criticism were perfectly just, we still think the manifest purpose of Congress in passing this law should prevail. We have already shown what that was. But the criticism is not sound. The section to be construed begins by declaring that these shares may be 'included in the valuation of the personal property of the owner, in assessing taxes imposed by authority of the State within which the association is located.' This *valuation*, then, is part of the *assessment* of taxes. It is a necessary part of every assessment of taxes which is governed by a ratio or percentage. There can be no rate or percentage without a valuation. This taxation, says the act, shall not be at a greater rate than is assessed on other moneyed capital. What is it that shall not be greater? The answer is taxation. In what respect shall it be not greater than *the rate assessed upon other capital*? We see that Congress had in its mind an *assessment*, a *rate of assessment*, and a *valuation*, and taking all these together the taxation on these shares was not to be greater than on other moneyed capital.

"When taxes have been properly decided upon, an assessment may become an indispensable proceeding in the establishment of any individual charge against either person or property. This is always requisite when the taxes are to be levied in proportion to an estimate either of values, of benefits, or the results of business." "An assessment, strictly speaking, is an official estimate of the sums which are to constitute the basis of an apportionment of a tax between the individual subjects of taxation within the district. As the word is more commonly employed, an assessment consists in the two processes of *listing* the persons, property, etc., to be taxed, and of estimating the sums which are to be the guide in an apportionment of the tax between them.

Taxation by valuation cannot be apportioned without it." *Cooley on Taxation*, 258-9; *Burroughs on Taxation*, page 198, section 94. So, also, Judge Bouvier defines assessment to be determining the value of a man's property or occupation for the purpose of levying a tax. *Determining the share of a tax to be paid by each individual*. Levying a tax. 1 *Bouvier*, 154. These definitions show that in the best use of the language employed by Congress we are justified in looking to the rule of valuation adopted by the State in assessing taxes on these shares, as well as to the uniformity of percentage, to ascertain whether the Congressional restriction has been violated.

It is said, however, that the judgment of the State Court is supported by the decision of this court in the case of *The People vs. The Commissioners*, 4 Wall. 244. The specific question now before us was not involved in that case. The only matter before the court was whether the holder of the bank shares was entitled to deduct from their value a due proportion of the sum which the bank had invested in Government bonds. This was decided in the negative, and it is all that was decided or could be decided. The sentence in Judge Nelson's opinion, on which the argument is founded, reads thus:

"The answer is, that upon a true construction of this clause of the act, the meaning and intent of the law makers were that the rate of taxation of the shares should be the same, or not greater, than upon the moneyed capital of the individual citizen which is subject or liable to taxation. That is, no greater proportion or percentage in the valuation of the shares should be levied than upon other moneyed taxable capital in the hands of the citizens."

If we give to the phrase "rate of taxation" in this sentence no more than its proper force, and if we observe that the learned judge speaks of the proportion or percentage *in* the valuation, not *on* it, as it is misquoted, we have the idea which we have already supposed to be the true one in the minds of the law makers. However this may be, we feel quite sure that the question of limiting the effect of the act of Congress to a discrimination in the percentage levied as a tax, without regard to equality in the valuation on which that tax was levied, was not before the court, and was not intended to be decided. And in our view such a proposition is untenable.

We are, therefore, of opinion that the statute of New York, as construed by the Court of Appeals, in refusing to plaintiff the same deduction, for debts due by him, from the valuation of his shares of National bank stock, that it allows to those who have moneyed capital otherwise invested, is in conflict with the act of Congress, and the judgment of that court is reversed and the case remanded for further proceedings in conformity to this opinion.

II.

Chauncey P. Williams, Plaintiff in Error, vs. William J. Weaver, Edward Brennan and Robert H. Weir. In Error to the Court of Appeals of the State of New York.

Mr. Justice Miller delivered the opinion of the court.

This, though a suit between the same parties, and coming here by writ of error to the same court as the preceding case, is of a very different character. In the action as brought in the Supreme Court, the plaintiff seeks to hold these parties individually liable for the sum which he and many others had been compelled to pay as taxes on their shares of National bank stock, by reason of the wrongful assessment for the year 1874, made by the defendants in their official character as the Board of Assessors for the City of Albany.

The errors in assessments complained of are numerous and of varied character, most of them having relation to improper discrimination to the prejudice of the rights of the plaintiff and his assignors, as holders of shares in National banks.

The Court of Appeals, in its opinion, conceding that the assessment was in many respects erroneous to the prejudice of plaintiff, held that, in the absence of fraud or intentional wrong, the defendants were not personally liable in damages for any error in their assessment. Whether that court decided that question correctly or not, it is not a Federal question, but one of general municipal law, to be governed either by the common law or by the statute law of the State. In either case it presents no question on which this court is authorized to review a judgment of the State court.

That decision is also conclusive of the whole case, for if assessors, in the exercise of their function of assessing property for taxation, are not personally liable for any error they may commit, it can make no difference that the error consisted in a misconstruction of an act of Congress. An officer whose duty, as the Court of Appeals of New York holds, is mainly judicial, is no more liable in damages personally for a mistaken construction of an act of Congress than he would be for mistaking the common law or a State statute.

We may observe, also, that the Federal right mainly relied on here as having been violated, namely, the right to have plaintiff's indebtedness deducted from the valuation of his bank shares, was not raised, because the plaintiff did not make the necessary affidavit and demand, as he did in the previous case.

On the whole, there is no error in the judgment of the Court of Appeals which this court can review, and its judgment is affirmed.

NEGOTIABLE INSTRUMENTS PAYABLE IN "CURRENCY."

SUPREME COURT OF WISCONSIN.

Klauber et al. vs. Biggerstaff, Garnishee.

[FROM THE WISCONSIN LEGAL NEWS.]

A certificate of deposit payable in currency is negotiable. The ordinary form of a certificate of deposit of money falls precisely within the definition in law of a negotiable promissory note "a written engagement by one person to pay another person therein named, absolutely and unconditionally, a certain sum of money at a time specified therein." Currency means money, paper and gold circulating on an equality.

Appeal from Dane County Circuit Court.

RYAN, C. J. The controlling question in this case is, whether the certificate of deposit stated in the proceedings is negotiable.

"A promissory note may be defined to be a written engagement by one person to pay another person, therein named, absolutely and unconditionally, a certain sum of money at a time specified therein." *Story on Prom. Notes*, sec. 1. The ordinary form of a certificate of deposit of money falls precisely within the definition, and it seems strange that there ever was a doubt that it was in law a negotiable promissory note. *O'Neil vs. Bradford*, 1 Pin. 390 and cases there cited. Such doubt, however, may now be considered at rest. *Kilgore vs. Bulkeley*, 14 Conn. 362; *Bank vs. Merrill*, 2 Hill 295; *Miller vs. Ansten*, 13 How. 218.

The learned counsel for the respondents concedes this. But he takes the position that the certificate of deposit in question is not a promissory note, because it is not payable in money. It is for so many dollars, payable in currency; and the learned counsel contends that the word *currency* does not express or imply money. It must be conceded that the cases in this Court, *Ford vs. Mitchell*, 15 Wis. 305; *Platt vs. Bank*, 17 Wis. 223, and *Lindsey vs. McClelland*, 18 Wis. 481, which he cites in support of his position, lend strong sanction to it.

These cases were decided respectively in 1862, 1863, and 1864, when the paper money circulating in the state *de facto* was of a very heterogeneous character. How much influence this fact had on those decisions, or on similar decisions elsewhere, it is impossible to say. It is perhaps not altogether an uncommon infirmity of judicial rules, that they are made in view of exceptional conditions of things presently existing. Passing evils or exigencies should have little weight in general rules of decision. Judicial rules ought properly to be based upon the general condition of society, and to be broad enough to meet occasional derangements incident to it.

In *Ford vs. Mitchell* the certificate of deposit was payable in "currency" and protested for non payment. It had been received by the plaintiff upon a sale made by him to the defendant. A majority of the Court concurred in the judgment, on the ground that the plaintiff might recover for the original consideration. So Dixon, C. J., who delivered the principal opinion, holds. But his opinion also holds that the defendant was liable as a guarantor by force of his indorsement of paper not negotiable. Paine and Cole, J. J., decline to express any opinion on the latter point.

In *Platt vs. Bank*, the certificate of deposit was payable in "current funds." The Chief Justice delivered the opinion of the Court, stating that such paper had been held not to be negotiable in *Ford vs. Mitchell*, and that the cases were not distinguishable; adding that the rule is sustained by an almost unbroken current of authority. In this the learned Chief Justice was not perhaps quite as accurate as usual. And he was manifestly mistaken in his state-

ment of *Ford vs. Mitchell*. Though the decision appears to have been unanimous, it plainly proceeded somewhat upon a mistake.

In *Lindsey vs. McClelland*, the certificate of deposit was payable in "current funds" and was protested for non-payment. The opinion of the Court is delivered by Mr. Justice Cole, who not unnaturally falls again into the mistake that the Court, in *Mitchell vs. Ford*, had held that the words payable in current funds rendered the instrument not negotiable. *Platt vs. Bank* is not cited. The opinion states that the certificate "is not payable in money, or what the Court is bound to consider equivalent to money." The opinion then proceeds to show that if the certificate had been negotiable, it had been protested so as to hold the defendant as indorser; and further that it had not been received in payment, implying that the plaintiff might recover on the original consideration.

It is thus seen that *Platt vs. Bank* is perhaps the only case in this Court positively adjudging that an instrument payable in *current funds* is not negotiable; and that there is no case so holding of an instrument payable in *currency*. *Prima facie* there might seem to be little difference in the two terms. But the opinion of the Court in *Platt vs. Bank* gives a construction to the term *current funds* which the term *currency* could not properly bear. "It was suggested at the bar that the certificates might be deemed payable in the Treasury notes of the United States, and therefore negotiable, since the law of Congress declares such notes to be equivalent to gold and silver coin in payment and tender for debts. But the words 'current funds' cannot be so construed. They were undoubtedly intended to include all funds bankable in this State, and any such funds would answer the description and satisfy the contract. A tender in any of the notes of the banks of this State passing as currency would have discharged the obligation."

With such a construction of the term used, the instrument was not payable in money, and therefore not negotiable. So are nearly all of the authorities on paper, positively payable in specific kinds of bank notes, or in bank notes generally, because not necessarily money.

The true and only test, in this respect, of the question whether an instrument be negotiable under the statute of Anne, is always whether it is payable in money.

Money is a generic and comprehensive term. It is not a synonym of coin. It includes coin, but is not confined to it. It includes whatever is lawfully and actually current, in buying and selling, of the value and as the equivalent of coin. By universal consent, under the sanction of all Courts everywhere or almost everywhere, bank notes lawfully issued, actually current at par in lieu of coin, are money. The common term, paper money, is in a legal sense quite as accurate as the term, coined money.

The question whether bank notes are money, or only *choses in action*, was directly involved in *Miller vs. Race*, 1 Burr. 452.

"The whole fallacy of the argument," says Lord Mansfield, in delivering the unanimous opinion of the Court, "turns upon comparing bank notes to what they do not resemble, and what they ought not to be compared to, viz., to goods, or to securities, or documents for debts.

"Now they are not goods, nor securities, nor documents for debts, nor are so esteemed; but are treated as *money*, as *cash*, in the ordinary course and transaction of business, by the general consent of mankind; which gives them the credit and *currency* of money, to all intents and purposes. They are as much money, as guineas themselves are; or any other *current* coin, that is used in common payments as money or cash.

"They pass by a will, which bequeaths all the testator's money or cash; and are never considered as securities for money, but as money itself. Upon Lord Aylesbury's will, £900 in bank notes was considered as cash. On payment of them, whenever, a receipt is required, the receipts are always given as for money; not as for securities or notes.

"So on bankruptcies, they cannot be followed as identical and distinguishable from money; but are always considered as money or cash.

"It is pity that reporters sometimes catch at quaint expressions that may happen to be dropped at the bar or bench; and mistake their meaning. It has

been quaintly said, 'that the reason why money cannot be followed is, because it has no ear mark; but this is not true. The true reason is, upon account of the *currency* of it; it can not be recovered after it has passed in *currency*. So, in case of money stolen, the true owner can not recover it, after it has been paid away fairly and honestly upon a valuable and *bona fide* consideration; but for money has passed in *currency*, an action may be brought for the money itself.'

Apply this to the case of a bank note. An action may lie against the finder, it is true; (and it is not at all denied;) but not after it has been paid away in *currency*. And this point has been determined, even in the infancy of bank notes; for 1 Salk. 126, M. 10 W. 3, at *nisi prius*, is in point.

"Another case cited was a loose note in 1 Lord Rayen, 738, ruled by Lord Ch. J. Holt at Guildhall, 1698; which proves nothing for the defendant's side of the question; but it is exactly agreeable to what is laid down by my Lord Ch. J. Holt, in the case I have just mentioned. The action did not lie against the assignee of the bank bill; because he had it for valuable consideration.

"In that case, he had it from the person who found it; but the action did not lie against him, because he took it in the course of *currency*; and therefore it could not be followed in his hands. It never shall be followed into the hands of a person who *bona fide* took it in the course of *currency*, and in the way of his business.

"A bank note is constantly and universally, both at home and abroad, treated as money, as cash; and paid and received, as cash; and it is necessary, for the purposes of commerce, that their *currency* should be established and secured."

This case was approved or followed in *Clark vs. Shee*, Cowper, 197; *Lowndes vs. Anderson*, 13 East. 130; *Solomons vs. The Bank*, *ib.* 135; *Wright vs. Reed*, 3 D. and E. 554; *Camidge vs. Allenby*, 6 B. and C. 373; *De La Chaumette vs. The Bank*, 9 B. and C. 208; *Snow vs. Peacock*, 3 Bing. 406; *Strange vs. Wigney*, 6 Bing. 667, and other cases. And the opinion of Lord Mansfield goes far to make the word *currency* equivalent to the word *money*.

It has also been very generally followed in this country. In *Bank of U. S. vs. Bank of Georgia*, 10 Wheat. 333, Mr. Justice Story in delivering the opinion of the Court says: "Bank notes constitute a part of the common *currency* of the country, and, ordinarily, pass as money. When they are received as payment, the receipt is always given for them as money. They are a good tender as money, unless specially objected to; and, as Lord Mansfield observed, in *Miller vs. Race* (1 Burr. Rep. 457), they are not, like bills of exchange, considered as mere securities or documents for debts."

Here is a distinction, recognized in many of the cases, between *currency* which is money, and *currency* which is legal tender. To be money, part of the circulating medium, it is not essential that *currency* should be legal tender against the wishes of the person to whom it is tendered. Even coined money is not, under all circumstances, legal tender. *Sears vs. Dewing*, 14 Allen 413; *Mather vs. Kinnike*, 51 Penn. St. 425. But paper *currency*, bank notes which are current, *de jure et de facto*, are legal tender unless specially objected to at the time of tender; for the reason that they are money, though not absolutely legal tender. With some exceptions, this doctrine is general in this country. *Thompson vs. Riggs*, 5 Wall. 663; *Veasie Bank vs. Tenno*, 8 Wall. 533; *Hepburn vs. Griswold*, *ib.* 603; *Legal-Tender Cases*, 12 Wall. 457; *Young vs. Adams*, 6 Mass. 182; *Snow vs. Perry*, 9 Pick. 539; *Wood vs. Bullens*, 6 Allen 516; *Bush vs. Baldrey*, 11 Allen 367; *Moody vs. Mahurin*, 4 N. H. 296; *Cummings vs. Putnam*, 19 N. H. 569; *Brown vs. Simons*, 44 N. H. 475; *Frothingham vs. Morse*, 45 N. H. 545; *Heith vs. Jones*, 9 Johns. 120; *Judah vs. Harris*, 19 Johns. 144; *Leiber vs. Goodrich*, 5 Cow. 186; *Pardee vs. Fish*, 60 N. Y. 265; *Ehle vs. Bank*, 24 *ib.* 548; *Mann vs. Mann*, 1 Johns. C. 231; *Bayard vs. Shumck*, 1 W. and S. 92; *Legal-Tender Cases*, 52 Penn. St. 9; *Buchegar vs. Shultz*, 13 Mich. 420; *Williams vs. Rorer*, 7 Mo. 556; *Sewell vs. Henry*, 6 Ala. 226; *Ball vs. Stanley*, 5 Yerger 199; *Cooley vs. Weeks*, 10 Yerger 141; *Noe vs. Hodges*, 3 Humph. 162.

Several of these cases will be found to hold that, while gold and silver were

at a high premium above paper and not circulated as money, coin was not to be considered as currency, but as a commodity; that the whole currency of the country then consisted of paper money; circulation at par being an essential quality of currency.

In fact, almost all civilized countries, including this country, have a mixed circulation of coin and bank notes. These constitute the currency of the country, its money. And the general term, currency, includes both. Currency therefore means money; coined money and paper money equally. But it means money only. And the only practical distinction between paper money and coined money, as currency, is that coined money must generally be received, paper money may generally be specially refused, in payment of debt. But a payment in either is equally made in money, equally good. The confusion in the cases appears to have arisen for want of proper distinction between money which is current, and money which is legal tender. The property of being legal tender is not necessarily inherent in money; it generally belongs no more to inferior coin than to paper money.

In the use of the term, currency does not necessarily include all bank notes in actual circulation. For all bank notes are not necessarily money. In this use of the term, currency includes only such bank notes as are current *de jure et de facto* at the *locus in quo*; that is, bank notes which are issued for circulation by authority of law, and are in actual and general circulation at par with coin, as a substitute for coin; interchangeable with coin; bank notes which actually represent dollars and cents, and are paid and received for dollars and cents, at their legal standard value. Whatever is at a discount, that is what ever represents less than the standard value of coined dollars and cents at par does not properly represent dollars and cents, and is not money; is not properly included in the word currency. In this sense, National bank notes which are not legal tender, are now as much currency as Treasury notes which are legal tender.

This construction of the term, currency, might perhaps properly be extended to the term, current funds. It must extend to the latter term whenever it is used in the legal sense of money. Bankers and money dealers cannot by choice or use of terms, give the character and attributes of money to anything not money; to anything of less value than money.

The legislature has doubtless power to make negotiable, paper other than for the payment of money. *Price vs. Bank*, 43 Wis. 267. But where a statute is plainly intended to apply to money, every term used to indicate money, not commodities, must be held to signify money in the sense in which that term is here used.

The certificate of deposit in this case calls for so many dollars; that is to say for so much money. It makes them payable in currency, which also means money. It could be paid only in money. It was therefore clearly negotiable under the statute of Anne. Whether the holder could claim its payment in legal tender, is a different question, not in this case and not passed upon.

So far, the question has been considered under the law as it stood when *Ford vs. Mitchell*, *Platt vs. Bank*, and *Lindsey vs. McClelland*, were decided. And in upholding the negotiable quality of the certificate of deposit in this case, it has not been found necessary expressly to overrule any of those cases; hardly any of the language used in the opinions given upon them. But, before the certificate of deposit here was made, chap. 5 of 1868 had amended the statute governing such paper. The amendment makes the section embrace certificates of deposit, which was quite unnecessary; because this Court had held, four years before, that such an instrument payable in money is negotiable. *Lindsey vs. McClelland*, *supra*. The effective part of the amendment was the insertion of the word *as*, between the words, *any sum of money*, and the words, *therein mentioned*; so as to make the section declaring instruments negotiable to read, "whereby he shall promise to pay to any person or order or unto the bearer, any sum of money, as therein mentioned;" instead of, "any sum of money therein mentioned," etc. The littleness of the word introduced by the amendment was learnedly scoffed at by counsel; forgetting that little words as often control meaning as big ones, perhaps oftener; and that the rule of con-

struction to give effect, if possible, to every word in a statute, applies *a fortiori* to a word introduced by amendment. As the words, *therein mentioned* stood in the original section, they merely applied to the sum of money itself. As controlled by the word introduced by the amendment, they mean the sum of money, as it is *therein mentioned*. That cannot mean the terms or conditions of payment, as both the original and the amended section declare that the money shall be due and payable as therein expressed. And the words, as therein mentioned, in the amended section, appear susceptible of no construction, except the kind of money therein mentioned.

The learned counsel for the respondent was at the pains of showing that the amended section, as introduced in the legislature, read any sum of money, *in coin or currency*, as therein mentioned; and that the words in coin or currency were stricken out, before the passage of the section. And he argued with great force that the legislature had refused to make negotiable, paper payable in currency. But the argument would apply as well to coin. It is impossible now to say why the words were stricken out. It may have been because they were considered unnecessary, as this Court considers them, to the purpose of the section. It may have been, as was suggested from the bench during the argument, because the legislature feared that the words might restrict the negotiability of instruments to such as should be expressly payable either in coin or in currency. Certainly the meaning of the section is broader without the words, than it would have been with them. As it is, it extends negotiability to all instruments payable in money, without reference to the kind of money, unless the kind be mentioned in the instrument itself. In *Platt vs. Bank*, Judge Dixon had said: "If the legislature deem it expedient to declare such instruments negotiable, they have the undoubted power to do so." Perhaps the amendment was in answer to that suggestion; and was intended to overrule *Ford vs. Mitchell*, *Platt vs. Bank*, and *Lindsey vs. McClelland*. It was certainly intended to change the statute, and perhaps did change it as now indicated.

The amendment has no further effect on this decision than to relieve the Court of the responsibility, and lay it on the legislature. For the amended section, in effect, declares the law to be, what this Court declares it was, without the amendment.

The negotiability of certificates of deposit is of vast importance in commerce. Their want of negotiability, upon slight grounds, would go largely to prevent their usefulness in the course of business. And this Court considers it far wiser to hold them payable in money, when the terms used will admit of that construction, than to hold them not to be negotiable, on the ground of the particular terms used.

The judgment is reversed and the cause remanded to the Court below with directions to render judgment for the garnishee, the appellant here.

The United States Court of Claims rendered, on March 8, a decision in the case of the Atchison, Topelka and Santa Fe Railroad Company against the United States, in which the claimant seeks to recover compensation for transportation services rendered by it to the United States in 1875 and 1876. These services, at the claimant's ordinary tariff rates charged the public, would be worth \$170,843.35. The court finds, however, that the claimant is entitled to recover for transportation done for the United States over its land-grant road, from March 31, 1875, to December 1, 1876, only fifty per cent. of the ordinary tariff rates charged the public, that is, \$85,421.76, which, less \$79,748.44, already paid by the Government on account, leaves still due \$5,673.32. The opinion of the court as to the percentage of its claim which the road is entitled to recover is decisive, if neither party appeals from it to the Supreme Court, of twelve to fifteen other pending cases brought by land-grant railroads, involving between \$500,000 and \$1,000,000.

LEGAL MISCELLANY.

SELECTED DIGEST OF RECENT FINANCIAL DECISIONS.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

In *Commonwealth vs. Ketner*, Pennsylvania Supreme Court decided, January 6, 1880, 8 W. N. C. 133, it was held that embezzlement by a bank cashier is not an offense at common law; and that the punishment of that offense provided by State statute does not extend to a National bank cashier, whose embezzlement is solely punishable under the National Bank Act. The Court say: "Embezzlement by the cashier of a bank is not a common-law offense. This indictment must rest upon some statute of this State, or it cannot be sustained. Has it such support? As preliminary to this question it is proper to say that section 5,209 of the United States Statutes provides specifically for the punishment of cashiers and other officers of National banks who shall be guilty of embezzling the moneys, funds, or credits of such institutions. The relator was not indicted under this section; and could not have been in a State Court." "We are spared further comment upon these acts for the reason that they have no application to National banks. Neither of them refers to National banks in terms, and we must presume that when the Legislature used the words 'any bank,' it referred to banks created under and by virtue of the laws of Pennsylvania. The National banks are the creatures of another sovereignty. They were created and are now regulated by the Acts of Congress. When our Acts of 1860 and 1861 were passed, there were no National banks, nor even a law to authorize their creation. When the Act of 1878 was passed, Congress had already defined and punished the offense of embezzling by the officers of such banks. There was, therefore, no reason why the State, even if it had the power, should legislate upon the subject. Such legislation could only produce uncertainty and confusion, as well as a conflict of jurisdiction. In addition, there would be the possible danger of subjecting an offender to double punishment, an enormity which no Court could permit, if it had the power to prevent it. An Act of Assembly, prescribing the manner in which the business of *all* banks shall be conducted, or limiting the number of the directors thereof, could not by implication be extended to National banks, for the reason that the affairs of such banks are exclusively under the control of Congress. Much less can we by mere implication extend penal statutes like those of 1861 and 1878 to such institutions." This decision accords with *State vs. Tuller*, 34 Conn. 280; *Thompson's Nat. B'k Cas.* 375. But it was there held that a State Court has jurisdiction of a larceny by a National bank officer of the property of others left with the bank for safe-keeping. The same was held in *Commonwealth vs. Tenney*, 97 Mass. 50; *Thompson's Nat. B'k Cas.* 568; *Commonwealth vs. Barry*, 116 Mass. 1; *Thompson's Nat. B'k Cas.* 605. *Commonwealth vs. Felton*, 101 Mass. 204; *Thompson's Nat. B'k Cas.* 573, exactly coincides with the principal case. See note, *Thompson's Nat. B'k Cas.* 610

In *Franklin Bank of Baltimore vs. Lynde*, Maryland Court of Appeals, April, 1879, 9 Rep. 211, it was held that a telegram authorizing the person addressed simply to draw on the sender for a given amount, does not constitute an acceptance of a sight draft. The Court said: "It was decided by the Supreme Court in *Coolidge vs. Payson*, 2 Wheat. 66, 'that a letter written within a reasonable time before or after a bill is drawn, describing it in terms not to be mistaken, and promising to accept, is, if shown to one who takes the bill on the credit of the letter, a virtual acceptance binding the person who makes the promise.' That decision was based upon *Pellans vs. Von Mierop*, 3 Burr. 1663; *Pierson vs. Dunlop*, Cowp. 571; and *Mason vs. Hunt*, 1 Doug. 296, decided by Lord Mansfield. It would seem that it is not the law in England at the present time, as appears from the opinions of the eminent counsel, Sir Wm.

Follett, Sir Frederick Pollock, and Mr. M. D. Hill, in 2 Story's C. C. 219, 220, and from the case of *Bank vs. Archer*, 11 M. & W. 384 *m.* But the rule laid down in *Coolidge vs. Payson*, was afterward reasserted in *Shimmelpenick vs. Bayard*, 1 Pet. 264, 283, and in *Boyce vs. Edward*, 4 *id.* 111, 121. It was recognized and approved by this Court in *Lewis vs. Kramer*, 3 Md. 289, and seems to be well established in this country by the general current of judicial decisions, many of which are cited in Hare and Wallace's note to the case of *Bank vs. Archer*, 11 M. & W. 390, Am. ed. The rule was laid down in *Coolidge vs. Payson* with great strictness and precision. To construe a promise to accept as equivalent to an acceptance, it must be one "describing the bill in terms not to be mistaken." But an authority to draw at ninety days, from time to time, in such amounts as may be required, not exceeding a specified aggregate, is sufficient to constitute an acceptance. *Ulster Co. Bank vs. Macfarland*, 5 Hill. 434; S. C. 3 Den 553. See, also, to same effect, *Nelson vs. First Nat. Bank*, 48 Ill. 39; *Bissell vs. Lewis*, 4 Mich. 450. Daniels (Neg. Inst., § 561) says: "But while it should clearly appear that the bill corresponds to the authority or promise, we cannot perceive that there should be any nicety of description, as to number, amount, date, or otherwise." It is sufficient, he says, if "it comes fairly and reasonably within its terms." In *Central Savings Bank vs. Richards*, 109 Mass. 413, a telegraphic authority to draw for \$2,500, at thirty days, was held a valid acceptance.

NATIONAL BANK—PRESUMED AUTHORITY OF CASHIER—REFUSAL TO TRANSFER STOCK.—Where a person, representing the owner of stock in a National bank having in possession the certificates of stock with authority to transfer, went to the bank during the ordinary hours of business, and found there the cashier, and that he was the officer customarily intrusted by the Directors to make such transfer of stock, and demanded the transfer of the Cashier, at the same time offering to deliver up the old certificates, and the cashier refused to allow the transfer, upon the ground that the owner was indebted to the bank, held, that such a refusal was a refusal of the bank, and it was not incumbent in an action against the bank for such refusal to show the authority of the cashier. Cashiers of a bank are held out to the public as having authority to act according to the general usage, practice and course of business conducted by such institutions, and their acts within the scope of such usage, practice, and course of business, will in general bind the bank in favor of third persons "possessing no other knowledge." *Minor vs. Mechanics' Bank*, 1 Pet. 70. Neither the public at large nor third persons usually have any other knowledge of the powers of a cashier than what is derived from such usage, practice and course of business, and it would be the height of injustice to hold that the bank as the principal to the cashier may set up their secret and private instructions to the officer, limiting his authority in respect to a particular case, and thus to defeat his acts and transactions as such agent, when the party dealing with him had not and could not have any notice of the secret instructions. *Story on Agency* (6th ed.), § 127. Such an officer is *virtute officii* intrusted with the notes, securities and other funds of the bank and is held out to the world by the bank as its general agent for the transaction of its affairs, within the scope of authority, evidenced by such usage, practice and course of business. Authorities to show that the acts of a cashier or other officer of a bank, within the scope of the general usage, practice and course of business of banking institutions, is binding on the corporation in favor of third persons transacting business with it, are quite numerous, provided it appears that the persons dealing with the officer did not know at the time that he was transgressing his authority. *Lloyd vs. Bank*, 15 Penn. St. 172; *Bank vs. Warren*, 7 Hill, 91; *Franklin Bank vs. Rice*, 37 Me 519, 522. It may be fairly presumed, says Chancellor Walworth, that the principal officer or clerk in attendance at the bank during the usual hours of business is authorized to permit the transfer of shares when the case presented is one proper to be allowed. *Bank vs. Kortright*, 22 Wend. 347, 350. Judgment of the United States Circuit Court of Louisiana affirmed. *Case, Receiver of Crescent City National Bank, plaintiff in error, vs. Citizens' Bank of Louisiana.* Opinion by CLIFFORD, J.

NEGLIGENCE IN COLLECTING NOTE PAYABLE AT BANK—LIABILITY OF MAKER OF NOTE WHEN BANK FAILS.—Plaintiff placed a note upon which there were no indorsers, payable at the bank of Lowville, in the hands of defendant, a Brooklyn bank, for collection. Defendant sent the note by mail directly to the Bank of Lowville. It was received by that bank on the 27th of December, the day it was due. On the 28th that bank sent its draft on New York in payment of the note, by mail, to defendant, by which it was received on Saturday, December 29th, after business hours. The draft was presented through the clearing house of New York, on Monday morning, December 31, and was returned to defendant through the clearing house, on the 2d of January, as not good, the Bank of Lowville having failed. This action was brought against defendant for negligence in the business of collecting the note, whereby plaintiff lost the amount thereof. *Held*, that the action was not maintainable on two grounds, first that the defendant had not been negligent, and second, the plaintiff had sustained no loss from any act of the defendant. Defendant, so long as it pursued the ordinary and reasonable methods of making the collection, was free from fault and it did pursue these methods. To send a note by mail directly to the bank where it is made payable is an ordinary method of transacting such business, sanctioned both in England and here. *Haywood vs. Pickering*, L. R., 9 Q. B. 428; *Prideaux vs. Cridle*, L. R., 4 Q. B. 461. *Bailey vs. Bodenham*, 16 C. B. (N. S.) 295; *Hare vs. Henley*, 10 id. 65; *Shipsey vs. Bowery Nat. Bk.*, 59 N. Y. 485. The defendant did not, by sending the note to the Bank of Lowville, make that bank its agent so as to become responsible for the agent's failure. The note, in so far as related to its presentment at the bank, and the duties of the bank in respect to it, was equivalent to a check drawn by the maker upon the bank. *Atna Nat. Bank vs. Fourth Nat. Bank*, 46 N. Y., 88. The defendant, by the act, requested the Bank of Lowville to pay the note, not to receive the proceeds. In regard to the damages it is by no means clear that that the maker of the note is discharged. Where a note is payable at a bank an entire failure to present it for payment does not discharge the maker. *Wolcott vs. Van Santvoord*, 17 Johns. 248; *Green vs. Goings*, 7 Barb. 652; *Caldwell vs. Cassidy*, 8 Cow. 271. And even if the bank fails, with the funds in its hands, this is no defense to the note. *Ruggles vs. Patten*, 8 Mass 480; *Fenton vs. Gundry*, 13 East, 473; *Turner vs. Haydon*, 4 B. & C. 1. The bank is, in such case, regarded simply as the agent or depository of the maker of the note. Judgment reversed. *Indig. vs. Nat. City Bank of Brooklyn*, *appellant*. Opinion by Rapallo, J. Folger and Andrews concur. Church concurs on question of damages. Miller, Earl and Danforth, dissent.

[New York Court of Appeals, decided Feb. 24, 1880.]

BANKING—INDIVIDUAL LIABILITY OF STOCKHOLDERS—HOW ENFORCED.—By the charter of a bank the stockholders were made liable for its debts. They were not made directly liable to the creditors, and were not in terms obliged to pay the debts, but were "liable and held bound for any sum not exceeding twice the amount of their shares." *Held*, that an action must be brought against all the stockholders jointly for contribution, and a single stockholder could not be sued by a single creditor. The individual liability of stockholders in a corporation is always a creature of statute. It does not exist at common law. If the object is to provide a fund out of which all creditors are to be paid share and share alike, one creditor should not be permitted to appropriate to himself, without regard to the rights of others, that which is to make up the fund. The meaning of the statute in question was that, on the failure of the bank, each stockholder shall pay such sum, not exceeding twice the amount of his shares, as shall be his just proportion of any fund that may be required to discharge the outstanding obligations. The provision is, in legal effect, for a proportionate liability by all stockholders. Undoubtedly the object was to furnish additional security to creditors, and to have the payments when made applied to the liquidation of debts. So, too, it is clear that the obligation is one that may be enforced by the

creditors, but as it is to or for all creditors, it must be enforced by or for all. The form of the action, therefore, should be one adapted to the protection of all. A suit at law by one creditor to recover for himself alone is entirely inconsistent with any idea of distribution. As the liability of the stockholder is not to any individual creditor, but for contribution to a fund, out of which all creditors are to be paid alike, the appropriate remedy is by suit to enforce the contribution, and not by one creditor alone to appropriate to his own use what belongs to others equally with himself. *Pollard vs. Bailey*, 20 Wall, 520. Under this charter, the suit to enforce the liability should be in the nature of a suit in equity, by or for all creditors, and that it cannot be at law by one creditor for himself alone, against two stockholders who are not jointly liable on account of the shares standing in their names. Judgment of U. S. Circuit Court, W. D. North Carolina, affirmed. *Terry, plaintiff in error, vs. Little*. Opinion by Waite, C. J.

[U. S. Supreme Court Abstract, October term, 1879.]

NEGOTIABLE INSTRUMENT—GUARANTY DOES NOT CONSTITUTE INDORSEMENT.—The respondent, a National bank, made its promissory note for \$5,000, payable to the order of the Cook County National Bank, four months from date. It was agreed that but \$1,000 should be advanced on the note, and that it should be held by the payee as a memorandum, and should not be negotiated, and but \$1,000 was advanced upon it. The payee, before its maturity, however, had it discounted by appellant, who had no knowledge of the agreement mentioned, and handed it over to appellant with the following written upon the back: "For value received, we hereby guarantee the payment of the within note at maturity or at any time thereafter, with interest at ten per cent. per annum until paid, and agree to pay all costs and expenses paid or incurred in collecting the same. B. F. Allen, Pres't." *Held*, not an indorsement so as to deprive the respondent of the right of setting up against the note in the hands of the appellant such equities as existed between respondent and the payee. A guarantee is not a negotiation of a bill or note as understood by the law merchant. *Snevely vs. Ekel*, 1 Watts. & Serg. 203; *Lamourieux vs. Hewitt*, 5 Wend. 307; *Miller vs. Gaston*, 2 Hill, 188. In this case, the guaranty written on the note expressed fully the contract between the Cook County Bank and the Trust Company. Being express it can raise no implication of any other contract. "*Expressum facit cessare tacitum.*" The contract cannot, therefore, be converted into an indorsement or an assignment. And if it could be treated as an assignment of the note, it would not cut off the defenses of the maker. Such an effect results only from a transfer accord-

INDORSEMENT—WAIVER—AGENCY—EVIDENCE.—In an action for contribution by one of two joint indorsers of a promissory note against the other, it appeared that plaintiff waived protest and notice, and it was claimed by plaintiff that defendant authorized plaintiff as his agent, to waive protest and notice, and this was the only point at issue. *Held*, that evidence, that after the maturity by the note, defendant promised to pay his share of it was admissible. In *Lundie vs. Robinson*, 7 East. 235, Lord Ellenborough says: "When a man against whom there is a demand promises to pay it, for the necessary facilitating of business between man and man, everything must be presumed against him. It is therefore to be presumed *prima facie*, from the promise so made, that the bill had been presented for payment in due time and dishonored, and due notice thereof given to the defendant. But, taking the subsequent conversation as connected with the former, the only limitation of it would be that the defendant stated that he had not had regular notice of the dishonor; but even that objection was waived in the same breath, for the defendant said that as the debt was justly due he would pay it." Such subsequent promise is, by most of the cases, considered a waiver of the right to give the notice, and renders the indorser liable upon the indorsement, the same as though notice had in fact been given. *Sigerson vs. Matheus*, 20 How. (U. S.) 496—500; *Story Prom. Notes*, § 362 and notes Wisconsin Supreme Court, Jan. 10, 1880. *Mensel vs. Semple*. Opinion by Taylor, J.

ing to the law merchant; that is, from an indorsement. An assignee stands in the place of his assignor and takes simply an assignor's rights. But an indorsement creates a new and collateral contract. *2 Pars. on Notes and Bills, 46 et seq.*, notes. Decree of United States Circuit Court, Northern District, Illinois affirmed. *Central Trust Co. of New York, Receiver, Appellant, vs. The First National Bank of Wyandotte, Kansas.* Opinion by STRONG, J.

REPORT OF THE BANK EXAMINER OF MINNESOTA.

The second annual report of Mr. Henry M. Knox, Public Examiner of the State of Minnesota, for the year ending November 30, 1879, has been published. The report presents an abstract of the condition and statistics of the several public institutions, the county and State finances, etc., and indicates industrious and thorough investigation. One hundred and seven examinations have been made during the year, including those of fourteen State banks, and eight Savings associations. The details of the statement of the State banks are brought into the following summary;

"*Resources.*—Loans and discounts, \$2,406,939; over-drafts, \$105,784; stocks and bonds, \$111,424; due from other banks, \$218,267; banking house, furniture and fixtures, \$116,262; other real estate, \$8,839; expense account, including taxes, \$34,105; cash on hand, including cash items, \$236,459; other resources, \$2,740. Total, \$3,240,824.

"*Liabilities.*—Capital stock paid in, \$1,079,650; surplus fund, \$70,352; undivided profits, \$83,650; due to depositors, \$1,859,763; due to other banks, \$58,016; bills payable, and re-discounts, \$84,587; other liabilities, \$4,803. Total, \$3,240,824."

Mr. Knox speaks of the need of change in the present banking law, and makes the following suggestions among others:

"In my first annual report I called your attention to the imperfections and general worthlessness of our State banking law, and the obsolete character of more than one-half of its sections. Were I to speak of the several banks in relation only to the existing laws and their observance of them, little could be said except in commendation; and generally, as heretofore remarked, the observation is true that the banks are conducting their business far in advance of legal requirements, being guided therein by sound and acknowledged business principles. The following criticisms cover the general range of recommendation personally made and well received by the officers themselves, and as the latter have almost unconsciously subjected themselves to a higher and better standard than existing law, so the criticisms made and the checks here suggested transcend the legal restrictions now in force, while they suggest some amendments which it is believed all who are seeking to do a safe business will be ready to adopt.

"1. *Of Capital Stock.*—Section 10 of the banking act (page 354, *General Statutes*) provides that 'the aggregate of the capital stock of such establishment shall not be less than twenty-five thousand dollars.' From the absence of the words 'paid in' it has been claimed that a bank may *provide* in its articles of incorporation for a capital of the statutory amount and may pay in according as the demands of business may require. This construction cannot be justified, for it is evident that under it business may be carried on indefinitely without a call for any installment of stock, and so in fact no capital may ever be paid in.

"2. *Of Impairment of Capital.*—Section 31 (page 358, *G. S.*) provides that 'if any portion of the declared capital of any banking association is reduced for any purpose whatever while any debts of the association remain unsatisfied, no dividend or profits in the shares of the capital stock of the association shall thereafter be made until the deficit of the capital is made good, either by subscription of the shareholders or out of the subsequent accruing profits of the association,' and in default of this the section provides for the mode of closing up its affairs.

"3. *Of Savings Deposits.*—Under section 17 of the Savings Act of 1875 (sec. 63 G. S., page 365) it was made unlawful for any person, firm, or corporation to transact the business or assume the name of a savings association unless organized under the same, but no penalty was provided for such action. But under the act approved March 11, 1879 (G. L. for 1879, sec. 46, page 118), it is declared that 'it shall not be lawful for any bank, banking association, or individual banker, except Savings banks, to advertise or put forth a sign as a Savings bank, or in any way to solicit or receive deposits as a Savings bank; and any bank, banking association, or individual banker, who shall offend against these provisions shall forfeit and pay for every such offense the sum of one hundred dollars for every day such offense shall be continued, to be sued for and recovered in the name of the people of this State, by the District Attorneys of the several counties, in any Court having cognizance thereof, for the use of the poor chargeable to said county in which such offense shall be committed.' The attention of some of the banks has been called to what seems to me an open violation of these provisions, the rules and regulations for savings deposits being closely copied from the forms long approved and in use by Savings banks. The practice in the receiving and in the withdrawal of deposits by pass-book, adopted by these banks, and the compounding of interest semi-annually, comprise the very essence of the Savings bank methods, and certainly must be in conflict with the above sections. It is but just to add that the Savings Act of 1875 specially excepts by name several State banks from its operations and liabilities. But no such exception appears to the section of the laws of 1879 quoted above.

"4. *Of Overdrafts.*—The very appearance in the above summary of the large sum of \$105,784.65 standing in the overdrawn accounts of fourteen banks should act as a correction of this vicious system not now restrained by law. The fact that some of my examinations occurred just at a time to reveal an unusual amount thus employed and which was said to have been permitted to enable customers to escape the penalty of delinquent taxes accruing June 1st, while in a measure explaining the excessive amount and its exceptional nature, is not entirely satisfactory, as not relieving the possibility of its repetition in any other emergency, or in ordinary transactions.

"The losses of the year have been comparatively insignificant. With some exceptions loans have been remarkably well distributed, and security ample, and general good management has wrought its natural results of good profits and the reasonable accommodation of the public."

NEW COUNTERFEITS.—A very dangerous counterfeit \$100 note on the Pittsburgh National Bank of Commerce, of Pittsburgh, Pa., was detected at the National Bank Redemption Agency on March 5th. It is probably from the same plate as the counterfeit on the National Revere Bank of Boston, and is by all odds the most dangerous counterfeit which has yet appeared on any National bank note. It purports to be of the "series of 1875," having the scalloped seal instead of the old seal with points, and bearing the words "series 1875" across the face in red ink under the charter number, and the imprint—"Printed at the Bureau of Engraving and Printing, United States Treasury Department" on the upper right-hand corner. It is printed on an imitation of the fibre paper, and is the first counterfeit which has yet appeared on this series of National bank notes. The printing of the seal is somewhat imperfect, and the figures in the boat in the vignette in the lower left-hand corner are inferior to the genuine. The most noticeable defect is the face of the standing figure in the bow of the boat, which looks like a death head in the counterfeit; in the genuine the features are much more distinct. It bears the signatures of John Allison, register, and John C. New, treasurer.

A twenty-dollar counterfeit United States Treasury note, series of 1875, letter C, printed on imitation fibre paper, was discovered in Chicago on March 16th. It is reported to be of a good general appearance and a dangerous counterfeit.

FINANCIAL MATTERS AT WASHINGTON.

In the House, March 3, certain miscellaneous business having been disposed of, Mr. F. Wood, of New York, moved to dispense with the morning hour for the purpose, as he stated, of then moving to go into Committee of the Whole, for the consideration of the Refunding bill. The House, however, refused to dispense with the morning hour.

In the House, March 4, Mr. Wood, of New York, spoke at length in favor of the refunding scheme of the Committee of Ways and Means. One of its objects he said was to prevent the payment of more than \$40,000,000 of the public debt in any one year, so as to prevent any interference with the usual and natural condition of available funds for mercantile uses.

Mr. Gillette (Iowa) asked and obtained permission to have printed a bill entitled "A bill to provide for the payment of the public debt," which he stated he would offer as a substitute for the Wood funding bill.

It provides that all bonds redeemable in 1881, or prior thereto, shall be paid, and makes it the duty of the Secretary of the Treasury to set apart all surplus coin and paper money as a fund for the payment of the matured bonds and for the purchase of silver bullion for minting purposes; and directs him to cause such bullion to be coined to the full capacity of the mints. The Secretary is directed to prepare Treasury notes to the amount of \$340,000,000 or more, to equal the amount of National bank notes, and such notes are made receivable for all debts and dues of every kind due to the United States, where not otherwise provided by law, and legal tender for the payment of all debts due from the United States, where not otherwise expressly stipulated. These notes shall be paid for an equal amount of United States bonds unless coin is demanded, in which case at least one-half the coin paid shall be silver coin; and to the extent of the demand for coin in excess of the supply at the Treasury, these notes shall be used in the purchase of silver bullion.

It further provides for the withdrawal of all National bank notes, on and after May 1, 1881.

It also provides that after May 1, 1881, there shall be imposed an income tax of three per cent. on all incomes exceeding \$1,500, and an additional tax of two per cent. on all exceeding \$3,000. In case there is not a sufficient accumulation in the Treasury to fully meet all of said bonds, only so many of them shall be called in as can be paid under the provisions of this Act.

In the Senate, March 8, Mr. Kirkwood (Iowa) submitted a resolution instructing the Secretary of the Treasury to communicate to the Senate a statement of the amount of money expended by the United States for all purposes necessarily growing out of the late war, specifying separately the amount paid on principal of the public debt thereby incurred; the amount of interest paid on such debt for each year; the amount paid for pensions, including arrears, and the amount paid soldiers and sailors of the war, such information to be brought down to January 1, 1880. Adopted.

The House Committee on Coinage, Weights, and Measures, at their meeting, March 8, agreed to report favorably to the House, Representative Fort's bill "to provide for the exchange of the trade dollars for silver dollars." A proviso was added, and the bill as agreed upon provides "that the Secretary of the Treasury shall cause to be exchanged at the Treasury and all sub-treasuries of the United States, legal-tender silver dollars for trade dollars at par, and shall recoin the said trade dollars into legal-tender dollars as now provided by law, and shall stop the further coinage of trade dollars, provided that the amount so redeemed and coined into legal-tender dollars shall not interfere with the minimum now authorized by existing law."

This bill differs in no particular, so far as we can see, from the bill passed by the House at the last session, and which has been kept back in the Finance Committee of the Senate, except that in computing the *maximum* but not the

minimum coinage under the silver law of 1878, the coinage of standard dollars out of trade dollars shall be reckoned. That is to say, the proposed bill will make the maximum monthly coinage \$4,000,000, *including* the standard dollars coined out of trade dollars, but will make the minimum monthly coinage \$2,000,000 *excluding* the standard dollars coined out of trade dollars.

In the Senate, March 9, Mr. Bailey introduced a resolution, which was passed without objection, to investigate the alleged combination between the Union Pacific and Central Pacific Railroads on one side, and the Pacific Mail Steamship Company on the other, to raise the rates of freight. The resolution recites that the corporations named have received large grants of land from the Government, and are fit subjects for such an investigation. The Judiciary Committee is to conduct the investigation, and may report their conclusions by a bill at any time.

In the Senate, March 11, the bill for the reclamation of arid and waste lands was passed. [It authorizes the Secretary of the Interior to contract for the sinking of two artesian wells on the plains east of the Rocky Mountains, and to declare two reservations of four square miles with each well, as nearly as possible in the center thereof, the land so reserved shall not be subject to sale or disposal under any laws of the United States, until such reservation has been released]

In the House, March 11, Mr. Vance (North Carolina), from the Committee on Coinage, Weights, and Measures, reported back the bill providing for the exchange of trade dollars for legal-tender dollars, and to stop the coinage of trade dollars. Placed on the calendar.

The Committee on Banking and Currency agreed on March 17 to report favorably the bill authorizing National banks to loan money upon real estate, subject to such conditions as may be imposed by their directors.

On the proposition to repeal the ten-per-cent tax on the circulation of State banks, they directed the chairman to report adversely.

The Committee on Banking and Currency voted on March 18 to instruct a member to move to suspend the rules and pass the bill permitting National banks to lend money on real estate.

On the 20th of March Secretary Sherman and United States Treasurer Gilfillan appeared before the House Committee on Coinage, Weights and Measures, to explain the New York Clearing-House arrangement. Mr. Warner, of Ohio, conducted the proceedings, and directed his questions chiefly to the rule or resolution by which the receipt of silver coin in payment of balances is prohibited. Mr. Warner treated the consent of the Treasury Department to that rule as a virtual abdication of the right of option which the law gives it to pay Government creditors, either in gold, silver or paper.

Mr. Sherman, while expressing his disapproval of the rule, contended that, in agreeing to have all the balances paid in United States notes, he was merely exercising the option of the Government. When asked if the Government, by its contract with the Clearing House, was 'not absolutely restricted from paying out silver in the settlement of its balances, the Secretary replied that while the contract between the banks and the Clearing House strictly stipulated that silver coin should not be paid out in the settlement of balances, the agreement between the Clearing House and the Treasury Department was such that the Secretary could abrogate entirely or modify it in any way that the interests of Government might demand, upon giving thirty days' notice; that at present it was perfectly convenient to pay out gold and paper in settlement of balances, as there was an ample amount of each in the Treasury to meet all such demands. The committee adjourned without taking any action upon the matter.

In the House, March 20, the refunding bill was debated.

Mr. Felton, of Georgia, expressed himself as opposed to every form of interest-bearing debt. He wanted the debt paid, first, by economy; second, by the unlimited coinage of silver.

Mr. Mills, of Texas, strongly opposed the funding system. In olden times the wise men who managed governments in time of peace hoarded money to be used in times of war. That had one redeeming feature wholly unknown

to the funding system—it laid its exactions at the doors of the opulent—while the funding system, stealthily, surreptitiously, laid all its crushing burdens on the shoulders of the weak and powerless. The financial administration of the Government since the war had not sought the immortality of the public credit, but the immortality of the public debt.

Mr. Hawk, of Illinois, supported the bill, as providing a sufficiently rapid reduction of the debt. He argued against depriving greenbacks of the legal-tender power, and against stopping the coinage of silver dollars. If it became necessary to equalize the value of gold and silver dollars, he said it should be effected by taking gold out of the gold dollar.

Messrs. Orth, of Indiana, and Dunnell, of Minnesota, supported the bill. Mr. Dunnell was in favor of maintaining a surplus of \$50,000,000 to reduce the debt, but he thought such a surplus could be most advantageously used in buying up in advance the $4\frac{1}{2}$ per cents due in 1891.

Mr. Orth was in favor of applying surplus revenues to internal improvements, and especially at the West, rather than to a reduction of the debt.

Mr. Frye, of Maine, supported the bill, although he thought fifty-year bonds preferable to twenty-year bonds. He thought we ought not to reduce the debt for the next ten years at a greater rate than \$20,000,000 per annum, and that it was impossible to pay off the debt in twenty years.

Mr. Kelley, of Pennsylvania—Are we not now paying it at a rate that would exhaust it all in a good deal less than twenty years?

Mr. Frye—The gentleman from New York (Mr. F. Wood) says that we have increased the debt from 1875 to 1879. If that is true, how long will it take to pay the National debt?

Mr. Kelley—That is not an answer to my question. I aver that at the rate we have paid the debt in this fiscal year, when the people are not complaining of heavy taxes, it will disappear in fifteen years.

Mr. Frye—I have no doubt that is true if the rate at which we are now paying it should continue for fifteen years, but is there a man so crazy on the earth as to believe that what lasts for six months will last for fifteen years?

Mr. Jones, of Texas, was opposed to issuing any more interest-bearing securities. He was in favor of paying the present debt as fast as possible, and to that end, of issuing more United States notes, to the extent, at least, of substituting them for National bank notes.

Mr. Samford, of Alabama, was opposed to perpetuating the debt by any scheme of refunding it. He should resist the issue of any non-taxable bonds, and he commented with great severity upon the argument of Mr. Fernando Wood that such bonds were desirable as being a safe and convenient investment of the wealth of capitalists.

Mr. Ladd, of Maine, opposed the bill. He regarded the existence of non-taxable bonds as one of the great evils of the country, and argued that it was best to maintain existing revenues until these bonds, with economy in the administration of the Government, could be extinguished by payment, or purchased up and canceled. He was in favor of maintaining the legal-tender function of the greenbacks and of the free coinage of silver.

The House Committee on Coinage, Weights and Measures, March 22, directed Mr. Claffin to prepare a bill requiring all subsidiary silver half-dollars now in the Treasury to be recoined in half-dollars of full standard weight ($206\frac{1}{4}$ grains) and nine-tenths fine, and these to be legal tender in payment of all dues.

In the House, March 22, the following bills were presented and referred to committees.

By Mr. Phelps, of Connecticut, a bill to provide for a commission to regulate the customs duties and internal revenues of the United States.

By Mr. Price, of Iowa, a bill in relation to the withdrawal of currency under the National Bank Act.

By Mr. Gibson, of Louisiana, a bill to reduce the tax on distilled spirits to fifty cents per proof gallon, also bills to abolish the tax on tobacco, on bank checks, and on matches.

The Committee on Coinage, &c., March 22, instructed Representatives Warner and Davis to see the Secretary of the Treasury and ascertain whether silver coin, to the amount of five pounds, could be transported through the mails by registry without increase of postage; it being the opinion of the committee that the great scarcity of silver throughout the country requires the cheapest possible means of transportation, in order that the great demand may be supplied at the least possible cost to the people.

The bill offered in the House, by Mr. Price, to amend the National Bank Act provides that any bank, upon presentation of lawful money of the United States in sums not less than \$9,000, shall have equal amount of its own notes withdrawn from circulation and destroyed, and shall also have its bonds deposited to secure these notes returned in the same manner, and under the same regulations now provided by law, provided that not less than \$50,000 bonds shall be held by the United States as security for the notes of banks having a capital of \$150,000.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.*

I. THE PROTEST OF JOINT NOTES.

A and B give a promissory note to C, which is not made payable at any particular place. What is essential to be done to hold the indorser? Must demand be made of both the makers? Or, if demand is made of only one of them and the indorser duly notified of the non-payment, will it hold him?

REPLY.—If A and B are partners it is well settled that demand upon one of them is sufficient. Assuming, however, that they are not partners, and, as we must, from the form of the question, that the note is a joint note, the better opinion seems to be that demand must be made upon both to hold the indorser. Daniel says (*Neg. Insts.*, § 594), "When the note is executed by several joint promisors who are not partners, but liable only as joint promisors, it has been held, and we think correctly, that presentment should be made to each in order to fix the liability of an indorser;" and cites *Willis vs. Green*, 5 Hill 232; *Blake vs. McMillen*, 22 Iowa 258, 33 Iowa 150; *Union Bank vs. Willis*, 8 Metc. 504; *Arnold vs. Dresser*, 8 Allen 435. In Ohio, however, it has been held that demand upon one joint maker is enough. *Harris vs. Clark*, 10 Ohio 5. The difficulty which will arise when the makers are in different places when the note falls due is met by saying: "If they were in different places and it could be only presented to one, due diligence would only require its presentment to the others in such time as they could be reached; and the impossibility of presenting to all on the day of maturity would excuse non-presentment to those at other places."

He says also (§ 596), "Where the note is several as well as joint, the indorser may be held as indorser of the maker to whom the note is duly presented, as the holder would have the right to treat the note as the several note of each maker. But he would have lost recourse against the indorser as upon the joint note of the co-makers, or the several note of the maker, as to whom no presentment is made or excuse given."

*The answers to such of these inquiries as refer to points of law, rather than of banking practice, are furnished to us by Mr. M. M. Weston, 53 Tremont Street, Boston.

II. HOLIDAY LAWS AND PROTESTS.

A note with indorser, discounted by a Missouri bank, was dated August, 1879, and matured February 22. At the time the note was made, February 22, was not a legal holiday, but a law making it so *took effect* November, 1879, though it was *passed* before the note was made. The twenty-second was Sunday, and the law makes the following Monday the holiday, when the holiday falls on Sunday. In this State when a note falls due on Sunday or a holiday, the following day is the day of maturity; unless two holidays, or a Sunday and a holiday come together, in which case it matures on the day previous. If the law could come between the parties to the contract and put a holiday where they had agreed to make a business day; or if they were duly notified by the passage of the law and the knowledge that the twenty-second would be a holiday by the time they reached it, then the note was due Saturday, the 21st—otherwise, Monday, the 22d. But the law closed the bank on the 22d. What is the answer to this problem?

REPLY.—The note was due on Saturday, the 21st. The precise question raised by the inquiry was judicially determined in the case of *Barlow vs. Gregory*, 31 Conn. 261.

III. CHECKS CREDITED BEFORE PAYMENT.

If a person should leave for deposit a check on some distant bank, which we credit on his bank book at the time, would we be justified in refusing to pay his checks if drawn against it before we are advised of the payment of the check deposited?

REPLY.—It is said in *Morse on Banking* p. 427: "It is very common for depositors to deposit checks in their banks, and to draw against them on the same day checks of their own, which may be presented for payment before the bank has had an opportunity to collect upon the deposited checks. In such cases banks are frequently wont to honor such checks of their customers upon the confidence that the deposited checks will be duly paid. But this habit of the banks is a pure favor, and if there be no distinct understanding to change the natural effect of such dealing, its long continuance gives no real right whatsoever to the depositor to demand its continuance or its practice in any individual case wherein the bank may, for any arbitrary reason, see fit to withhold the favor."

We understand the entry of such a check as that described in the inquiry, in a depositor's bank book as so much cash, or without any statement that the check is taken for collection, to be an intimation upon the part of the bank that it is willing to allow the depositor to draw against the deposit at once. But as, according to the view above stated, this is purely a favor to him, we do not think that the entry in the bank book is an irrevocable act binding upon the bank, in case it chooses for any reason to change its purpose. Matters of this sort are very much regulated in practice by the standing of the depositor; but it seems to us that if, after having entered such a check as cash, the bank deems it advisable to treat the check as taken for collection, courtesy requires that the depositor should have immediate notice of the change of purpose in order that he may suffer no inconvenience. We have never heard of an action being maintained against a bank for refusing to pay a depositor's check drawn under such circumstances.

IV. STAMPED INDORSEMENTS.

The substitution of stamped for written indorsements by banks, bankers, and others, becoming daily more general throughout the country, we are led to inquire what decisions, if any, have been made as to their legality? Are they binding by the unwritten law of usage or custom?

REPLY.—It has frequently been decided in reference to other contracts and papers requiring the signature of a party, that a printed signature is valid, if it be shown to have been used and adopted by the party as his signature. The validity of stamped indorsements has been universally conceded so far as we know, and we suppose it to *have been* so, in accordance with the rule furnished by these decisions. We have seen no case directly upon the point. The nearest one is *Pennington vs. Baer*, 48 Cal. 565, which held that certain coupons, which by law must be signed by a public officer, were well signed with a lithographic fac-simile of his signature, printed upon the coupons at the time they were made, it being shown that the lithographic fac-simile was put upon them as and for his signature by his direction. The use of a stamp, such as is common in banks, in indorsing paper, is attended with this disadvantage to the person who relies upon the indorsement, namely, that in the event of dispute, he must prove that the stamped indorsement was put there as an indorsement, either by, or with the authority of, the party whose indorsement it purports to be; and it is plainly more difficult to do this than to prove a written indorsement. For example, the indorsement of a bank is usually made by its cashier, and, to prove such indorsement when made with a stamp, it is not only necessary to show that the stamp has been adopted by the cashier, but also to show that it was impressed upon the paper by some one who had authority to do so. This last is not always easy. Whereas, in the case of a written indorsement, proof of handwriting and of the office of the writer is ordinarily enough. Aside from this we know of no practical difference between a stamped indorsement and one made with a pen in the ordinary way.

V. INTEREST AFTER MATURITY.

A note is given payable on the first day of a month, with interest after maturity; from what date should interest be computed? After the *first* of *fourth* day of the month? Or if the note is paid on the last day of grace should interest be charged for three days?

REPLY.—The instrument is not due in fact or in law until the last day of grace. "Interest after maturity" does not begin, therefore, until the grace has expired.

VI. POST-DATED CHECKS.

We receive on March 1st for collection a check *dated* March 14th, on one of the other banks in the city. March 14th coming on Sunday, it is taken out of our files with other paper maturing on Saturday and Sunday, for presentation on the 13th.

The bank on whom the check is drawn refuses to pay the check, claiming it is not due until Monday, the 15th. Should we protest the item on Saturday or Monday?

REPLY.—If the check bears date as of a coming Sunday, payment cannot be demanded until the Monday afterward, and if the bank pay it before that Monday it acts at its peril.

VII. QUESTIONABLE INDORSEMENTS.

A draws a check on this bank payable to order of B, which is indorsed "B by D, atty," and presented for payment by C, another bank. We ask C to guarantee the indorsement, which they declining to do, would we be justified in refusing payment on the check? Again, if we should certify this check "good when properly indorsed," and C should protest it, who would be liable for the protest fees?

REPLY.—When the bank is in doubt as to the genuineness of an indorser's signature, it is entitled to demand a reasonable time for inquiry before making payment. If the holder of the check refused to allow such "reasonable time," a protest is at his own risk and cost. But *certification* is not *payment*, and the collecting bank cannot be compelled to accept it in lieu of payment, for recourse upon the drawer or a previous indorser would in such case be lost. Nevertheless, the simple indorsement of the bank is in effect a guarantee of all preceding indorsements.

NOTE.—Two important decisions are published in our present number, the tenor of which is subversive of the principles of law generally recognized hitherto. One is upon the negotiability of instruments payable "in currency," which have been in common use throughout the United States for many years. The other, which will be found upon page 807, is as to the liability of a bank for out-of-town collections. This opinion of the New York Court of Appeals will be received with surprise.

THE RIGHT TO ISSUE STATE BANK NOTES.

To the Editor of the BANKER'S MAGAZINE :

In my plan, referred to on page 690, March number of your magazine, it is proposed that the Federal Government shall *allow* the circulation of notes of State banks or private bankers by lightening their taxation. It cannot *give* them the right. The right to issue notes is a natural one, the States merely provide the manner in which it may be exercised.

No bank should be compelled to take another's note. It ought to be so good that all will be glad to get it. Otherwise it is fiat money.

Respectfully, GEO. WILSON, JR.

LEXINGTON, Mo., March 9, 1880.

LEGAL VALUE OF A COUNTERFEIT NOTE.—Leroy Adams, of South Norwalk, last autumn changed a \$20 bill for Mr. Ritter of the same town. The bill proved to be a counterfeit, and Adams demanded the return of the money which he had given him in exchange for it. Mr. Ritter concluded to pay, but found he could pay only half—\$10. This Mr. Adams took and retained the counterfeit bill. On his way home Mr. Adams' pocket was picked and this bill taken. A few days afterward Mr. Ritter offered Mr. Adams the remaining \$10, demanding in return the \$20 bill. This Mr. Adams could not do, but demanded the \$10. Ritter then refused to give Adams the \$10, and brought suit to recover the \$10 previously paid. Before a Justice's Court it was decided that Adams should return the \$10 paid him in lieu of the \$20 counterfeit. From this finding an appeal was taken to the Court of Common Pleas. Here it was proven that the \$20 bill was a counterfeit, and the judge charged that the only question for the jury to decide was whether the bill was a counterfeit, and if so it had no value, and its return was of no consequence, yet the jury found for Ritter. An appeal has been taken to the Superior Court

—*New Haven Palladium.*

BANKING AND FINANCIAL ITEMS.

BANK STATEMENTS.—The Comptroller of the Currency has received the statements of the National banks (which we publish on page 824), showing their condition on February 21, 1880. The banks at that time held \$88,447,979 of specie, of which amount \$83,111,115 was in gold and gold certificates, \$5,041,515 in silver coin, and \$295,340 in silver certificates. The amount of specie held by the banks has more than doubled since January 1, 1879. The amount of silver and silver certificates is about one million less than at the previous date. There has been increase in specie since the date of their last report, December 12, 1879, of \$10,000,000, and an increase of silver certificates of about \$200,000.

THE BOSTON BANKS.—The sixty-one National banks of Boston, represent a capital stock paid in of \$52,500,000. The banks reported, on February 21, a surplus of \$11,128,440, against \$11,111,211 at the date of the previous return, December 12, an increase of \$17,229. The undivided profits amount to \$4,401,433, against \$2,849,833 in December, an increase of \$1,551,600. The current expenses and taxes paid amount to \$1,225,804, against \$614,244 in December, an increase of \$611,560, and premiums, exchange, interest, suspense, etc., amount to \$349,466, which, with expenses and taxes paid, makes a total of \$1,575,270. The surplus and undivided profits together amount to \$15,529,883, against \$13,859,034 in December.

ARKANSAS.—Reports of gold and silver discoveries in the western part of the State of Arkansas continue to be flattering. At the silver mines near Silver City, two smelters are already at work turning out bullion.

CALIFORNIA.—In the legislature a bill is pending to relieve insurance companies from liability on risks taken on buildings in which Chinese are employed or harbored.

COLORADO.—For the week ending February 29, the bullion shipped by the Smelting Works at Leadville, amounted to \$411,119, reckoning lead at \$80 per ton and silver at \$1.12½ per ounce. During the week ending March 7, bullion of the value of \$285,074 was turned out.

NEW ORLEANS.—The Commissioners of Liquidation of the Mechanics and Traders' Bank of New Orleans have brought suit against the late directors of the bank for \$145,000, the amount due the depositors and other creditors. The petitioners allege that the bank was to the knowledge of the directors insolvent for a year preceding its failure, but the directors continued to receive deposits and deceive the public.

Edward C. Palmer, President of the Louisiana Savings Bank, convicted of embezzlement of funds of the bank, was, on March 20th, sentenced to three years at hard labor in the penitentiary. A suspensive appeal was taken before the Supreme Court.

The jury in the case of David Urquhart, President of the Citizens' Saving Institution of New Orleans, now in process of liquidation, who was indicted, charged with feloniously appropriating \$3,000 of the funds of the bank, returned a verdict of not guilty.

The directors of the Southern Bank, New Orleans, have been sued to enforce personal liability to the extent of \$720,000 on account of declaration of dividends while insolvent and other mismanagement.

MAINE.—The legislature of Maine has restored a law, enacted in 1878, but repealed in 1879, exempting from taxes all improvements and washing for the development of mines.

MASSACHUSETTS.—The case of Nathan P. Pratt, Treasurer of the Reading Savings Bank, who was indicted upon fifty-two different counts for embezzlement of the funds of the bank, was given to the jury on March 13. A verdict of guilty on twenty-nine counts was returned. The case will be carried to the Supreme Court on exceptions. Pratt's bail has been fixed at \$95,000.

Royal B. Conant, ex-Cashier of the Eliot National Bank of Boston, convicted of embezzlement, has been sentenced to seven years' imprisonment.

THE PHILADELPHIA BANKS.—Compared with the December statement the February statement shows the aggregate capitals of the banks to be \$16,758,000, a decrease of \$35,000, of which \$15,000 is in the capital of the Manufacturers' Bank and \$20,000 in the Second National Bank. The aggregate surplus of the banks is \$7,423,609, an increase of \$5,299, four of the banks having increased and one decreased its surplus, the others remaining the same. The Eighth National Bank has increased its surplus \$10,000, the Consolidation Bank \$5,599, the Centennial Bank \$3,000, and the National Security Bank \$1,700. The Bank of Commerce has decreased its surplus \$15,000. The Keystone Bank, which has no surplus fund account, reports \$22,707 "undivided profits" for February 21, compared with \$17,265 "undivided profits" for December 12, an increase of \$5,442. The aggregate surplus of the thirty-one National banks is about 44½ per cent. of their aggregate capital. Twenty-eight of these thirty-one banks form the Philadelphia Clearing House.

—*Philadelphia Ledger.*

Philadelphia.—The new Merchants' National Bank began business on March 23d. Its President is Mr. George H. Stuart, who was recently deposed from the presidency of the Mechanics' Bank after a vigorous contest, in which much feeling was displayed. The deposits on the first day amounted to over \$300,000.

OREGON.—The exports (foreign) of Oregon during 1879 were \$5,895,098, and the exports to San Francisco \$8,357,098.

VIRGINIA.—The veto by the Governor of Virginia of the Readjusting bill, was sustained in the Senate, the vote on passing the bill over the veto being yeas 19, nays 16—not two thirds.

CANADA.—One part of the financial programme, submitted in March to the Canadian Parliament by the Ministry, is a proposition to increase the issue of Government circulating notes from twelve to twenty million dollars. These notes are a legal tender for all debts. The proposed reserve is fifteen per cent. in specie, and ten per cent. in Canadian Government bonds.

The Prince Edward Island Railway, built and owned by the Dominion Government, has been run during the last four years at an average annual loss of \$95,000. The building of this road was the principal inducement which reconciled the Island to joining the Dominion.

The Governor of Newfoundland has proposed to the Governor-General of Canada some plan, of which the particulars are not given, for building a railroad from St. Johns westward across the island, there to connect by ferry steamers across the Straits of Belle Isle with some point on the Inter-Colonial Railroad. It has always been supposed that Canadian assistance towards the proposed railroad was to be the inducement to bring Newfoundland to assent to joining the Dominion.

GREENBACKS IN CANADA.—The *Toronto Mail*, a supporter of the present Cabinet, explains and defends the proposition to increase the Government note issue, in the following way: "At present the Government is bound to hold dollar for dollar in gold on all amounts of currency issued over \$12,000,000, and fifty per cent. in gold on all issues over \$9,600,000 and under \$12,000,000. As will be seen in the Budget speech, it is proposed to extend the statutory limit from \$12,000,000 to \$20,000,000, and make a basis of twenty-five per cent. on all issues, fifteen per cent. in gold and ten per cent. in Dominion or guaranteed securities at four per cent. This proposition will, as the Finance Minister pointed out, release a considerable amount of gold which will be of service to the Government and country. The plan will relieve the Government of the necessity of borrowing abroad next year. It will offer a chance

for investing at home in Dominion four-per-cent. securities. It will satisfy to a large extent the demand for Dominion currency, and will enable the Government to put Dominion notes into circulation in the Northwest, while it will not in the least disturb the steady running current of business in the country. This last aspect of the case is one that commends itself to our notice most forcibly. We do not recognize in the Government's proposal anything that need at all alarm the most conservative financial minds. Nothing could be more absurd than to suppose that the Government would at once fling upon the country the eight millions extra to issue which power is to be taken by the Finance Minister. The process of circulation will be necessarily slow."

The *Globe* (opposition), says: "The Government now issues ones and twos, and will probably put other notes of small denominations into circulation, taking from the banks the privilege of issuing similar bills. The banks will be supplied with new Dominion notes, and apparently required to deposit Government securities in exchange. The effect will be to reduce the means from which the banks discount the notes of their customers and consequently to raise interest on business loans."

OBITUARY.

CAPTAIN GEORGE WILSON, President of the La Fayette County Bank, died at his residence in Lexington, Missouri, on March 3d. He was born at Steubenville, Ohio, in 1809, entered the West Point Military Academy in 1825, and after graduating served in the army with distinction during the Black Hawk war. He resigned in 1837 and filled several honorable public stations in Iowa and Wisconsin between that time and 1851, when he removed to Lexington and entered the banking house of Robert Aull, afterwards becoming a partner. In 1871 he was elected President of the Aull Savings Bank (now the Lafayette County Bank). The character of Captain Wilson is well summed up in the *Lexington Intelligencer* in these words: "Chivalrous, brave, honest, reverent, thoroughly educated and well read upon many topics, he was faithful in every trust."

THOMAS WORTH OLCOTT, President of the Mechanics and Farmers' Bank of Albany, N. Y., died in that city on March 23d, in his eighty-fifth year. Mr. Olcott was a banker of eminent ability and large experience. When the Mechanics and Farmers' Bank gave up its special charter in 1852, and re-organized under the general banking law, it paid off its stock at par and divided among the stockholders a surplus of 114 per cent. During the financial crisis of 1837 and 1857 the credit of the bank was not impaired. It has never suspended payments or become embarrassed in any way. Mr. Olcott was called to Washington during the war, by Secretary Chase, to discuss the financial condition of the country. He favored the issue of legal tenders and advocated the adoption of the National banking law. Among the people of Albany Mr. Olcott was noted for his charity, liberality and hearty support of all educational and commercial projects that tended to advance the welfare of the city.

GENERAL HENRY ANTHONY THOMPSON, President of the National Bank of Baltimore, died in that city on March 12th, after a protracted illness and from a general decay of physical powers. General Thompson was born in Baltimore August 14th, 1800. He entered the Military Academy at West Point in 1815, and graduating with distinction remained in the army until 1839, when he entered commercial life. In 1855 General Thompson was elected a director of the Bank of Baltimore, and in 1863, when that institution became a National bank, was elected president thereof, which position he held at the time of his death. General Thompson was widely known in mercantile circles, and was connected with a number of corporations. As a business man he was esteemed by all who knew him. He was recognized as a man of great culture and refinement, and may be said to have been one of Baltimore's most valuable citizens.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from March No., page 746.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
ALA....	Union Springs.	Bullock County Bank..... L. Sessions, <i>Pr.</i> J. T. Leary, <i>Cas.</i>	National Park Bank.
DAK...	Brookings.....	Bank of Brookings..... 25,000 W. H. Morehouse, <i>Pr.</i>	National Park Bank. George Morehouse, <i>Cas.</i>
" ..	" ..	Olds & Fishback.....	National Park Bank.
" ..	Deadwood.....	Merchants' National Bank. Seth Bullock, <i>Pr.</i>	Kountze Brothers. H. H. Mund, <i>Cas.</i>
" ..	Sioux Falls.....	First National Bank..... 30,000 Jackson B. Young, <i>Pr.</i>	Chase National Bank. Harry L. Hollister, <i>Cas.</i>
GA....	Elberton.....	Treadwell, Turner & Co...	Lowry's' Bank, Atlanta.
ILL....	Dwight.....	People's Bank.... (John C. Hetzel)	Continental Nat'l Bank.
IOWA...	Ames.....	Story Co. Bank (Lyon & McFadon)	Com'l N. B., Chicago.
KANSAS.	McPherson.....	Farmers & Merch. B'k (A. L. McWhirk)	.....
KY....	Franklin.....	J. L. McGoodwin & Co....	Third National Bank.
" ..	Maysville.....	First National Bank..... 101,750 James M. Mitchell, <i>Pr.</i>	Bank of America. Thomas Wells, <i>Cas.</i>
MICH...	Dundee.....	Gilmore & White.....	Chase National Bank.
" ..	Grand Rapids..	Grand Rapids Nat'l Bank.. 101,050 Charles H. Bennett, <i>Pr.</i>	First National Bank. Theo. C. Sherwood, <i>Cas.</i>
MINN...	Crookston.....	Merchants' Bank..... 25,000 Frank Ives, <i>Pr.</i>	National Park Bank. W. M. Ross, <i>Cas.</i>
" ..	Princeton.....	Bank of Princeton (G. J. Sowden)	Manhattan Co. B.
" ..	Worthington...	Nobles County Bank..... 50,000 Peter Thompson, <i>Pr.</i>	Ninth National Bank. George J. Day, <i>Cas.</i>
MO....	Centralia.....	Bank of Centralia..... 10,000 Phillip S. Hocker, <i>Pr.</i>	Donnell, Lawson & Co. John S. Mitchell, <i>Cas.</i>
" ..	Higginsville ..	Asbury-Catron Bank..... 30,000 A. E. Asbury, <i>Pr.</i>	Bank of North America. Will J. Fewel, <i>Cas.</i>
" ..	Mound City....	Holt County Bank..... 20,000 Robert Montgomery, <i>Pr.</i>	Kountze Brothers. Hugh Montgomery, <i>Cas.</i>
NEB....	Albion.....	C. De Roberts.....	Chemical National Bank.
" ..	Alma.....	L. R. Grimes.....	Corbin Banking Co.
" ..	Edgar & Grand	Grand Island Banking Co.	Fourth National Bank.
" ..	Island.....	30,000 C. P. Packer, <i>Pr.</i>	J. P. Kernohan, <i>Cas.</i>
" ..	Grand Island ..	Charles F. Bentley.....	.....
" ..	Orleans.....	George W. Burton.....	Chemical National Bank.
" ..	Sidney.....	Exchange Bank..... Joseph Sharmer, <i>Pr.</i>	Chemical National Bank. James Sutherland, <i>Cas.</i>
" ..	St. Paul.....	Howard Co. B'k (Carter & Wright)	Chemical Nat'l Bank.
N. J....	Trenton.....	James H. Clark.....	Knauth, Nachod & Kuhne.
" ..	" ..	Henry D. Scudder.....	Knauth, Nachod & Kuhne.
N. Y. ..	Dundee.....	Dundee National Bank.... 30,000 James Spicer, <i>Pr.</i>	First National Bank. Frank R. Durry, <i>Cas.</i>
" ..	Jefferson.....	Jefferson B'kg House (R. Hubbell)	Clinton B. Fisk & Co.
OHIO...	Findlay.....	Farmers' Bank..... 30,000 Peter Hosler, <i>Pr.</i>	First National Bank. Jasper G. Hull, <i>Cas.</i>
PENN...	Philadelphia ..	Merchants' National Bank. 316,250 George H. Stuart, <i>Pr.</i>	..... Charles H. Biles, <i>Cas.</i>
" ..	Parkesburg ..	Parkesburg Nat'l Bank.... 40,000 Samuel H. Parke, <i>Pr.</i>	National Park Bank. R. Agnew Futhey, <i>Cas.</i>
" ..	Titusville.....	Hyde National Bank..... 500,000 Charles Hyde, <i>Pr.</i>	..... W. C. Hyde, <i>Cas.</i>
TEXAS.	Whitney.....	Killough & Porter.....	Winslow, Lanier & Co.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from March No., page 747.)

N. Y. CITY.....	Ewell & Maitland; dissolved; now J. N. Ewell & Co.
" "	J. S. Kennedy & Co.; John S. Barnes retires. J. Kennedy Tod admitted.
CAL.... Greenville.....	G. M. Perine & Co.; now E. Prowattain & Co.
" .. Oakland.....	First National Gold Bank; now First National Bank. Same officers and capital.
" .. "	Union National Gold Bank; now Union National Bank. Same officers and capital.
DAK.... Deadwood.....	Stebbins, Post & Mund; now Merchants' National Bank.
" .. Sioux Falls....	Sioux Falls Bank (J. B. Young & Co.); now First National Bank.
IOWA... Ames.....	Lucas & Greeley; succeeded by Story County Bank (Lyon & McFadon).
" .. Forest City....	Winnebago County Bank (J. F. Thompson & Co.); succeeded by Easton & Thompson.
" .. Osage	Sweney Brothers; now Sweney Brothers & Libby.
KY.... Maysville	Wells, Mitchell & Co.; now First National Bank.
MO.... Higginsville....	A. E. Asbury; now Asbury-Catron Bank. Chartered.
NEB.... Edgar.....	Packer & Kernohan; now President and Cashier of Grand Island Banking Co.
N. J.... Trenton.....	Clark & Scudder; each continues business in his own name.
N. Y.... Dundee.....	L. J. Wilkin; succeeded by Dundee National Bank.
OHIO... Zanesville.....	C. C. Russell & Co.; dissolved. New firm; same style.
PENN... Philadelphia...	John E. Fox & Co.; interest of John E. Fox, deceased, withdrawn. D. B. & Geo. Fox continue. Style same.
" .. Parkesburg....	Parke, Smith & Co.; now Parkesburg National Bank.
TEXAS.. Columbus.....	J. H. Simpson, deceased; business continued by Emily Simpson (executrix), French Simpson, & Carey Shaw. Style same.
" .. Gainesville....	Putman, Chambers & Co.; admit R. F. Scott.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from March No., page 745.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2460	Grand Rapids Nat'l Bank.... Grand Rapids, MICH.	Charles H. Bennett.....	\$ 200,000	\$ 101,050
2461	Merchants' National Bank... Deadwood, DAKOTA.	Seth Bullock..... H. H. Mund.	100,000	50,000
2462	Merchants' National Bank.... Philadelphia, PENN.	George H. Stuart..... Charles H. Biles.	600,000	316,250
2463	Dundee National Bank..... Dundee, N. Y.	James Spicer..... Frank P. Durry.	50,000	30,000
2464	Parkesburg National Bank... Parkesburg, PENN.	Samuel R. Parke..... R. Agnew Futhey.	50,000	40,000
2465	First National Bank..... Sioux Falls, DAKOTA.	Jackson B. Young..... Harry L. Hollister.	50,000	30,000
2466	Hyde National Bank..... Titusville, PENN.	Charles Hyde..... W. C. Hyde.	500,000	500,000
2467	First National Bank..... Maysville, KY.	James M. Mitchell..... Thomas Wells.	210,000	105,750

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from March No., page 744.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
CAL....	Bank of Napa, Napa City.....	Lewis Lewton, <i>Pr</i>	C. Hartson.
ILL....	Union Nat'l Bank, Chicago.....	John J. P. Odell, <i>Cas</i>	G. A. Ives.
" ..	City National Bank, Cairo.....	Thomas W. Halliday, <i>Cas</i> ..	J. H. Smith, <i>Act'g</i> .
IND....	Adams County Bank, Decatur {	Robert B. Allison, <i>Pr</i>	J. Niblick.
		W. H. Niblick, <i>Cas</i>	R. B. Allison.
IOWA...	Bremer County Bank, Waverly.	L. L. Lush, <i>Cas</i>	G. Morehouse.
MAINE..	First National Bank, Augusta..	John W. Fogler, <i>Cas</i>	I. Boothby.*
MASS...	Nat'l Market B'k of Brighton, {	Granville Fuller, <i>Pr</i>	J. F. Taylor.
	Boston		
" ..	Nat'l Bank of Northborough. {	Thomas Rice, <i>Pr</i>	W. Bush.
		Samuel Wood, <i>V. P</i>	T. Rice.
" ..	Merchants' Nat'l Bank, Salem..	George R. Emmerton, <i>Pr</i> ..	B. H. Silsbee.
MICH...	Nat'l B'k of Michigan, Marshall.	Joel J. Perrin, <i>Pr</i>	H. J. Perrin.*
" ..	First National Bank, Plymouth.	Oscar A. Fraser, <i>Cas</i>	T. C. Sherwood.
MINN...	Bank of Farmington, {	Daniel Underwood, <i>Pr</i> ... T. C. Davis.	
	Farmington	J. C. Bettinger, <i>V. P</i>	D. Underwood.
N. H....	Derry National Bank, Derry...	John P. Newell, <i>Cas</i>	G. C. Currier.
N. Y....	Merchants' N. B'k, Binghamton	Horace Griswold, <i>Cas</i>....	.....
" ..	City National Bank, {	Aaron Innis, <i>Pr</i>	J. F. Barnard.
	Poughkeepsie	Hudson Taylor, <i>V. P</i>....	.....
" ..	First National Bank, Sing Sing.	W. W. Benjamin, <i>Pr</i>	C. F. Maurice.
N. C....	Peoples' Nat'l B'k, Fayetteville.	W. T. Taylor, <i>Cas</i>	B. Fuller.
OHIO...	Harrison Nat'l Bank, Cadiz.. {	Charles P. Dewey, <i>Pr</i>	C. Dewey.
		John M. Sharon, <i>Cas</i>	C. P. Dewey.
" ..	First Nat'l Bank, Cambridge... A. R. Murray, <i>Cas</i>	A. C. Cochran.	
" ..	Second Nat'l Bank, Cleveland.. T. S. Sanford, <i>A. C</i>	G. A. Garretson.	
" ..	Ohio Valley Bank, Gallipolis... C. W. Henking, <i>Cas</i>	W. T. Minturn.	
" ..	First Nat'l Bank, Middletown.. Simon Goldman, <i>Cas</i>	W. S. Marshall.	
" ..	Wayne Co. Nat'l B'k, Wooster, Philo S. Van Houten, <i>Cas</i> ..	E. Quinby, Jr.*	
PENN...	Keystone N. B'k, Philadelphia. John C. Lucas, <i>Pr</i>	W. Armstrong.	
" ..	Monongahela N. B., Brownsville William M. Ledwith, <i>Cas</i> ..	W. Parkhill.	
TENN..	Manhattan Bank, Memphis.. {	Lazarus Levy, <i>Pr</i>	J. Levy.
		L. Hanauer, <i>V. P</i>.....	.....
		Maurice Maas, <i>A. C</i>.....	.....

*Deceased.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from March No., page 746.)

ALA....	Mobile.....	Southern Bank; dissolved business March 1. Charter expires June 1.
ILL....	Pekin.....	F. W. Leonard & Co.; retire from business April 1.
KANSAS.	Atchison.....	Perpetual Savings Bank; retiring. Paying in full.
MD.	Baltimore.....	Chesapeake Bank; winding up.
N. H....	Derry	Derry Savings' Bank; John P. Newell, Assignee.
OHIO...	Leetonia.....	Schmick Bros. & Co.; dissolved. New firm. Same style.

NATIONAL BANKS OF THE UNITED STATES.

February, 1880.

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 February 21, 1880. Also, on December 12, 1879, and March 15, 1878:

RESOURCES.	1880.* Feb. 21, 2,059 banks.	1879. Dec. 12, 2,052 banks.	1879 April 4, 2,048 banks.
Loans and discounts	\$969,557,855 .	\$929,581,542 .	\$814,653,422
Overdrafts.....	3,094,725 .	3,962,119 .	—
U. S. bonds to secure circulation	361,501,700 .	364,272,700 .	348,487,700
U. S. bonds to secure deposits...	14,417,000 .	14,779,000 .	309,348,450
U. S. bonds on hand.....	36,798,600 .	40,690,050 .	54,601,750
Other stocks and bonds.....	41,060,341 .	38,823,619 .	36,747,129
Due from approved reserve Ag'ts.	117,680,899 .	102,742,452 .	74,003,830
Due from other National banks..	53,219,269 .	55,352,459 .	39,143,388
Due from State banks & bankers	14,353,806 .	14,425,072 .	10,535,252
Real estate, furniture & fixtures.	47,836,615 .	47,992,332 .	47,461,614
Current expenses and taxes paid.	6,388,708 .	7,474,082 .	6,693,668
Premiums paid.....	3,925,749 .	4,150,836 .	6,609,390
Checks and other cash items....	10,320,050 .	10,379,272 .	10,011,294
Exchanges for Clearing House...	166,736,402 .	112,172,677 .	63,712,445
Bills of other National banks....	15,362,757 .	16,392,998 .	17,068,505
Fractional currency	397,288 .	387,447 .	467,177
Specie: Gold coin.....	67,841,515 .	60,104,792 .	41,148,563
Silver coin.....	5,041,515 .	4,902,308 .	
Gold certificates.....	15,269,600 .	13,332,860 .	
Silver certificates	295,340 .	228,080 .	64,461,231
Legal-tender notes.....	55,183,527 .	54,725,096 .	
U. S. certif. of dep. legal-tenders	11,485,000 .	11,295,000 .	21,885,000
Five-per-cent. Redemption fund	16,003,429 .	16,147,686 .	—
Due from the U. S. Treasury....	967,351 .	907,129 .	17,029,121
Total resources.....	\$2,035,339,047 .	\$1,925,229,617 .	\$1,984,068,936

LIABILITIES.

Capital stock paid in	\$454,148,585 .	\$454,498,515 .	\$455,611,362
Surplus fund.....	116,964,043 .	115,429,031 .	114,823,316
Other undivided profits.....	42,346,276 .	47,573,820 .	40,812,777
†National bank notes issued....	324,016,592 .	325,876,312 .	304,467,139
Amount on hand	4,068,008 .	3,927,158 .	352,452
Amount outstanding	319,948,584 .	321,949,154 .	—
State bank notes outstanding....	300,290 .	321,802 .	—
Dividends unpaid.....	1,368,163 .	1,306,180 .	2,158,516
Individual deposits.....	847,879,740 .	755,459,966 .	598,822,694
United States deposits.....	7,639,968 .	6,923,323 .	303,463,505
Deposits of U. S. disburs'g officers	2,802,483 .	3,893,217 .	2,689,189
Due to other National banks....	170,235,618 .	152,484,079 .	110,481,176
Due to State banks and bankers.	65,405,223 .	59,232,391 .	43,709,770
Notes and bills re-discounted....	1,918,788 .	2,116,484 .	2,224,491
Bills payable.....	4,181,280 .	4,041,649 .	4,452,544
Total liabilities.....	\$2,055,339,047 .	\$1,925,229,617 .	\$1,984,068,936

* Reports of one bank in Oregon, and of one in Washington Territory, were not received.

† The amount of circulation outstanding at the date named, as shown by the books of the Comptroller's office, was \$343,778,206, which amount includes the notes of insolvent banks, of those in voluntary liquidation, and of those which have deposited legal tender notes under the Act of June 20, 1874, for the purpose of retiring their circulation.

NATIONAL BANKS OF NEW YORK CITY.

February, 1880.

Abstract of reports made to the Comptroller of the Currency, showing the condition of the National Banks in the CITY OF NEW YORK, at the close of business on February 21, 1880, and also on December 12 and April 4, 1879.

RESOURCES.	1880.	1879.	1879.
	Feb. 21, 42 banks.	Dec. 12, 47 banks.	April 4, 47 banks.
Loans and discounts	\$ 218,046,888	\$ 205,569,745	\$ 159,007,598
Overdrafts	59,298	85,540	—
U. S. bonds to secure circulation	24,698,500	27,268,500	23,604,000
U. S. bonds to secure deposits...	1,120,000	1,120,200	249,898,400
U. S. bonds on hand	9,221,250	7,752,560	10,905,100
Other stocks, bonds & mortgages	8,234,492	7,505,581	8,808,288
Due from other National banks.	11,314,978	13,760,549	10,717,132
Due from State banks & bankers	1,865,610	3,022,804	2,039,037
Real estate, furniture & fixtures.	9,867,272	9,865,356	9,772,545
Current expenses and taxes paid	831,483	1,704,121	1,142,897
Premiums paid.....	884,350	769,604	2,322,903
Checks and other cash items...	1,494,351	1,656,292	1,333,484
Exchanges for Clearing House.	144,383,578	90,108,102	47,828,563
Bills of other National banks....	1,328,286	1,421,996	1,869,955
Fractional currency	53,338	52,311	61,714
Specie :			
Gold coin.....	40,235,846	32,612,074	} 17,533,906
Silver coin.....	525,694	495,175	
U. S. gold certificates	14,071,600	11,910,860	
U. S. silver certificates	239,050	153,280	
C. H. gold certificates.....	—	4,475,000	
Legal-tender notes.....	8,777,045	7,654,877	15,104,969
U. S. cert. of dep. legal-tenders.	2,975,000	2,310,000	12,900,000
Five-per-cent. Redemption fund	1,090,203	1,204,455	—
Due from U. S. Treasurer.....	285,313	146,741	1,875,435
	\$ 501,603,534	\$ 432,625,730	\$ 576,725,934
LIABILITIES.			
Capital stock paid in.....	\$ 50,650,000	\$ 50,650,000	\$ 50,750,000
Surplus fund	17,198,670	16,560,184	15,881,442
Other undivided profits	8,968,251	10,228,317	8,093,464
National bank notes :			
Issued.....	21,771,418	24,137,220	} 19,951,990
Amount on hand.....	179,051	239,343	
Amount outstanding.....	21,592,367	23,897,877	
State bank notes outstanding ...	46,189	53,525	54,610
Dividends unpaid.....	162,251	150,495	156,039
Individual deposits.....	279,796,577	224,069,119	155,846,789
United States deposits	275,611	273,202	249,343,958
Deposits of U. S. disburs'g officers	205,425	277,297	156,231
Due to other National banks ...	91,643,888	78,356,030	55,825,444
Due to State banks and bankers	31,064,302	28,109,679	20,665,963
	\$ 501,603,534	\$ 432,625,730	\$ 576,725,934

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

INTEREST BEARING DEBT.

	Feb. 1, 1880.	March 1, 1880.
Bonds at six per cent.....	\$ 270,345,550 ..	\$ 263,948,000
Bonds at five per cent.....	506,495,350 ..	501,418,900
Bonds at four and a half per cent.....	250,000,000 ..	250,000,000
Bonds at four per cent.....	738,776,150 ..	738,962,000
Refunding certificates.....	2,069,800 ..	1,883,950
Navy pension fund.....	14,000,000 ..	14,000,000
Total principal.....	\$ 1,781,686,850 ..	\$ 1,770,212,850
Interest.....	15,385,437 ..	16,212,486
DEBT ON WHICH INTEREST HAS CEASED.....	12,002,445 ..	10,823,135
Interest.....	934,083 ..	897,003

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes.....	\$ 346,742,356 ..	\$ 346,742,271
Certificates of deposit.....	12,635,000 ..	11,485,000
Fractional currency.....	15,668,729 ..	15,631,311
Gold and silver certificates.....	19,464,010 ..	19,452,520
Total principal.....	\$ 394,510,095 ..	\$ 393,311,102
Unclaimed Pacific Railroad interest.....	7,597 ..	7,297
Total debt.....	\$ 2,188,199,391 ..	\$ 2,174,347,087
Interest.....	16,327,118 ..	17,116,787
TOTAL DEBT, principal and interest.....	\$ 2,204,526,509 ..	\$ 2,191,463,874
Total Cash in the Treasury.....	203,742,268 ..	196,351,653
Debt, less Cash in the Treasury at date.....	\$ 2,000,784,240 ..	\$ 1,995,112,221
Decrease of debt during the month.....	11,014,263 ..	5,672,019
Decrease of debt since June 30, 1879.....	26,423,015 ..	32,095,035

CURRENT LIABILITIES.

Interest due and unpaid.....	\$ 3,323,031 ..	\$ 3,662,288
Debt on which interest has ceased.....	12,002,445 ..	10,823,135
Interest thereon.....	934,083 ..	897,003
Gold and silver certificates.....	19,464,010 ..	19,452,520
U. S. notes held to redeem certificates of deposit..	12,635,000 ..	11,485,000
Cash balance available at date.....	155,383,698 ..	150,031,706
	\$ 203,742,268 ..	\$ 196,351,653

AVAILABLE ASSETS.

Cash in the Treasury.....	\$ 203,742,268 ..	\$ 196,351,653
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BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES.

Principal outstanding.....	\$ 64,623,512 ..	\$ 64,623,512
Interest accrued and not yet paid.....	323,117 ..	646,235
Interest paid by the United States.....	45,651,155 ..	45,651,155
Interest repaid by transportation of mails, etc.....	13,586,094 ..	13,656,010
Balance of interest paid by the United States....	32,065,061 ..	31,994,245

NOTES ON THE MONEY MARKET.

NEW YORK, MARCH 25, 1880.

Exchange on London at sixty days' sight, 4.85½ a 4.86 in gold.

The chief features of the monetary situation have not sustained any unusual changes during the last two months. The scarcity of currency continues and the terms for loans are still at the high rates which have ruled during the active season. Some disturbance arose from the funding bill which has recently ceased, however, to command much attention in the loan market, although its promoters in Washington are earnestly striving to press the debate in the House of Representatives. Two difficulties have opposed the progress of the measure in Congress and in committee. First, there was a desire in some quarters to oppose Mr. Sherman's funding scheme, and it was deemed needful to substitute some rival plan so as to show that the exclusive honors of refunding the public debt at a lower rate of interest could not be claimed by any single officer of the Government. Such, at least, is the report, but to those who are acquainted with the history of our funding operations for the last sixteen years it has seemed strange that so much importance could have attached to this argument, especially as several successive Secretaries of the Treasury have taken part in the work, from the time of Mr. Chase and Mr. Fessenden to the present. A second reason alleged in Washington for opposing Mr. Sherman's bill is, perhaps, better founded. It was, as to the proper rate of interest for the new bonds. Mr. Sherman recommended the issue of four-per-cent. bonds at any premium which the market might allow, and the rival measures fixed some lower rate of interest; Mr. Wood's bill adopting 3½ per cent., while others went as low as three per cent. So great was the diversity of opinion elicited by the conflicting plans, that Wall Street soon ceased to regard the funding bill as of much practical consequence in controlling the monetary movements of the early future. Still the debate has not been without important results. Some of these are already apparent. It is worthy of note that the reduction of the rates of interest upon money in this country, which has been so confidently predicted during the last three or four years, is now much less relied upon by those who were formerly the most positive in affirming that bankers and capitalists must be satisfied hereafter with much lower rates of interest than have ruled in the United States. The late discussions on the funding bill have had the effect of bringing these and similar questions into conspicuous prominence, and we have already this compensatory result from the monetary perturbation produced by the funding bill in its earlier stages. Perhaps the most serious aspect of the money market is that of the cash reserves. From the subjoined averages of our New York Clearing House for several weeks past, it will be seen that the surplus reserves had been drained previously to the April settlements, and that they have fallen to a level which is almost unprecedented at this season of the year :

1880.	Loans.	Specie.	Legal Tenders.	Circulation.	Deposits.	Net Surplus.
Feb. 28.....	\$ 293,545,600	\$ 57,113,300	\$ 14,168,000	\$ 21,174,000	\$ 271,012,800	\$ 3,828,700
Mch. 6.....	297,135,500	58,055,000	12,130,400	21,002,100	271,483,400	2,314,550
" 13.....	297,256,900	57,927,900	11,652,400	20,967,100	270,381,000	1,985,090
" 20.....	294,407,400	55,440,100	11,555,100	20,975,800	264,538,200	860,650

The Boston bank statement for the same period is as follows :

1880.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Mch. 1.....	\$ 139,927,300	\$ 4,393,600	\$ 3,511,300	\$ 52,793,200	\$ 31,052,000
" 8.....	139,679,400	5,224,000	3,527,600	53,217,400	30,875,800
" 15.....	141,040,200	5,321,500	3,335,700	53,038,800	31,019,400
" 22.....	140,975,000	4,845,100	3,016,600	51,871,300	31,022,500

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

1880.	Loans.	Reserves.	Deposits.	Circulation.
Mch. 1.....	\$ 67,318,205	\$ 15,773,938	\$ 55,122,311	\$ 12,093,660
" 8.....	67,130,447	16,250,179	55,397,217	12,085,136
" 15.....	67,404,233	16,731,502	55,941,988	12,073,945
" 22.....	68,467,583	16,013,387	56,258,526	12,092,147

With regard to the early future of the money market it is generally held that the indications favor the expectation of an accumulation of currency in the chief financial cities. How rapidly the movement will go on, and when it will begin, are disputed questions. After the April settlements are concluded, the natural currents of finance will, no doubt, bring considerable aggregates of greenbacks and National bank notes to New York and the other banking centers. But two questions are being anxiously considered, with little prospect of speedy solution. The export of specie has not yet reached any serious proportions, and it may not do so, if our imports and exports of merchandize and securities become so adjusted to each other as to restore a favorable balance of the international exchanges. But if this contingency does not occur, the specie exports may become a serious element in the monetary calculations of the current year. Every one knows that the influx of gold from Europe since the resumption of specie payments, has given a stability and strength to our banking reserves. If those reserves should now suffer from the contrary process of depletion by specie exports to Europe, the financial situation would be regarded with much solicitude. Secondly, the greenback portion of the reserves has been subjected to a severe drain, and a vast aggregate of currency has been absorbed in the interior. Many persons suppose that this money will not return but will stay in the channels of the monetary circulation where it now is so active. If this expectation should prove true, stringency in the money market could scarcely be prevented next autumn, though during the dull season prior to that time a fair proportion of monetary ease may be expected to prevail. Time loans are ruling at lower rates than loans on demand for the Stock Exchange. Mr. Sherman has expended his whole surplus of revenue in buying bonds; and the payments from the Treasury on account of these bonds, purchased for the sinking fund during the month, have aided considerably in giving steadiness to the money market. Still, from various causes, the rates for call loans at the Stock Exchange have been very irregular, the tendency now being towards increasing ease.

The stock market is somewhat less active, though the volume of business is large. Government bonds are firm, State bonds quiet, and railway bonds more in demand for investment. Railroad shares show great fluctuations, and the

speculative fever in them, and in mining shares, has somewhat abated. Foreign exchange closes with less firmness, and the shipments of specie are not so generally predicted, but there is considerable doubt as to the specie movements for the coming month. Subjoined are our usual quotations :

QUOTATIONS :	Feb. 24.	March 4.	March 11.	March 18.	March 24.
U. S. 6s, 1881, Coup...	105½	105½	105½	105½	105½
U. S. 4½s, 1891, Coup...	108½	107½	107½	107½	107½
U. S. 4s, 1907, Coup...	106½	106½	106½	106½	106½
West. Union Tel. Co...	114½	113½	111½	108½	106½
N. Y. C. & Hudson R.	131½	131½	131½	129½	129½
Lake Shore.....	105½	109½	108½	108½	108
Chicago & Rock Island	151	150	152	156	185
New Jersey Central...	84½	88	86	85	85½
Del., Lack. & West....	88½	93	91½	92½	93½
Delaware & Hudson...	76½	83½	83	84	85½
North Western.....	91	93½	93½	94½	95½
Pacific Mail.....	42½	58	53½	47½	38½
Erie.....	46½	46½	45½	44½	44½
Call Loans.....	6 @ 7	5 @ 6	5 @ 6	5 @ 6	5 @ 6
Discounts.....	5 @ 6	5 @ 6	5 @ 6	5 @ 6	5 @ 6
Bills on London.....	4.84½-4.87	4.84½-4.87½	4.85-4.88	4.85-4.88½	4.85½-4.88½
Treasury balances, cur.	\$ 7,061,867	\$ 3,494,022	\$ 5,956,001	\$ 5,548,889	\$ 5,447,292
Do. do. coin.	\$ 100,998,750	\$ 100,843,402	\$ 103,976,851	\$ 104,807,519	\$ 104,620,15

The New York City banks, in their return of \$55,072,190 of specie for the 21st of February, include \$14,071,600 of United States gold certificates and \$239,050 of United States silver certificates. Their right to so reckon silver certificates rests upon the same legal foundation as their right to so reckon gold certificates, but as doubts have been expressed about it, a declaratory resolution of Congress seems to be advisable.

The *Boston Transcript*, of March 12, says that small bills are scarce in that city. "Twenty-five cents per thousand dollars were paid to-day for \$15,000 worth. This is said to be the first premium upon small bills during the last ten years. Just after the war as high as \$2.50 per thousand was paid for them."

The *Financial Chronicle* of March 13 maintains that the fact that "the total gold and United States and National bank notes in the Treasury was 184 millions January 1 and 177 millions March 1, shows that bonds have been purchased in excess of surplus revenues." It might show this, if the revenues were received only in gold, and United States and National bank notes, which is not the case, inasmuch as silver may be and is received at the option of the revenue payers. The Treasury monthly statements show that the surplus revenue and no more has been applied to bond purchases.

On the 3d of March the offers of bonds for the sinking fund amounted to \$13,120,600. The following were accepted :

Drexel, Morgan & Co.....	6s of 1880	\$ 5,000	104
Hatch & Foote.....	6s of 1880	4,000	104
Kuhn, Loeb & Co.....	6s of 1881	6,500	105½
J. & W. Seligman & Co.....	6s of 1881	50,000	105.87
Merchants' National Bank of Boston.....	6s of 1881	67,500	105¾
First National Bank.....	6s of 1881	2,383,000	105.85
Total.....		\$ 2,516,000	

The offers of bonds for the same fund on March 10, were \$12,670,300.

Mr. Sherman took \$738,000 of the sixes of 1880 at 104 and 103.99, and \$1,262,000 of the fives of 1881 at from 103.40 to 103.44.

The offerings, March 17, of bonds, amounted to \$11,307,350 of which \$2,000,000 were accepted, viz., \$1,237,000 of the sixes of 1881 at from 105.37½ to 105.44, and \$763,000 of the fives of 1881 at from 103.13 to 103.18. The offerings on March 24, for the sinking fund, were \$5,120,650, of which the Secretary accepted \$2,000,000, as follows: \$1,738,200 of the sixes of 1881 at from 105.11 to 105.73; \$86,000 of the sixes of 1880 at 103.74 and 103.75; and \$261,800 of the fives of 1881 at from 103.05 to 103.10.

A city paper says that it cannot be true that the bonds purchased by Mr. Sherman are for the sinking fund, inasmuch as they are canceled when purchased. This is quite a mistake. The law requires all bonds purchased for the sinking fund to be canceled, but an account is required to be kept of the interest on them, just the same as if they were not canceled.

Another paper speaks of the possibility that the United States may be "in default" in respect to its bonds redeemable in 1881. All fears of that kind may be dismissed, even if no provision is made for those bonds, which are not payable at all at any date, but are merely redeemable on and after certain days at the pleasure of the United States.

Mr. Wood, in his refunding speech, March 4, estimated the purchase of bonds from that date to June 30 at \$20,000,000. It will be considerably more than that if attacks upon our revenue system can be defeated.

Messrs. Speyer & Co. announce that the bids at 97½ for the Southern Pacific six-per-cent. gold \$10,000,000 loan were highly satisfactory, the subscription reaching nearly the full amount of bonds offered. Very much the larger part of the subscriptions were made in Europe.

Mr. Jay Gould has proposed to pay to the City of St. Louis fifty per cent. for its claim of \$916,000 against the Missouri Pacific Railroad. N. A. Cowdry, claiming to represent the ousted stockholders, offers \$500,000 for it.

The Massachusetts House recently rejected by a large majority a bill to legalize time contracts for the sale of stocks and bonds.

The dividend of \$200,000 declared in March by the Chrysolite mine makes \$1,000,000 declared within five months.

For the week ending March 14 the bullion shipments from Leadville were \$257,745.

The aggregate yield of the Comstock mine in January was \$312,000 in gold and \$169,000 in silver.

A dispatch from Austin, Texas, March 20, says, "Messrs. Kuhn, Loeb, & Co., of New York, have taken the new five-per-cent State bonds, authorized to be issued for the redemption of the Pension Loan."

During last January 38,422,853 gallons of petroleum, valued at \$3,528,070, were exported, being double the amount and value exported in January, 1879.

From New Orleans great buoyancy is reported in City railroad, bank and insurance stocks, and in State consols.

The directors of the Rock Island road, at a meeting March 24, agreed upon a resolution to be submitted to a stockholders' meeting June 2, increasing the capital stock from \$20,900,000 to \$50,000,000, so as to provide for the consolidation into one company of the main trunk and all the branches and leased lines.

The London *Times* reports that very few investors there have taken hold of the stock offered by the New York Central Railroad syndicate, as the price is not regarded as attractive.

The *Financial Chronicle* believes that there is a "steady business" now going on in the export of American securities, and that of two securities alone—the syndicate stock of the New York Central and the syndicate bonds of the Southern Pacific—as much as \$33,000,000 have been exported. We dissent from these views, and are of the opinion that the balance of the flow of American securities is rather inward than outward.

The emigrant trains from San Francisco brought 1,100 passengers to Council Bluffs, at a fare of \$35, on the 18th and 19th of March. About ten per cent. of them were Chinese.

A comparison of the last half of 1879 with the last half of 1878, shows that the sixteen principal English railway lines lost £170,872 in gross revenue, but reduced their expenses £513,933, and thus improved their net revenue £343,061.

The official report of the value of the agricultural produce of Ireland for 1879 fixes it at £22,743,006, as compared with £32,758,144 in 1878.

In the London Stock Exchange settlements at the end of February, interest at the rate of ten and fifteen per cent. per annum was paid for carrying stocks.

The British Cabinet has proposed to the House of Commons a bill authorizing the issue of a Metropolitan 3½-per-cent. stock to the amount of £22,000,000, for the purpose of buying out the London Water Supply Companies. Additional payments of six or seven million sterling are expected to be called for, spread over a term of twelve years, to provide for what is described as "the unearned increment on the value of the existing shares." This bill is denounced by its opponents as a piece of jobbery far beyond anything attempted in New York under the Tweed *regime*. One house is reported to have cleared \$4,000,000 by a rise in some of the stocks affected by it. It is said that the Cabinet will be obliged to abandon the bill or to seriously modify it.

In the budget presented in March, the British Chancellor of the Exchequer proposes to rearrange the probate and administration taxes on estates, so as to get an increase of £775,000, and also to subject co-operative societies to the operation of the income tax.

During last February, as compared with February of 1879, British imports increased in money value fifteen per cent. and exports thirty per cent., but the absolute increase of the imports was greater than that of exports by £2,000,000 or \$10,000,000, thus making the balance of trade more unfavorable to Great Britain by that sum.

For the fiscal year ending, March 31, 1880, it is now computed by the India government, that there will be a surplus of £119,000, notwithstanding an expenditure on the Afghan war of £3,216,000, and on military frontier railways of £1,670,000. The greatest revenue improvement was derived from opium, the gain over the estimates being £1,900,000.

The United States Consul at Cairo reports the total gross value of Egyptian products at \$100,000,000, of which he says \$27,000,000 are required to pay the interest on a debt of \$500,000,000 held chiefly in London and Paris.

The British House of Lords, being the court of the last resort, has decided in favor of the holders of certain Bolivian bonds, who claimed that a part of their subscription, which had been placed in trust and which was not to be paid over until the happening of specified contingencies, should be returned to them. The amount involved was about \$4,000,000, invested in United States bonds, which will now be sold.

To the end of 1879, the German Government had withdrawn from circulation \$216,097,228 of silver, of which \$76,536,968 was used in the new subsidiary coinage and the remainder sold.

In the latter part of February a telegram, purporting to be from Berlin went the rounds of the American press, that "the Government has announced its purpose of increasing the subsidiary silver coinage from ten to twelve marks per capita." That cannot be done without a law passed for the purpose by the German Parliament. An increase of the silver coinage was proposed to them by the executive rather more than three years ago, but they would not then agree to it. What they will do hereafter remains to be seen. We now have another Berlin telegram, of March 5, which reads as follows. "The *North German Gazette* says negotiations are proceeding for increasing the amount of coinage of silver pieces." With whom these "negotiations" are being carried on does not appear. Legislators proceed, not by "negotiations," but by enacting laws.

Advices (February 23) from Vienna, say: "Money is still overabundant here, and the first Savings' bank of Austria, the Vienna Sparkasse, has been obliged to reduce its rate of interest for new deposits exceeding 600 florins, from $4\frac{1}{2}$ to three per cent."

For the year ending June 30, 1879, the net loss to the Dominion of Canada from running the Inter-Colonial Railroad was \$716,083, as compared with a loss of \$432,326 during the preceding year.

DEATHS.

At CAMBRIDGE, Ohio, on December 20th, 1879, aged forty-nine years, W. A. LAWRENCE, Cashier of the Guernsey National Bank of Cambridge.

At TROY, Ohio, on Friday, March 19th, aged sixty-three years, JOHN L. MEREDITH, Cashier of the First National Bank of Troy.

At ALBANY, N. Y., on Tuesday, March 23, aged eighty-five years, THOMAS W. OLCOTT, President of the Mechanics' and Farmers' Bank of Albany.

At MARSHALL, Michigan, on Sunday, January 11, aged sixty-one years, HORACE J. PERRIN, late President of the National Bank of Michigan.

At RICHMOND, Va., on Friday, March 12th, aged sixty-seven years, WILLIAM F. TAYLOR, formerly Cashier of the Bank of Virginia.

At BALTIMORE, Md., on Friday, March 12, aged eighty years, General HENRY A. THOMPSON, President of the National Bank of Baltimore.

At LEXINGTON, Missouri, on Wednesday, March 3, aged seventy-two years. GEORGE WILSON, President of the La Fayette County Bank of Lexington.

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No. 11.

THE PUBLIC FINANCES.

The comparative condition of the metallic funds in the United States Treasury, April 2 and March 2, was as follows:

	<i>April 2.</i>	<i>March 2.</i>
Gold coin and bullion (less outstanding gold certificates).....	\$ 135,766,551	\$ 135,795,458
Silver dollars (less outstanding silver certificates).....	32,763,336	32,399,437
Silver bullion.....	4,086,839	4,525,306
Subsidiary silver.....	21,989,814	21,179,312
Total.....	\$ 194,606,540	\$ 194,899,563

The changes are unimportant. As will be seen, the number of silver dollars owned by the Treasury increased only 363,849. The number coined during the month was 2,350,000, of which 1,986,151 are thus shown to have passed into the hands of private owners.

Since the 1st of October there does not appear to have been much tendency to an accumulation of silver dollars in the possession and ownership of the Treasury. The number was then 30,423,150, and in the six following months it increased to only 32,763,336, although the coinage during that time was fourteen millions.

In round numbers, the total coinage to April 1, of silver dollars under the Act of February, 1878, was fifty-seven millions, of which thirty-three were then owned by the Government, and twenty-four by individuals, and of the latter, eighteen were circulating in the metallic form, and six in the form of certificates.

The holding of subsidiary silver coins increased during the month by \$810,502, although it was already inconveniently

large. Such coins are a tender for only \$ 10, and their possession beyond the quantity needed for the special purposes for which they are manufactured, diminishes, by so much, the ready means of the Treasury wherewith to meet its debts. Two remedies are proposed. One is the transmission through the mails, without any charge, of such parcels of subsidiary silver as may be ordered by bankers and others at interior points. It is said that in many places, where access to Assistant Treasurers is inconvenient, there is a positive scarcity of such silver. Another remedy is the bill of Mr. Claffin, of Massachusetts, pending in the House, to have all the half dollars coined below weight during and subsequent to 1853, recoined of full weight and made, like the standard dollar, a tender for all sums. What proportion of the subsidiary silver, now in the Treasury and in circulation, consists of half dollars, we are not advised, but it must be large. Mr. Claffin's bill would doubtless reduce the Treasury holding of subsidiary silver to reasonable limits, but there are perhaps insuperable difficulties about passing such a bill. There is an active party in Congress which is determined that there shall be no increase of silver money which it can prevent, and this party will insist that to whatever extent full legal half dollars are coined, there shall be a corresponding reduction of the coinage of the dollars. At the same time, there is another party, equally active and determined, and probably more numerous, which will resist the contraction of the volume of money that would result from the destruction of the present half dollars, unless the new half dollars are to be an addition to the current silver coinage under existing laws. The opposition of these two parties to each other makes a deadlock which it is difficult to break.

In respect to the aggregate of about \$ 195,000,000 of coin and bullion of all kinds owned by the Treasury, and which is exclusive of the gold and silver held for individuals, and for which certificates are outstanding, we said in February: "We believe that under the present Secretary, and under most of his predecessors, as far back as Mr. Chase, there has been a very great excess of coin kept in the Treasury, not for the purpose of maintaining the redemption of Treasury notes, but for meeting other demand liabilities of the Treasury. The Government has lost interest by idle accumulations, and business and commerce have been injured by a needless locking up of money. If Mr. Wood, or anybody else, will introduce as a separate measure, a properly guarded bill, fixing a maximum of the coin to be held for all purposes, except maintaining resumption, a good deal below the average of what has been actually held for fifteen years past, we will do what we can in the way of supporting it."

We think now that the maximum holding for other purposes than resumption should be applied not merely to the

coin owned by the Treasury, but to the aggregate of its coin, United States notes, bank notes, and deposits in banks, and that as to the reserve held for resumption purposes, the Secretary should be restrained from increasing it beyond the forty per cent. of outstanding United States notes which he has himself fixed upon as the maximum which prudence can require.

At the end of March, there were outstanding :

Sixes of 1880.....	\$ 17,286,000
Sixes of 1881.....	239,601,700
Fives of 1881.....	498,962,900
Total.....	<u>\$ 755,850,600</u>

The aggregate of these several classes of bonds outstanding July 1, 1879, was \$ 792,121,700, so that the reduction to April 1 was \$ 36,271,100.

The reduction during the month of March was \$ 9,716,300, but it would have been \$ 13,516,000 if all the bonds offered for the sinking fund and accepted March 31, had been received and paid for so as to be taken into the account when the statement for the close of the month was made up. The great bulk of the bond purchases of that day will not appear until the statement at the end of April is made up.

The indications now are that on the 1st of May, 1881, when the fives become redeemable, the aggregate of the fives and sixes will be reduced to about \$ 650,000,000, partly by accruing surplus revenues, and partly by legislation in the direction of reducing the accumulations retained in the Treasury. What is known as the refunding question relates to this sum of \$ 650,000,000 or thereabouts. During the ten years and two months from July, 1881 to September, 1891, no other Government bonds can be redeemed, or can be bought up except at premiums very likely to be onerous. The prevailing idea in Congress seems to be, and, as our readers well know, we believe it to be the sound idea, that \$ 650,000,000 is not too large a sum for this great and rich country to pay off in between ten and eleven years, which promise to be a period of peace and unusual prosperity. At all events, the option to pay it off should be carefully preserved.

As we have heretofore taken occasion to observe, nothing so profoundly impresses Europe with the financial power of this country as the spectacle of the actual reduction, looking to an early and final payment, of the gigantic debt of our civil war. On the other side of the Atlantic all expectation of paying off National debts is given up. The most that is hoped for is to maintain a good credit by staggering along under the load of the interest upon them. Even England, with all its wealth, seems to have no higher ambition than that. By persevering resolutely in their ancient policy of treating war debts as burdens to be promptly removed in

times of peace, the United States will attract vast amounts of Trans-Atlantic moneys, not in the mischievous form of foreign loans, but by the emigration of the owners of European capital to a country where its legitimate profits will not be devoured by the cost of standing armies, and by the even greater cost of meeting the interest account of public obligations.

THE BANKING AND BUSINESS SITUATION.

There is a general disappointment that the issues of National bank notes have not increased in anything like a proportion to the augmented activity of business and the resulting demand for more currency. In February there was a positive decrease, although small, of bank notes, and while there was an increase in March, it was less than a million dollars. Many new banks are being established, but they are, for the most part, small ones, and on the other hand, many banks are diminishing the amount of their issues, and others are winding up.

The general and main cause of this slowness of the increase of bank notes is the price of Government bonds, which has risen so much as to reduce the income on a purchase of the four per cents. to a little over three and one-half per cent. per annum, and on the fives and sixes to less than that. In probable contingencies, this price of bonds will rise still higher, and may reduce the income on the purchase rate in the market to as low a point as three per cent. per annum. The profit to be obtained on circulation, taxed as circulation is, is not a great inducement to apply for more notes, at the cost of locking up capital in an investment which yields so little. Many banks are in fact deciding to surrender circulation heretofore taken out, so as to withdraw their bonds and realize the high prices they now command.

A reduction of the tax on circulation, or its entire repeal, would be a remedy, but it is clearly one to which it will be difficult to persuade a majority of Congress to resort.

Another remedy, not so direct or efficient, but still of some value, would be such a change in the law as would permit the use, as the basis for the issue of currency, of all existing interest-bearing securities on which the United States are either principals or guarantors, and of every form of interest-bearing obligations which the United States may hereafter issue or guarantee.

Still another remedy would be an entire removal, or essential modification of the provisions of the present law, which restrict the issue of notes to some proportion to the capital of banks. The security upon which the public rely in respect to bank notes, is not the capital of the issuing banks, but the

public securities held by the Treasury for their redemption. Many of the reasons which once existed for the restrictions referred to, exist no longer. There is no maximum of the permitted aggregate of bank notes, nor is attention any longer paid to any geographical distribution of bank issues. Whatever amount of currency may be applied for and obtained by one bank, does not impair the power of banks subsequently organized to obtain all they want. And finally, the credit of Government securities, and their instant availability to command cash by a sale of them, have been so strengthened, and are still being all the time further strengthened to such a degree by the steady reduction of the National debt, that there seems to be much less reason, than may have once existed, to look for the redemption of notes to anything else. The capital of banks, although in many senses a good additional safeguard, is in no sense a reliable one. It is not in the possession of any official authority, and may be dilapidated or sunk by the misconduct of individuals. Bank notes are safe, if they rest upon public obligations held by the Treasury, in the proportion of 100 for 90, and there is nothing gained by adding to a security already perfect.

In point of fact, nearly all the existing provisions of law, which established any relation between the capitals and the note issues of bank, did not proceed from any intention of making the issues more secure by keeping more capital behind them. On the contrary, as capitals increase, the permitted proportion of notes to capitals diminishes. Before 1875, the whole amount of the circulation was limited to a fixed aggregate sum, and the design clearly was to prevent the large banks of the great cities from getting such a proportion of it as to leave too little for the smaller banks of the interior. But now that there is no limit to the aggregate of notes, there can be no motive for maintaining restrictions, which operate to diminish the note issues of the very class of banks which offer the guarantee, whatever it may be worth, of the possession of large capitals.

It is by no means certain, even if the banks are permitted to issue notes on the basis of any interest-bearing securities upon which the United States are obligors, and even if the laws are so changed that the banks can, without regard to their capitals, obtain all the circulation for which they will deposit the required securities, that the amount of note issues will respond to the demands of trade as freely as it ought to. A tax of one per centum on circulation will prove to be very repressive, if the income on the market price of Government securities shall fall to three per centum.

Attention is directed to the absorption of capital in railroad building, which seems likely to again attain, and perhaps exceed, the proportions of the year 1872. A city paper, the

Commercial Bulletin of March 30, gives the following figures on the subject :

"From eight to ten thousand miles has been the popular estimate for the current year, but the data at hand show that that figure is to be largely outrun. The activity is most conspicuous in the West and Southwest, but there are likewise some very large enterprises under way in the South and the Middle States as well as eastward. From September 1, 1879, to about the present date, 2,971 miles of road have been completed. Within the same period preliminary arrangements have been made for forthwith building 12,641 miles more ; making the total of completed and projected road 15,612 miles, within the brief period of seven months. Thirty roads, embracing 4,923 miles, show a total capitalization (stock and bonds) amounting to \$138,000,000 ; which gives an average rate of about \$28,000 per mile. This must be regarded as materially exceeding the actual cost of the work. If we take the actual cash cost of line and equipment to average \$17,500 per mile, and assume that all the projected roads will be actually built, we reach the conclusion that these new enterprises will absorb \$273,000,000 of capital."

The calls for capital, of which that of railroads is only one, are very great, but so also is the growth of capital in this country. If census returns can be relied upon, the National wealth duplicates every ten years, which is equal during the decade just closing to about \$3,000,000,000 per annum. That the demand for capital has been gaining upon the supply since the recovery of business activity during the past year, is, however, made certain by the rise in the market interest rates, although that rise has not been very marked outside of the City of New York. It would have been greater but for the relief afforded by the large purchases by the Government of its own bond since November 1, 1879.

During the nine months ending March 31, 1880, the imports at New York were :

Dutiable foreign merchandise.....	\$ 225,226,000
Free foreign merchandise.....	99,809,000
Total marketed.....	\$ 319,075,000

The average duty on the dutiable imports was 43.53 per cent. of their value.

The tendency of all the leading staple articles has been towards a decline in price since the beginning of the year.

Steel rails declined from February to the middle of April from \$85 to \$70, and No. 1 foundry pig-iron declined in the same time from \$41 to about \$33.

The decline in wheat in the New York market from January 1 to the middle of April was about twenty cents per bushel. During the same time corn fell ten cents per bushel, mess pork \$2 per barrel and cotton one cent per pound.

If Europe has average harvests this year, we must expect a decline of our export trade, and as a consequence, of our imports. Nothing can be more rash than hastily to take off duties merely because revenues are temporarily large under abnormal circumstances.

BRITISH AND AMERICAN TRADE.

The complete returns show that the excess of British merchandise imports in February over the exports of British growth and manufacture was £16,741,320. This is greater than it was in February, 1879, not by £2,000,000, as the rough statements made it, but by £793,309. England has a large income from its foreign investments, but not large enough to be able to buy as many securities as it must sell, under an adverse balance of trade averaging \$80,000,000 per month.

British trade returns for March, as compared with the same month of last year, show a gain in exports of £2,681,532, or 16½ per cent., but also the much greater gain in imports of £7,798,344, or 29½ per cent. This makes the balance of trade more unfavorable by the large sum of £5,116,812, or \$25,000,000.

It appears from the returns from all the ports tabulated by the Bureau of Statistics, that the excess of the merchandise exports of the United States over merchandise imports for the month of February, was \$4,297,819, making, with a similar excess of \$11,817,477 in January, a favorable balance of trade, for the two months, of \$16,115,296. This is quite different from the impression which has prevailed in many quarters, that the course of our foreign commerce portended an immediate export of gold. As late as the middle of March, several commercial journals in New York made calculations, resulting in the conclusion that the balance of trade against us in January and February was \$20,000,000, whereas it has proved to be the other way, by \$16,115,296. The error has arisen from paying too exclusive attention to the state of things at the single port of New York, and from overlooking the fact that exports at all the other ports have increased more than the imports. We said on this point in our last number: "The view that the merchandise balance against the country for January and February together, was \$20,000,000, involves the supposition that the adverse balance for February was \$31,817,497, which it is really impossible that the full returns should show. It is not yet certain that the balance for February was unfavorable at all."

The confident assertions made as late as the middle of March, by the American commercial press, that the balance

of foreign trade against the United States for January and February, must be fully \$20,000,000, completely deceived financial writers on the other side of the Atlantic. Thus, the London *Economist* of March 20, said: "In January and February last, the imports into New York were valued at about £16,200,000, and the exports at about £10,150,000, and calculations based on these figures place the total imports of the whole country during the two months at £24,000,000, and the exports at £20,000,000. This estimate is of course subject to correction, as the official returns have not yet been issued, *but its substantial accuracy need not be doubted*, and the change in the balance of indebtedness which it indicates is very important."

As already noticed, the actual balance of merchandise trade, instead of being against us for the two months, was \$16,115,296 in our favor.

It being at last conceded that the balance of foreign trade has not yet turned against us, those persons who seem determined to find a fault somewhere in the course of affairs, fall back upon the ground that, although the favorable balance still exists, it is not so large as it was a few months ago. Thus, a city journal, of March 30, says: "The excess of merchandise exports over imports in the year ending with February, shows a falling off of eighty millions, when compared with those of the previous year. The promptness with which Americans spend money when prosperous is remarkable."

Not only is this true, so far as it goes, but it falls short of stating the whole case.

The figures of merchandise imports and exports for two years, are as follows:

	Year ending February 28, 1879.	Year ending February 29, 1880.
Exports.....	\$ 725,856,296	.. \$ 767,860,711
Imports.....	432,094,129	.. 555,561,748
Excess of exports.....	\$ 293,762,167	.. \$ 211,298,963

For the year ending February 28, 1879, the excess of imports of gold and silver over exports, was only \$608,137, whereas for the year ending February 29, 1880, it was \$68,788,566.

In our foreign trade therefore, including merchandise and the precious metals, the balance in our favor fell from \$293,154,030 during the year ending February 28, 1879, to \$142,510,397, during the year ending February 29, 1880. This is a fall of \$150,643,633, or nearly double the fall of eighty millions which is treated as evidence of American extravagance.

Our exports are on an increasing scale. We cannot afford to give them away, but must receive something in return, and inasmuch as foreigners are exhausted of any gold which

they can spare, and have now less of our securities which they are willing to part with at satisfactory prices, we are compelled to receive more of our returns in merchandise. It is not easy to understand precisely what it is that the fault-finders really intend to complain of. They certainly cannot seriously propose that the country should either diminish its exports, or make a gratuity of them to foreigners. And if neither of those things is done, we must, under actual circumstances, import more than we ever did before, and that is precisely what we are doing.

During the three months ending February 29, 1880, our merchandise exports were \$ 207,818,820, and our merchandise imports were \$ 170,450,972.

While the magnitude of imports results necessarily from, and is completely justified by the magnitude of the exports, so also it is true that there is nothing in the character of the things imported which sustains the statement that there is any unusual indulgence at the present time in luxury and extravagance. There is always a good deal of both, and that was true of even the depressed period from which the country has happily emerged. We see no evidence of any special present augmentation of either. There is certainly no such evidence in the table of our imports. The increase shown is partly in prices, and the same thing may be said in respect to exports. Another part of the increase of imports results from our purchases of increased quantities of the raw materials for manufactures, and for railroad construction.

The importation of iron and steel of all kinds increased in January to 128,278 tons, as compared with 13,194 tons in January of last year. In February it increased to 136,670 tons, as compared with 13,732 tons in February of last year. The full returns for March are not yet published, but so far as they have been received, they exhibit an equal gain as compared with March of last year.

Without doubt, a part of the increased importation is of articles of consumption required for the comfort of our people. Instead of an enormous number of them being forced to be idle, as was the case two, three, four, and five years ago, there is now employment for nearly everybody, and the rates of wages have also improved. It is not wonderful that there is now more of everything consumed. The fact, instead of exciting regret, is a gratifying one, as it is in the present case a visible proof of the reviving prosperity of the country.

What is abnormal in the situation is the magnitude of our exports, of which the magnitude of the imports is only a necessary consequence. Such a general failure of the European cereal crops as occurred in 1879, has not happened during this generation, if it ever did. Such a demand for American grain as now exists, cannot be expected after the

incoming of the harvests of this year, and the present scale of imports and of the customs duties cannot be relied upon for another year. In that aspect, it is clearly unwise to tamper with the public revenue, which may soon prove to be not in excess of what is needed for the sinking-fund to which the National honor is irrevocably pledged. Of course, particular alterations in taxes may be shown to be necessary, but no tax should be taken off, or so reduced as to produce less revenue, without the imposition at the same time, in the same law, of some new tax to make the loss good.

BANK DISCOUNTS AND CIRCULATION.

The *Boston Advertiser* says of the banks of that city what is true of them everywhere: "Good rates for money always prove a great inducement for banks to expand their loans, for they naturally desire to make hay while the sun shines. When rates are very low, too, they always like to keep as much out as possible, that no interest may be lost which there is a chance to secure."

The enemies of the present banking system of the United States, say that the banks make money plenty, or scarce, to suit the varying interests of their managers. The truth plainly is, that every one of them is affected at all times by the same motive of profit, which is to lend all it safely can, and there is no conceivable motive which can move it in a contrary direction. If any one bank could make money scarce or plenty, its managers might sometimes see a personal advantage in making it scarce or plenty, and be controlled in making their discounts, not by the interest of the institution itself as a lender, but by their own individual interests, as politicians, or as speculators in real estate and stocks. But no one bank can appreciably affect the money markets, and a combination to that end among all the innumerable banks of this country is a manifest impossibility.

As respects the circulation of bank notes, the old State banks could manufacture them at pleasure, and the only limit to their issues was the number that could be kept afloat without being returned upon them for redemption. The National banks can obtain notes only by depositing Government bonds in the proportion of 100 for 90, but although the way of obtaining notes is thus changed, there is no change in the fact that the amount of notes kept in circulation is determined by the profits of circulation to the banks themselves as institutions, and not by the personal objects which the managers may have in keeping the circulation scant or abundant. No one National bank can affect the aggregate of National bank notes, and a combination of them to that end is out of the question.

A great institution like the Bank of England may, within certain limits, make money cheap, or dear, at pleasure. The last United States Bank, with its \$35,000,000 capital, had the same power, and abused it under the administration of Nicholas Biddle, of unsavory memory, first for political objects, and finally for private cotton and other speculations which ruined it. No danger of that kind is to be apprehended from 2,000 and more National banks scattered over this vast country, and under the management of 10,000 and more men of every conceivable shade of temperament and ideas.

These banks never increase their issues for the sake of exciting speculation. They have but one rule, which is to keep the issues always as large as they can, consistently with their own profits as institutions. It is the activity or inactivity of business which controls the amount of their issues. The banks are acted upon, rather than the originating cause, in the fluctuations of financial affairs. Business expands first, and bank issues expand afterwards, and as a consequence. They are not the masters of the situation, but it is the situation which governs them.

It may be said—and is said by some persons who admit that advancing prices and speculation, instead of being caused by an increase of bank-note issues, are themselves the cause of that increase—that although an enlarging volume of paper credit money does not incite business activity in the first instance, yet that it still further stimulates such activity after it is excited, and aggravates its mischievous effects. That was the favorite theory of the late Amasa Walker, who regarded the elasticity of a convertible paper currency, not as an advantage, but as a defect, and a very serious one. Those who agree with him in that opinion, will not fail to see that the note circulation of the National banks has much less of that species of elasticity than the circulation of the old State banks, who always had an abundance of notes to meet on the instant any newly arising capacity of business to absorb them. It is quite otherwise with the National banks. They can, to be sure, obtain more notes from Washington by depositing more bonds there. But that is an operation requiring time to make, and more or less deliberation before it is resolved upon. It is not undertaken upon the first indication of a demand by the public for the use of more currency. Bank managers naturally wait, until they are first satisfied that such a demand is likely to be tolerably permanent before they move to supply it. Oftentimes, when they are otherwise inclined to supply it, they defer doing so in the hope that purchases of the needed Government bonds may be made to better advantage by some delay. Their predicament is very different from that of the old State banks, whose tills were at all times full of their own notes,

ready to be put out whenever appearances seemed to justify the expectation that they could be floated by the current trade of the country.

In respect to the National bank currency, its lesser degree of elasticity, or comparative steadiness, whichever form of expression may be the most suitable, has had a striking illustration since the recent very marked revival in business and general prices. If we date that revival at (say) one year ago, bank notes have increased in amount about six per cent., or only about double the increase of population within the same time. That is very small indeed, and if we take into the account that the greenbacks, which constitute the other half of the paper in use, have been absolutely stationary in amount, the increase of the aggregate paper money has been in almost exact proportion to the increase of population.

In this connection, we refer to the article of a contributor in our present number, in which a new plan is proposed for securing the needed elasticity of the paper currency through a Board of Currency, the operations of which are fully set forth.

THE CUSTOMS REVENUE.

The Secretary of the Treasury, in his annual report, under date of December 1, 1879, five months after the beginning of the present fiscal year, stated the actual customs revenue for the first quarter of the year at \$44,083,493, and the estimated revenue for the remaining three quarters at \$107,916,502, making a total of \$151,999,995. For the next fiscal year he estimated the same revenue at \$152,000,000, all these estimates being, of course, made upon the supposition that Congress should make no tariff changes.

His estimates of surplus were, for the current fiscal year, \$24,000,000, and for the next fiscal year, \$49,902,635, although he expressed the opinion as to the last named year, that "additional appropriations" would "probably" reduce it to \$40,000,000.

It is now known that the surplus for the current year will be at least double what Mr. Sherman anticipated, and it is a matter of some interest to inquire how he was led into an error so considerable. The inquiry is readily solved by the following portion of his last annual report :

The estimates of revenue for the next fiscal year are based upon the assumption that the increased receipts during the past few months are abnormal, and mainly due to the filling up of wants created by recent depression rather than by the actual increase of trade. These wants being supplied, the revenues for next year probably will not be increased beyond the amount estimated.

Although he does not expressly say so, it is evident that Mr. Sherman applied the same views in estimating the revenue for the last three quarters of the current year, which he applied to the whole of the next year. He found by actual returns that the customs had yielded \$ 44,083,493 for the first quarter of the present year, and it could have been only "upon the assumption" that such a receipt was "abnormal" that he could have set down the probable receipts for the remaining three quarters, at an average of \$ 35,972,167 per quarter.

His theory of our foreign trade was, that there had been no "actual increase" of it, but that the case to be dealt with was simply that the country had become bare of certain commodities during the "recent depression," and that the "filling up of wants" thereby created had led to a temporary and "abnormal" expansion of the imports, and of the revenue which depends upon imports. His theory was, in short, that we had purchased more abroad simply because we were particularly short of certain things which we needed, and that as we were now substantially supplied with such things, or soon should be, the customs revenue would presently return to former proportions. It is not to be expected of men engaged in the practical conduct of public affairs that they should express themselves with the precision of professional writers upon economical problems, and we have not intended to be hypercritical with the language of Mr. Sherman, but have endeavored to comprehend and state what it fairly and substantially means.

We apprehend that the aggregate of our imports before and since December has not depended in any degree upon the fact, or supposed fact, of our being bare of certain articles last fall at the end of a long "depression." The "wants" of men, in the sense of their desires, are very elastic. There is really no other limit to them than their ability to pay for what they desire or "want." If our exports, instead of \$ 600,000,000, should swell to \$ 1,200,000,000, there are plenty of things in the world which we should buy with such added means. The existence of an actual deficiency of certain articles, may, it is true, control the first application of the means which may be in hand, to the supplying of such deficiencies, but the aggregate of merchandise imports will not be affected at all. That aggregate will be controlled by the aggregate of exports, subject to the modifying circumstances that one portion of our exports may be absorbed in paying foreign debts, or what is the same thing, in buying up American securities held abroad, and that another portion may be absorbed, as happened last summer and fall, in purchasing gold in Europe for currency purposes.

In December, as to-day, the true elements of a sound fore-

cast of the future imports, on which tariff revenue depends, were, first of all, the probable amount of exports, and next, the probable extent to which the proceeds of those exports might be absorbed in buying the precious metals or American securities owned abroad, neither of which pay any duties when brought into the country.

In December it was as certain as anything could be that for many months, certainly to the end of the current fiscal year, our exports would maintain the high figures of the years 1878 and 1879. Two things were then known, first, that the failures of the European harvests of 1879 was more severe and more general than had been experienced during this generation; and second, that the American crops of cereals and of all articles of food, vegetable and animal, had never been better. What might happen after the European harvest of 1880 was then, as it is now, wholly uncertain, but until the period of that harvest should be reached, heavy exportations and at good prices were assured, and down to this time that assurance has been verified.

That if the exports remained the same, the merchandise imports would be greater after December than before, was rendered probable by the fact that an unprecedented importation of gold from Europe had set in during the month of August, and continued during the next four months, and had absorbed to the extent of it the proceeds of our exports, so as to leave less for the purchase of merchandise which yields revenue. When December was reached, Europe was near the point of exhaustion of its disposable gold. Our further import of that metal soon after came to an end, and upon no rational calculation could its much longer continuance have been counted upon. Necessarily, as gold disappeared from our list of imports, something else must have taken its place, and this something else is precisely that augmentation of merchandise imports, which is now happily surprising the Secretary of the Treasury with an abundance of revenue so far beyond what he had dared to hope for.

Looking to the future which is now before us, many persons are expecting that an export of gold will immediately commence. It is reasonable enough to expect that some measure of such an export cannot be long delayed, inasmuch as all gold-producing countries are normally gold-exporting countries. The effect of such an export, whenever it may occur, upon our currency, is an aspect not exactly within the line of the matters we are now discussing. But, that one of its effects will be to swell *pro tanto* our merchandise imports and tariff revenue, cannot be doubtful for a moment. It will be an added means of payment for foreign goods, and none the less so, because there may be reasons for desiring that such added means should be found in some other new article to be sent abroad. We may rest contented in the assurance

that no gold will be given away to Europeans, or to anybody else, and that if it leaves the country, some return for it will be brought back.

CONVERTING RAILROAD BONDS INTO SHARES.

The managers of the New York Central Railroad are credited by public rumor with the policy, or at any rate with considering the expediency of a policy, of using any excess of earnings beyond enough to pay an eight-per-cent. dividend towards extinguishing the \$40,000,000 debt for which the property is mortgaged. The idea is said further to be, to give the stockholders scrip, to be ultimately converted into stock, to represent what may be so used in paying debt, so that the ultimate effect of the whole operation, if surplus earnings prove sufficient, would be to free the corporation of the mortgage on it, and to increase the amount of the stock from \$90,000,000 to \$130,000,000.

Of the debt of the New York Central, there becomes due in 1903, \$28,198,000, of which \$18,465,000 are currency seven-per-cent. bonds, and \$9,733,000 is a sterling six-per-cent. loan, and therefore a gold loan, unless either the Bank of England suspends specie payments or Great Britain returns to the double standard in the meantime.

The remaining portion of the New York Central debt falls due at various periods from 1883 to 1887.

In view of the high rate of interest on nearly all the outstanding railroad loans in this country, some such policy, as is said to be in contemplation by the New York Central, would be likely to find imitators, if that road should in fact adopt it. And especially would that be probable among that class of roads, at this time very numerous, which are able to set aside something in reduction of their debts, in addition to making tolerably large dividends to stockholders. The railroad capital in this country, which represents the contribution of stockholders, is far less in proportion to that which is borrowed and represented by bonds, than it is in England, and in saying this, we throw out of the account the stock, of which there is a good deal in this country, which is mere water and represents nothing. The proportion of stock to capital might be increased with great advantage, as respects the safety of holding railroad stocks, even if the profits of such holding might, in some cases and at some times, be reduced. Stock in railroads is after all nothing but an equity of redemption in them, when they are encumbered with debts, and equities of that kind in railroads and every other form of property, are very liable to be lost during periods of business depression and financial disaster.

If all the holders of railroad stock were rich persons, who

were indifferent to receiving any part of the current earnings, and looked only to the real improvement of their property, dividends might be dispensed with altogether, so as to leave the whole income to go to the liquidation of indebtedness. But that policy would be very inconvenient to the mass of stockholders, and would in fact be an unwise one for many of them, as it would compel sacrifices by them in their other affairs greater than any advantages they could gain by it. But the appropriation to debt, of earnings in excess of the current rate of interest upon money, when loaned upon sound securities, would not seem to be open to any serious objection.

Other modes of converting bonds into stock may be suggested.

One would be the offer of new stock to present holders, in proportion to their present holdings; but if such an offer of stock was at a price advantageous to the takers, it would in fact inure only to the benefit of such of the present holders as were in a condition to take more.

Another mode would be the sale of new stock to the highest bidders, the proceeds to be applied to the purchase and cancellation of bonds. That would be a fair mode, if it were fairly managed. But the directors of roads sometimes care more for their own interests than for the good of the property under their control. Instead of selling new stock when the market price was high, they might sell when the price was low, and when it was most convenient to themselves to become purchasers. Or they might be governed in deciding to sell or not to sell, at any particular time, merely by their own position as bulls or bears in the stock at such time.

If we ought to judge by the spirit manifested among a good many of the stockholders of the Pennsylvania Central Railroad, we might conclude that it would require considerable persuasion to induce any general acquiescence of railroad stockholders in a policy of applying any part of current earnings to the liquidation of debts. That was the case of a railroad company which had assumed such a mass of obligations in the shape of its own bonds, of guarantees of the bonds of other companies, and of rentals of leased lines, as would have seriously jeopardized its own solvency, if the cloud of depression hanging over transportation and all other business interests a year ago had not lifted about when it did. As a conservative measure, its managers decided to set aside as a sinking fund, to diminish these threatening obligations so far as it would go, one-quarter of a million of dollars, manifestly not an extravagant sum in comparison with the magnitude of its earnings and liabilities. It is true that they have been sustained in doing so by a majority of the stockholders, but not without encountering the violent opposition of a considerable minority.

FREE BANKING AND THE PROPORTION OF BONDS TO CAPITAL.

The Comptroller of the Currency, on the 9th of April last, transmitted to the Treasurer of the United States \$360,000 of legal-tender notes for deposit, and requested him to withdraw and return to him \$400,000 of United States bonds of the Chatham National Bank, which were on deposit for circulation. The capital of this bank is \$450,000, and the proposed withdrawal would have reduced the bonds on deposit to \$50,000. The Treasurer declined, and holds that under section 16 of the National Bank Act, "Every association shall, at all times, have on deposit with the Treasurer registered United States bonds to the amount of at least one-third of its capital stock actually paid in." The section, however, further provides, "That nothing in this section shall prevent an association that may desire to reduce its capital, or to close up its business and dissolve its organization, from taking up its bonds, upon returning to the Comptroller, its circulating notes in the proportion hereinafter named in this act; nor from taking up any excess of bonds beyond one-third of its capital stock, and upon which no circulating notes have been delivered."

Section 26 of the National Bank Act also provides:

That the bonds transferred to and deposited with the Treasurer of the United States, as hereinbefore provided, by any Banking Association for the security of its circulating notes, shall be held exclusively for that purpose, until such notes shall be redeemed, except as provided in this act.

Section 4 of the Act of June 20, 1874, provides:

That any association organized under this act, or any of the acts of which this is an amendment, desiring to withdraw its circulating notes, in whole or in part, may, upon the deposit of lawful money with the Treasurer of the United States in sums of not less than nine thousand dollars, take up the bonds which said association has on deposit with the Treasurer for the security of such circulating notes, which bonds shall be assigned to the bank in the manner specified in the nineteenth section of the National-bank act; and the outstanding notes of said association, to an amount equal to the legal-tender notes deposited, shall be redeemed at the Treasury of the United States, and destroyed as now provided by law: *Provided*, That the amount of the bonds on deposit for circulation shall not be reduced below fifty thousand dollars.

It will be seen that section 16, while it implies on its face a permanent deposit of bonds, provides also for a return

of bonds in the proportion subsequently named in the act, and that section 26 provides that the "bonds deposited, as hereinafore provided," shall be held *exclusively as security for circulating notes*. The Comptroller, therefore, holds that if a deposit of legal-tender notes is made, as provided by the Act of June 20th, 1874, the necessity for the holding of the bonds no longer exists. He also holds that section 4 of the latter Act—which became a law ten years after the passage of the National Bank Act—is clearly repugnant to section 16 of the original Act, and that it repeals that section, although not in express terms.

This view of the Comptroller is consistent with the action of both the Treasurer and the Comptroller, from the date of the passage of the act to the recent decision of the Treasurer. It is also consistent, as will be seen hereafter, with previous opinions of the Attorney-General—one of which was given July 15th, 1874—less than one month after the passage of the last-named act.

Five days after the passage of the Act of June 20, 1874, Hon. F. E. Spinner, then Treasurer of the United States, delivered to the Comptroller \$830,000 in bonds of the Third National Bank of the city of New York, which had a capital of \$1,000,000, upon the deposit of a proportionate amount of legal-tender notes, leaving the amount of bonds on deposit \$60,000; and on January 30th, 1874, \$150,000 of bonds were delivered to the Comptroller for account of the Fulton National Bank of the city of New York, which had a capital of \$600,000, leaving the amount of bonds on deposit, then and since that time, at \$50,000 only.

This precedent of Gen. Spinner was followed in numerous instances by himself and his three successors in office. On the 13th day of July, 1877, the present Treasurer surrendered \$1,500,000 of bonds for account of the National Bank of Commerce of New York City, leaving the amount of bonds then on deposit less than one-third of its capital; and on January 13th, last, he surrendered for account of the Metropolitan National Bank of the City of New York, \$2,450,000, of bonds, leaving the amount of bonds then on deposit \$50,000.

The Union National Bank of New York City, on July 11th, 1874, withdrew \$260,000 of its bonds, leaving the amount on deposit exactly one-fifth of its capital; on June 12th, 1875, it again withdrew \$250,000 of bonds, thus reducing its deposit to 50,000; on October 25th, 1877, it re-deposited \$100,000 of bonds, and again, on February 26th, 1880, withdrew \$100,000 of bonds, thus again reducing the amount of its deposit to \$50,000.

As the law provides that no bank shall be organized in a city having a population of 50,000 with a less capital than

\$200,000, it is evident that the Treasurer acted with knowledge when he surrendered bonds in excess of \$50,000 to any bank located in any such city.

There are numerous instances of such withdrawals, in the principal cities of the Union, by banks which had long desired to reduce their circulating notes, and which availed themselves of the opportunity almost immediately after the passage of the Act of June 20th, 1874.

Section 16 of the National Bank Act provides for the deposit of bonds by National banks, and Section 26 provides for their withdrawal in sums of not less than one thousand dollars, upon the return of their circulating notes. Section 4 of the Act of June 20th, 1874, also authorizes the withdrawal of bonds, but in a different manner—viz: by the deposit of lawful money instead of by the return of circulating notes; and the effect of the section would be to authorize the surrender of the entire amount of bonds on deposit by every National bank, if a sufficient amount of lawful money in sums of \$9,000 were deposited, were it not for the proviso which prescribes that the bonds on deposit shall not be reduced below \$50,000.

Sections 7, 8 and 9 of the Act of June 20th, 1874, provides for the withdrawal of \$55,000,000 of circulating notes from National banks located in States which had then an excess of circulation, and a distribution of this amount to banks located in States which had "less than their proportion of circulation, under an apportionment made on the basis of population and of wealth, as shown by the returns of the census of 1870." These sections amended the act of July 12th, 1870, and in effect, provided for the reduction to \$300,000 of the circulation of a large number of banks located in Massachusetts, Rhode Island, Connecticut and other States having a circulation exceeding that amount. The Act further required the Comptroller, in case any bank should neglect or refuse to retire its excess of circulation when required so to do, to at once sell the bonds deposited by such association to an amount sufficient to redeem such excess, and to deposit the proceeds with the Treasurer for the redemption thereof.

In order to carry out the provisions of this act, it would have been necessary for the Comptroller to reduce the circulation of a large number of banks, so that the bonds remaining on deposit for securing such circulation would be largely below one-third of their respective capitals. This will be seen from the following table, which gives the names and capital of twenty banks whose bonds, under the operations of these sections, would have been reduced below one-third of their capital, together with the circulation and bonds remaining after the reduction had taken place.

NATIONAL BANKS WHOSE BONDS WOULD BE REDUCED BELOW ONE-THIRD OF THEIR CAPITAL UNDER THE OPERATION OF SECTIONS 7, 8, AND 9, OF THE ACT OF JUNE 20, 1874.

<i>Name of bank.</i>		<i>Remaining circulation.</i>	<i>Remaining bonds.</i>	<i>Capital.</i>
Merchants' National Bank,	Boston.	\$ 300,000	\$ 334,000	\$ 3,000,000
National Bank of Republic,	"	300,000	334,000	1,500,000
National Hide & Leather Bank,	"	300,000	334,000	1,500,000
National Blackstone Bank,	"	300,000	334,000	1,500,000
National Bank of Commerce,	"	300,000	334,000	2,000,000
Tremont National Bank,	"	300,000	334,000	2,000,000
Suffolk National Bank,	"	300,000	334,000	1,500,000
Atlas National Bank,	"	300,000	334,000	1,500,000
State National Bank,	"	300,000	334,000	2,000,000
National Webster Bank,	"	300,000	334,000	1,500,000
National Revere Bank,	"	300,000	334,000	2,000,000
National Bank of Commerce,	Providence.	300,000	334,000	1,709,200
American National Bank,	"	300,000	334,000	1,437,650
Farmers & Mechanics' National Bank,	Hartford.	300,000	334,000	1,105,000
Hartford National Bank,	"	300,000	334,000	1,132,800
Farmers' & Mechanics National Bank,	Philadelphia.	300,000	334,000	2,000,000
Exchange National Bank,	Pittsburgh.	300,000	334,000	1,700,000
First National Bank,	Baltimore.	300,000	334,000	1,110,000
National Bank of Baltimore,	"	300,000	334,000	1,210,700
National Union Bank of Maryland,	"	300,000	334,000	1,258,725

From this table it will be seen that it would have been impossible to comply with the provisions contained in the sections named without violation of the provisions of section 16 of the National Bank act.

If section 4 of the Act of June 20, 1874, is construed to authorize the reduction of the bonds of all of the National banks to \$50,000, then the meaning of the subsequent sections is clear, and its provisions are in harmony with the remainder of the act. But under the construction of the Treasurer that officer would be obliged to refuse legal-tender notes which were voluntarily tendered for the purpose of taking up bonds and redeeming circulating notes, while the Comptroller would be obliged, under the other sections of the same act, to sell the same bonds at a forced sale for legal-tender notes which are required to be deposited with the Treasurer for the same purpose.

The proper construction of the Act of June 20, 1874, was the subject of frequent conferences between Secretary Bristow and the Comptroller, and the latter's communications were, in two instances, referred by the Secretary to the Attorney-General for his opinion, two of which were given; the first on July 15, 1874, and the second on September 25 following.*

In his first opinion he said: "The Comptroller inquires, lastly, whether, notwithstanding the proviso at the end of the 4th section of the Act of June 20, 1874, 'that the amount of bonds on deposit for circulation shall not be reduced below \$50,000,' National banks with a capital of \$50,000 may now be organized as heretofore upon the deposit of \$30,000 of bonds; and whether National banks with a capi-

* Opinions of Attorneys-General; Vol. XIV, pp. 415 and 456.

tal of less than \$150,000 may be organized as heretofore upon a deposit of one-third of their capital stock in United States bonds. I give to both these questions an affirmative answer." . . . "If banks wish to reduce their circulation and take up their bonds, they may do so, down to the limit of \$50,000 of bonds left on deposit, and the spirit of the act would require that banks having a less deposit of bonds than \$50,000 should not be permitted to take up any of them until their circulation is entirely withdrawn and canceled. But this proviso cannot, I think, be so construed as to prohibit the organization of banks with a capital of \$50,000 on a deposit of \$30,000 in United States bonds, or of other banks on a deposit in bonds to the extent of one-third of their capital."

In his last opinion the Attorney-General says: "In my communication of the 15th of July last, addressed to the Assistant Secretary, in answer to a letter from him, I expressed the opinion that for the re-distribution to the extent of \$55,000,000 of National bank notes as provided for by the act, the Comptroller of the Currency must, under this law, rely on requisitions for the withdrawal and redemption of their notes by banks in those States where there is an excess of such circulation, and that *this is his only resource*. I think so still. I cannot otherwise construe the language of the statute."

There was no difference of opinion at that time in the minds of Secretary Bristow, Treasurer Spinner, or the Comptroller, in reference to the right of any bank to reduce its bonds to \$50,000, but there was a question whether any bank could be organized with an amount of bonds less than \$50,000. The Attorney-General in reply says, that all banks may reduce their bonds down to the limit of \$50,000; that banks of \$50,000 may yet be organized upon a deposit of \$30,000, and that banks having a capital of less than \$150,000 may still be organized upon the deposit of one-third of such capital in bonds.

While it is important that the Act of June 20th, 1874, should be in harmony with the National Bank Act, it is equally important that section 4 of the former act should be in harmony with the other provisions of the same act, as well as with the action of the office of the Treasurer and of the Comptroller for the past six years; and that it should also be in harmony with the previous opinions of the Attorney-General upon the same subject.

The principal object of the act of June 20th, 1874, was the redistribution of the circulation of the National banks. Under the construction given thereto, many millions of dollars of circulation were voluntarily surrendered.

The greatest amount of circulation outstanding at any time was on December first, 1874, when it was \$352,943,346, or \$1,605,654 less than the amount authorized by law. So rapid at that time was the influx of the bank circulation, that it

was not found necessary by the Comptroller to sell the bonds of, or withdraw the circulation from, the banks of the New England States. It was soon found that, if the banks were authorized to retire their circulation voluntarily, there was already sufficient outstanding to supply the demand from all sections of the country. So admirable was the result of the provisions of the act last named that it was soon followed by that of January 14, 1875, which repealed all laws limiting the aggregate amount of National bank circulation, and also that portion of the Act of June 20, 1874, which provided for its withdrawal and re-distribution.

These two acts gave to us the only system of free banking known in any country. They opened wide the doors for the issue of circulation to every bank which should comply with the provisions of the law. They also provided for as prompt a retirement of the circulation. Without the latter provision, the system of free banking now in operation would be most imperfect; and it does not seem possible that any one can insist that while the doors remain wide open for the issue of bank circulation, they shall be shut in the face of those who are equally anxious to retire it.

X.

LOANS OF THE NATIONAL CREDIT.

A bill has been reported to the United States House of Representatives, by one of its committees, to loan \$12,000 per mile to a company which proposes to construct a railroad from San Antonio to Laredo on the Rio Grande, the distance being about one hundred miles. It is claimed in behalf of this measure that it is justified by the importance of the projected road, from a military point of view, and that even if interest is not paid on the loan, the annual saving in the transportation of men, munitions, and supplies to the Mexican frontier will more than make good the loss. It is not germane to the general character of this Magazine to discuss questions of this nature, and we do not propose to express any opinion upon this particular aspect of the pending case. But the form of the proposed loan, if it is to be made, involves financial considerations, upon which we can with propriety comment.

The bill provides that the United States shall loan, not money, but the National credit, in the shape of indorsements of thirty-year four-per-cent. bonds. The United States undoubtedly possess credit, and a very abundant credit, but they are also in the enjoyment of ample surplus revenues. If it is expedient for them to loan anything, why not money, which they have in their Treasury in overflowing abundance?

Why should they issue bonds, either as principals or indorsers, when they are every week paying considerable premiums in order to purchase and cancel other bonds which have been heretofore negotiated in the market? It would not be possible to-day for the Government to get in any of its four-per-cent. bonds already outstanding, at a less cost than a premium of seven per cent. Why should it sign any new four-per-cent. bonds and receive no premium for them, when it can, without any inconvenience whatever, make the loan asked for in cash?

It will probably be said, and it may be true, that the Government would never be called upon to pay either the interest or principal of these bonds, because they would be provided for by the San Antonio and Laredo Railroad. But if that company proves to be prosperous enough to pay the interest on these bonds, and the principal when due, it will be able to pay the same interest and principal on a loan of cash, and the interest and principal so received can be applied by the Government on an equal amount of its own four-per-cent. bonds now in existence, which will thus be provided for and finally canceled without paying seven per cent. or any other premium.

The Government of Great Britain is in the habit of making loans to municipalities, in aid of permanent land improvements, and for other purposes, but it loans always cash, and never consols, or exchequer bills, or indorsements. It has never departed from this rule in its home administration, although it has occasionally done so in exceptional instances in its dealings with Canada. In its loans for home objects, the rate of interest exacted by the Government of Great Britain is determined, not by the cost rate of obtaining it, but by considerations of public policy connected with the nature of the object which is to be aided.

If it was proper to make any suggestion to the persons and interests concerned in the San Antonio and Laredo Railroad, as to the form in which their measure is most likely to command the needed majorities in Congress, we should have no hesitation in advising that a change of the loan into a cash loan is essential to any hope of procuring it. There is a very strong sentiment in Congress, as well as out of it, against the issue, in time of peace, of any more bonds, on which the United States shall be either principals or indorsers. A loan of cash does not encounter that opposition, and if the object is a suitable one, the present period of surplus revenues is a very propitious one for a loan of that kind. Instead of creating a new debt it provides a fund for the redemption of an equal amount of debt already existing, which cannot now be got rid of without paying an onerous premium.

THE PRECIOUS METALS.

A British writer, L. C. Probyn, has elaborated what he calls "A proposal for re-establishing the value and position of silver." Its main point seems to be the withdrawal of the gold half-sovereign, so as to make the entire circulation below the sovereign consist of silver. He proposes that the coinage of crowns of five shillings sterling should be resumed, and that there should be issued silver certificates of the denomination of ten shillings, based upon an actual deposit of the metal. There can be no question that the suppression of the gold half-sovereign would cause the use of somewhat more subsidiary silver in Great Britain, and proportionally reduce the use of gold, but to what extent, could only be ascertained by a trial. The opinion there adverse to any reduction of the use of gold is, however, very strong, and we see no indications that this proposal for more subsidiary silver meets with any better reception than Mr. Giffen's proposition to have the Bank of England issue one-pound notes.

Full returns for the month of February, of the movements of the metals into and out of Great Britain and Ireland, are now received. They were as follows, compared with February, 1879 :

	<i>February, 1880.</i>	..	<i>February, 1879.</i>
Imports of gold.....	£ 217,442	..	£ 1,454,401
Exports of gold.....	945,785	..	726,654
Imports of silver.....	416,647	..	622,752
Exports of silver.....	648,109	..	693,245

In February, 1880, the British net loss of gold was £ 728,343, and of silver, £ 231,462.

During February, 1880, the net British silver export to India was £ 465,364, and to China (including Hong Kong), £ 103,518, as compared with £ 283,467, and £ 20,202 during February, 1879.

On an average of the last ten years, four-fifths of the European bullion export (principally silver) to the East are made by the steamers of the Peninsular and Oriental Company. The average annual quantities are given as follows in Page and Gwyther's London circular :

Shipments of gold and silver.

By the Peninsular and Oriental steamers from Southampton	£ 7,800,000
By same steamers from Marseilles.....	300,000
By same steamers from Gibraltar, Malta, and Suez.....	400,000
By the French Messageries steamers from Marseilles.....	2,000,000
By steam and sail from London and Liverpool <i>via</i> Suez Canal.....	300,000
	£ 10,800,000

As we observed in our last number, while new silver dis-

coveries are so numerous, it is well that gold prospecting is being pushed with vigor in several quarters.

In England there is so much disposition to form gold companies, that the London financial journals feel called upon to warn the public against rashness in the premises. The stock of two companies was eagerly taken in England recently, one for placer operations on the west coast of Africa, and the other to work the quartz reefs in India.

The *Mining Record*, of March 27, says: "Our latest advices from Dr. Julius H. Rae, March 5th, announce that his enterprise for the introduction of the appliances of modern hydraulic engineering to the gold deposits of the Island of Santa Domingo, has been fairly inaugurated. From our own personal investigations of the annals of Spanish mining, in that Island, we are satisfied that the streams, hills, and mountains of Santa Domingo, with the resources of modern gold mining, may be made to yield very large and profitable returns, and we shall be greatly disappointed should the undertaking of Dr. Rae turn out otherwise than an early, notably successful mining venture."

Since 1848, Montana has produced more gold than any other State or territory except California. The total production of gold and silver (nearly all gold) since that time is computed in Montana at \$159,000,000, and a great expansion of placer operations is looked for this year, now that a railroad has reached the territory, and that population is rapidly flowing in.

In Utah, where, until now, no gold mines of any extent have been found, some gold-bearing quartz ledges have been discovered, and are now being worked in the Bingham Cañon, twenty-seven miles south-west by railroad from Salt Lake City. In the width of the vein ledges and in the cheapness of mining the ores, as represented, they much resemble the quartz mines in the Black Hills. The ores are low grade, yielding about \$15 per ton, but it is said that they can be mined for fifty cents and reduced for \$1.50 per ton. One account, now before us, says: "The average thickness of most of the veins is about thirty-seven feet, everything between the walls being millable ore. But what is more remarkable is the fact that this ore is so friable that ninety per cent. of the whole can be broken down with a pick or hoe; one man being able to dig down twenty tons of it per day. This ore, which is stained an ochreous color through the leaching away of the iron pyrites it once contained, much resembles a dry, coarsely granulated sand. . . . Connected with the history of this discovery are two curious facts; one is, that placer mining should have been carried on for ten years along the gulches immediately below and fed by these lodes, without the latter having been sooner discovered; and the other that the miners, in searching after smelting ores in the

vicinity, should have thrown aside as worthless thousands of tons of this auriferous quartz before they became aware of its value."

In New Mexico there is reported to be a good deal of excitement over discoveries of what is described as "wire gold," about twenty-five miles west of the Pecos river, in the dividing ridge between the Pecos and Rio Grande. The quantities are reported to be very great.

In the north-eastern projection of the Apalachian chain and its foot-hills, gold prospecting is being pushed with renewed activity in Canada, and has been commenced at Rhinebeck in this State, where the existence of free gold in quartz veins is apparently well vouched.

Where there is so much effort, there will be many cases of success, but there need be no fear of too great a production of the precious metals, either singly or in the aggregate. Bagehot, in his *Economic Studies*, recently published, says correctly, in respect to California and Australia, that "the effect of the great gold discoveries consisted more in arresting the previous continuous *appreciation* of the precious metals, than in causing a positive depreciation." And it is not to be forgotten, that the world's stock of the precious metals has been so augmented since 1848, that additions to it absolutely as large will increase it by a much less percentage now than then.

CANADIAN MONETARY DISCUSSIONS.

The *Montreal Journal of Commerce*, in an article published in March, describes the Canadian supporters of the policy of maintaining the convertibility of all paper money into the standard metal, which, in Canada, is gold, as divided into three classes. The first desire the continuance of the present system, under which the banks issue notes based upon gold and other means retained in their own possession. The second desire the adoption of something like the National bank system of this country, under which security for the redemption of all notes issued is held by the Government. The third desire that the Government, which now issues a part of the notes in circulation, should issue the whole of them, to be redeemable always in gold on demand. The arguments used by these respective classes, are substantially identical with those used in the United States.

The *Montreal Journal of Commerce*, alluding with regret to a public meeting in favor of an inconvertible paper currency, held at Ottawa, and presided over by the Mayor of that city, says: "In Canada, as in the United States, the advocates of fiat money have profited not a little by the diversity of views

which prevail among the supporters of a convertible currency."

We infer from what we see in the Canadian newspapers of various shades of politics, that the ministerial proposition to increase the amount of Government circulating notes, to be redeemable in gold as at present, from twelve to twenty million dollars, will prevail and without material opposition. The banks would naturally resist it, as interfering, to some extent, with their own circulation, but they are to be placated, apparently, by a renewal of their charters, and without requiring them to deposit Government bonds as a security for their notes. As a substitute for that species of guarantee, it is suggested that their note holders should have a claim upon their assets, prior to that of depositors, but this is strenuously resisted in some quarters as unjust and as calculated to deter depositing money with them.

The Government now issues all the one and two-dollar notes current in Canada, and the banks issue notes for four dollars and upwards. It is understood that hereafter they will be allowed to issue no notes below five dollars. The *Toronto Monetary Times*, of March 26, says :

The banks will be required to surrender the circulation of four dollar notes. The five-dollar note will be the lowest denomination they can issue. At present the banks issue, in the aggregate, about four millions of four dollar notes; but it by no means follows that Government notes will hereafter fill the vacuum made by the withdrawal of the banks' fours. The banks have greater facilities for getting out and keeping out notes than the Government can have. The ones and twos of the Government are needed for change; and a pretty even amount of them is at all times required. They are, in fact, almost out of the circle of convertibility. But it will be different with the Government fours. Banks' fives will be likely to be substituted, to a considerable extent, for the fours to be withdrawn. The place left vacant by the withdrawal of the banks' fours will be shared by the banks and the Government, though in what proportions it is impossible to tell precisely. The banks, with greater facilities for getting out and keeping out their notes, will be likely to beat the Government in this contest. If the Government could have forced the banks to increase the proportion of their reserves held in legal tenders, the Government issue could have been considerably increased.

The Canadian Premier has declared that no idea of proposing a Zollverein, or Customs' Union, with the United States, has ever been broached to, or entertained by, the Ministry. Without doubt it is the idlest of follies, and has never been considered as at all practicable by any body who has any knowledge of such subjects. To say nothing of the fact that the British Government would not permit it, it is impossible that the United States would ever admit Canada to any voice in their tariff regulations, and it is hardly conceivable that Canada, on its side, would submit to a tariff in the making of which it could take no part.

At the end of March, Sir A. T. Galt partook of a farewell dinner at Montreal, just before leaving to occupy his post in London, as a diplomatic commissioner of the Dominion. In the speech which he made on the occasion, the most noticeable point was the confidence with which he expressed the opinion that England would impose a differential duty in favor of colonial wheat, when satisfied, as he himself was, that Manitoba was to be "the great food-producing district of the world." The inducement to that would be, of course, differential duties in favor of British manufactures imported into Canada. To develop the capacities of Manitoba, Sir A. T. Galt believed that it would be quite easy to stimulate a great and rapid immigration from the British Islands.

The increase of the Dominion debt is attracting much attention in Canada, and the opinion is frequently expressed that it has already reached a dangerous magnitude. Attention is drawn there also to the fact, that the effect of borrowing money abroad has been to swell their imports unnaturally. They realize, in short, that the proceeds of foreign loans are always realized, not in money, but in foreign goods. On that point, the *Montreal Journal of Commerce* observes :

In Canada there was in the five years from 1870 to 1874, an excess of imports over exports of \$111,284,272, and in the five years from 1875 to 1879 an excess of imports to the extent of \$96,646,638, or in round figures over two hundred millions in ten years.

The excess of our imports has been frequently attributed to over-trading, but such an opinion cannot be sustained by any plausible argument. There is nothing more certain than that in a country like Canada, which has made no loans to foreigners, an excess of imports can only be accounted for by an increase of debt. During the ten years to which our reference has been made, the Dominion Government increased its debt by nearly seventy millions; but there were likewise loans obtained by the Provincial Governments, by municipalities, by loan companies, and investments by private individuals, all of which led to an increase of the imports. It must be constantly borne in mind that commerce with foreign nations is merely an interchange of goods, and that, as a rule, purchases are not made with specie. During the five years ending with 1874 the exports of specie from Canada were a little over seven millions in excess of the imports. During the five years ending with 1879 there was an excess in the imports of specie of \$5,159,916, so that it is clear that the excess of imports, large as it was, did not lead to any movement of gold during the ten years together. There is no reason, so far as we can judge, to attribute our large importations to any other cause than an increase of debt, which has, in accordance with an invariable rule, been contracted in goods.

THE FRENCH IN EGYPT.

The Alexandria (Egypt) correspondent of the London *Times* gives a full account of the recent final settlement between the Europeans, who are officiating as receivers of the late kingdom of Egypt, and the grand syndicate of Paris. The debt covered by the settlement was £4,130,000, or \$20,000,000, and according to this correspondent, "arose out of a series of loans made at 10, 14 and even twenty-eight per cent." He represents that it was "almost paid in full." There was a trifling concession in the computation of the interest, and for a part of the debt the syndicate accepted unified stock at three per cent. above the current market price, although a good deal below par. A most material part of the transaction was the final surrender to the syndicate of the fifteen per cent. of the net revenues of the Suez Canal, being the primary charge upon those revenues, which the Egyptian Government had reserved, in consideration of their concession of that enterprise and of contributions towards it. This revenue, hitherto only mortgaged to the syndicate, has now become theirs in full property. The English hardly relish that part of the transaction, which enlarges the French control over the route to India. The *Times* correspondent says: "All Europe cried out when England bought, at their full value, a number of shares which could not bear interest for nineteen years, yet not a single word is said when more than a seventh part of the whole profit of the canal is handed over to a French group, as a minor result of a very profitable series of banking transactions."

The establishment of a French Credit Foncier in Egypt has now been fully completed. The decree organizing it has been published, and agents have been appointed in all the provinces, so as to bring its "benefits" within the easy reach of everybody. The company has fixed its rate of interest on landed security at ten per cent. As to the means of enforcing payments, the *Times* correspondent says: "The power of foreclosure and sale is sufficiently extensive in the Egyptian law of mortgage. Eight weeks after the summons to pay, the sale of the property can be held."

The French seem to be avenging their failure to hold Egypt at the end of the last century, when the resistance of England proved an overmatch to the genius of Bonaparte and Kleber. At the present time, with the acquiescence of England, reluctant though it be, the Paris syndicates and Credit Fonciers will effect a permanency of conquest which

proved impossible to the soldiers who had just covered themselves with glory in Italy. Nothing can resist the march of ten-per-cent. mortgages, with a power of sale at eight weeks' notice, and where the mortgagees keep the mortgagors in a chronic condition of poverty by devouring taxes, which are collected, not to be expended in the administration of the country, but to be carried away to feed the luxury of London and Paris. If there is any hope for Egypt, it is that quarrels may break out among its conquerors.

THE FINANCIAL OPERATIONS OF SWITZERLAND.

The annexed letter from Geneva to *L'Economiste Français*, translated for the BANKER'S MAGAZINE, will show the arrangements recently made for the liquidation of the debts of the Swiss Confederacy in thirty-five years, and of the City of Geneva in sixty-six years. In the case of Geneva, the annual payment for sixty-six years, by means of which the debt is discharged, is only 4.15 per cent. of the amount of the debt. This is somewhat less than the average rate of interest which is now paid upon it without effecting any reduction of the principal. This is made acceptable to the lenders of the money, by the attraction of a lottery drawing of certain parts of the debt every year to be paid off at par. But this is attractive only when a loan is sold below par, as it is in the Geneva case. When a loan is sold at or above par, an annual lottery drawing, instead of being an attraction, is a repelling and damaging circumstance. The purchaser of a loan at ninety-five gains by having it redeemed at 100, but to one who has purchased at 100 or more, the liability to being paid off at 100 at some uncertain time, to be determined by chance, is a serious damage. The Ways and Means Committee of the House totally misconceived the use of lottery drawings in making loans attractive. They have provided for \$200,000,000 of three-and-a-half per cent. Treasury notes, to be sold at par, redeemable in from two to ten years, but not more than \$40,000,000 in any one year, and the particular notes to be paid to be determined by drawings. It is difficult to conceive of a more hopeless proposition. European financiers who understand the nature of the circumstances under which only the principle of drawings can be usefully applied, will be amazed at such a scheme, or they must conclude that lenders of money in America make calculations about their affairs very different from the calculations of the same classes on the other side of the Atlantic.

TRANSLATION

"The federal loan having for its object the conversion and consolidation of the debts of the Confederation, has been entirely successful. It was not expected to obtain such a success as you have been accustomed to in France for the last few years, in your great State loans, where chances of gain offered to the speculator hold so large a place. The Federal Government does not like speculation any more than it does debts. It has done only what was strictly necessary to raise the money it needed, and no more. The announcement of the opening of the subscription received a limited publicity out of Switzerland. It was desired that the whole, if possible, should be taken up at home, and it was, in fact, at Basle, Geneva, Lausanne, and Zurich, that the largest part was taken. It was placed at ninety-nine and one-half, in certificates of 500, 1,000, 5,000, and 10,000 francs, payable to bearer, except those of 5,000 and 10,000 which may be registered. Moreover, offers of less than 500 francs were not received, and this exclusion, added to the fact that the entire payment of the subscriptions must be made inside of five months, naturally drove away the crowd of small subscribers. To sum up, the subscription reached forty-five millions, and as the loan only required thirty-five, there is a reduction of ten millions to be made. The conversion of the four-and-a-half per cents. into four per cents. has been arranged for twenty millions out of the twenty-nine actually due upon different issues; the six millions borrowed in addition will provide for the subsidy voted to the St. Gothard and Mt. Cenis tunnels. It is to be remembered that the one-half per cent. gained by the conversion will be enough for the repayment of the thirty-five million loan, in thirty-five years, by means of an annuity of 1,875,000 francs, added to the federal budget. It may be said, therefore, that, from every point of view, the Confederation has withdrawn itself very honorably from the financial embarrassment into which it had been thrown by an improvident increase of military expenditure, and by the results of former badly planned loans. Its credit comes out of the trial more solid than ever, and not only has it not fallen into the pit of perpetual debt, from which so few States have, as yet, been able to escape, but it has prepared for its liberation in a short period of time, without imposing on the country any sacrifice.

"The example given by the Confederation to the cantons for the regulation and alleviation of their debts promises to bear its fruits quickly. On all sides the conversion of the debts of the cantons commands attention. Neuchatel, Vaud, and Fribourg, have already followed it, and Geneva, that classic region of financial enterprise, could not remain behind. This canton then is about to follow the movement, and the plan which has been adopted as well as the discussions

which it has raised, deserves the more to be noticed because it is the great event of the day in Switzerland, and because this time, quite contrary to the course pursued by the Confederation, it is to foreign capitalists that recourse has been had.

"The canton of Geneva is perhaps the most deeply indebted of all of them. It owes twenty millions, which would represent for France, comparing the two countries with respect to their population, eight milliards. Half of these twenty millions pay an interest of four and a half per cent. to the holders; nearly six millions pay only four and one-fifth per cent.; about one-half a million only four. The rest of the total represents debts in liquidation and floating debts. It is scarcely necessary to say that the debts of nearly all the cantons arose from works of public utility, roads, bridges, schools, hospitals, etc., etc. Nevertheless, inconsiderate expenditures, and movements of a political character more or less justifiable, have had their share in it. Deficits have occurred for several years past. That of 1879 was probably 550,000 francs, which, in a French budget would be equal to more than 300 millions: The interest charge upon the debt demands nearly 1,100,000 francs, or nearly a quarter of the total budget, which reaches 4,950,000 francs. These figures doubtless appear microscopic by the side of those which figure in your budget; and yet the number of contributors between whom the money payable is to be distributed is the essential point. Now, for a population of 90,000 souls, 5,000,000 francs give fifty-five francs per person, which is only fifteen francs less than the quota of the French citizen under the immense burden of taxes which has been imposed upon him since the disasters of the last war. In no other Swiss canton does the total of the taxes approach that of Geneva, and in most of them it is less than half, rather than more. To return to the Geneva conversion: The increase of the annual expenditures was, as I have said, being rapidly aggravated, and a remedy was sought for it in vain in labored and petty economies, when the Government was carried away all of a sudden with a scheme for a loan, proposed of his own accord by a banker of Geneva, the same who at the National Council at Berne had greatly contributed to enlighten and guide the Confederation in its enterprise of conversion, along with a great French financial company, La Banque de Paris et des Pays-Bas.

"The plan was as follows: The above named bank offered to the canton of Geneva to raise for it the sum of 22,000,000 francs, at the rate of three per cent., provided the price of issue should be put at about ninety-five. But to attract subscribers at that price, it was arranged that there should be drawn annually for redemption at par such an amount of bonds, as would take up the whole of them in sixty-six

years. By this arrangement, an annual payment by Geneva of 834,500 francs will provide for the interest and also extinguish the principal in sixty-six years. The plan seems extremely advantageous to Genevese finances, inasmuch as the interest alone, which has been paid heretofore, is greater by 274,000 francs than the sum which will now pay interest and also discharge the principal within two generations. Of course, the old creditors, who will not assent to the conversion, will be paid off at par.

"The transaction may be briefly summed up by saying, that by paying what is equal to four and one-fifth per cent. annually for sixty-six years on its debt, Geneva provides for interest and for a final discharge in sixty-six years."

REGULATION OF GOVERNMENT MONEY.

BY CHARLES F. Mc CAY.

The issue of paper money by the State has been found injurious to the people by a uniform and invariable experience. Our fathers tried it before the Revolution again and again, with the same disastrous results. The Congress which secured our independence renewed the same experiment, and Continental money is a bye-word and reproach even to the present day. Familiar with these evils, the convention that formed our present Constitution prohibited the States from making such issues, but several evaded this restraint, and in every case with the most serious injury and loss. England and France have tried, but the injuries which they suffered were so terrible that they dread them as they fear pestilence and famine. Austria and Italy and Russia are now suffering from its evils, and would gladly escape if any possible way was open for them. During the last twenty years, the United States Government has tried it, under the most favorable auspices; but after continual fluctuations in the standard of value by which all contracts were measured, we have returned to specie payments with great joy, and put a stop to this unstable currency. But, we are now paying, as a consequence of this issue of paper money, a hundred cents in the dollar for a debt of two thousand millions, for which we received from forty to seventy cents in the dollar. Municipal and private corporations have still larger obligations, on which they have lost the same large percentage. The whole individual indebtedness of the people to one another, ten years since, was a still larger sum, on which the same loss has been incurred. This robbery under the forms of law has plundered nine-tenths of the whole population; so that the scanty means of the poor have been transferred to the purses of the rich. In all times and all countries, the same evils have followed,

without exception, the use of Government promises as a circulating medium; so that every writer of history condemns it, and every economist regards it as most unwise and inexpedient.

We have this paper money still; and though for the past year it has been steady in value, and no one can point to any injuries it has done, no prophet is needed to satisfy us that all these evils will come again. The skies are now bright. Prices are advancing. Industry is earning its rewards. Business is everywhere brisk; and the future is full of promise to every one. But all this will, after a shorter or longer time, be reversed. As prices shall decline, and the manufacturer shall be unable to sell his goods without loss, the laborer will be discharged and the day of trouble will come. The debtors will clamor for relief. They will want more money to pay their creditors. The cry of suffering will reach the halls of Congress. The clamor of the multitude will triumph. Relief will be given to the people by their chosen representatives. More money will be decreed and issued. Specie payments will be suspended. The dollar will depreciate. First, the rich will be robbed, and then the poor. The history of the past will be written over again in all its sad and sorrowful details. Every one who has studied the history of the past not only believes, but knows, this future is before us. Experience has been so uniform; the causes which produce these troubles are so well understood; the results are so closely connected with the natural desires and wants and necessities of the people; that no man of intelligence or reflection has any doubts of their future recurrence in the same order and succession as before.

And yet, our present currency is very popular. It is far better than any we have ever had. The National bank notes are secured by Government bonds, and we know of nothing more secure. The greenbacks are as safe and as popular. Neither can fail; but both can depreciate. In former times we had broken banks, and suspensions by those that were good and solvent. We can now have only the latter; and what is wanted is to secure us from this evil. One of the great defects of the old banking system has been cured; but not the other. We are still exposed to suspensions under the present system, as we were under the old. We know exactly where our danger lies, and now, when we are free from it, is the time to provide a remedy.

What we need, therefore, is to prepare for the future, so that when the time of pressure and panic and disaster shall come, we shall be saved from suspending specie payments. We must place some restraint on Congress, so that they shall not grant relief to the people by depreciating the currency as they will be sure to do, if it is within their power and no other remedy appears possible. We may preserve our present system,

even with its legal-tender features, its double issue by the banks and by the Government, its innumerable host of banks that can create money without limit; but let us find some restraining power which will prevent the evils of an irredeemable currency, when shipments of gold shall begin and continue, when contractions in the volume of money, and in the stores of coin in the Treasury, will bring distress and pressure and panic. "If it be possible," save us from that hour.

There are, also, existing evils which invite a remedy. Although the value of the dollar is steady and remains from day to day as unchangeable as gold, we suffer from weekly contractions and expansions of the currency by the action of the Secretary of the Treasury, who takes out from the market in some weeks more than he gives back; who buys one day two millions of bonds, on another five, and on another ten, changing prices and values at his pleasure. Mr. Sherman has done well, very well, in the judgment of bankers and merchants, but every one wishes his business to be free from interference at the will and pleasure of any man, however wise and impartial. As we have secured life and liberty from the arbitrary control of our rulers, so also we would wish our fortunes and the values and prices of our merchandise to be free. Now when prosperity has come, these interventions merely disturb the rate and amount of profits; but when prices shall be decreasing, and we shall become exporters of gold, and the sale of bonds by the Treasury shall be necessary to check the outward movement of coin, any unwise and spasmodic action will inflict heavy losses on individuals, and bitter complaints will be heard from the sufferers. The sales and the purchases of bonds, by which the currency is now regulated in its contractions and expansions, should be made by a rule prescribed by law, and not according to the will and pleasure of a politician. A law of any kind, even though it may be not the wisest and best, is far better than the arbitrary decision of any man, however honest and well informed and judicious. As self-acting machinery is better than the supervision of any engineer; as the immutable laws of nature are preferred to the capricious rule of the gods; as the penal and civil codes of society are infinitely more acceptable to the people than the rule of the most paternal sovereign; in like manner, a law prescribing the contractions and expansions of the currency, which every one knows and understands, whose movements can be anticipated and acted on by business men, whose effects are limited in amount and in time, so that every one can know when they will begin and terminate, is more adapted to meet the wants and wishes and interests of the people, than the dictum of any Secretary, or the vote of any bank director.

Our present system has another disturbing element, in the withdrawal of National bank circulation. A million, or two millions, in a single day, are sometimes deposited in the Treasury to meet the redemption of National bank notes; and as these come in slowly, and continue a long while outstanding, there is a sudden contraction instead of a gradual movement which would be neutralized by issues of new banks.

A remedy might be found for all these expansions and contractions, by regulating them by law. The maximum beyond which expansion should not extend, and the minimum below which coin should not be permitted to fall, are well known to bankers; and between these limits there should be no intervention. Sir Robert Peel, in the last renewal of the charter of the Bank of England, prescribed the measure by which the expansion and contraction were to be determined, and left the application of the rule to the decision of the bank directors. But it would be a great improvement on this, to make the rule self-acting, and free the movement from the decisions of the bank parlor, so that the wants of business should be the sole regulator of the volume of the currency.

But such a regulation, however solemnly enacted by Congress, could not prevent a suspension of specie payments, when the clamors of the suffering people shall demand more money. When this cry for relief is heard in the halls of Congress it cannot be stifled by a law on the statute books, for such laws can be repealed or altered; and we know by past experience how sure of success all such cries have been in the past, and we are perfectly satisfied that the same success will attend them hereafter, because of the number and influence of the sufferers.

We can, however, in this country make irrevocable laws, which can neither be altered nor suspended by Congress, and this was beyond the power of Sir Robert Peel. This can be effected by a charter giving vested rights which would be secured to the corporation by law as well as good faith, and if to this could be added an arrangement by which all motive to repeal would be taken from Congress, the desired result may be attained.

If then the preservation of specie payments were transferred from Congress to a corporation of its own creation, whose action would not prevent Congress from giving relief to the country by further issues of money, there would be no danger of interference, because the clamor of the sufferers is never for suspension, but for inflation or additional issues of paper money. This issue of paper brings suspension usually, but the motive which impels the legislature is never suspension, but the increase of the supply of money. The decline in prices stops production, closes the shops of the manufacturers, deprives labor of employment, and prevents the

debtor from meeting his obligations. The sufferers need more money and demand it from the legislature and obtain it. This brings on suspension as a consequence; but this is not the object of those who clamor for relief, or of the legislature that grants it; and Congress would therefore have no motive to relieve the corporation of its duty in maintaining specie payments.

To prevent all harm from the power or abuse of power by this new corporation, it would only be necessary to make its action automatic—a machine without will or choice—acting wisely like the governor of a steam engine, opening and shutting its vaults like the valves which admit and exclude the steam propelling the piston at exactly the right time; or diminishing and increasing the draughts of the fire and the creation of steam according to the work to be performed.

The earnings of this corporation might inure to the Government, by making the United States the principal stockholder; reducing the individual stock to a nominal amount, so as retain the name and the appearance of independence and its reality also.

Before formulating these conditions, it may be well to refer to another question of considerable importance. It would be desirable to invest this self-acting machine with a power to give elasticity to our currency, so as to enlarge the supplies of money, and provide for the movement of the crops in the autumn, and withdraw this excess when that necessity no longer exists. We had this elastic quality under the State bank system, and it is to be found now in every country in Europe. Before the war our banks issued large amounts of paper, and were free with their loans and discounts after harvest; because this was needed for the business of the season. When the annual products of the soil were distributed and sold, the money that had been added to the circulation returned, and in the summer it was locked up in the vaults of the banks until it was wanted for another winter. This cannot be done now on account of the heavy tax on circulation. When money is worth five or six per cent. this burden is light; but when interest falls to one or two per cent. it becomes intolerable. If the supply on the market were made sufficient for the winter by the issue of more paper money, the loss on this would be intolerable when it was lying unused in the summer. What is wanted, therefore, is a new supply in the autumn which will vanish in the spring. This new creation might bear heavier burdens for the time it may exist, if those burdens would disappear when they could not be borne. The elasticity that is desired is, therefore, an expansion at one season and a contraction at another, to correspond with the wants of business, with an adjustment of the taxation to the amount of the demand for money; elasticity in the taxation as well as in the money and in the necessities of business.

There is need also of increased facility in the collection of the taxes on the banks and in the payments of their interest ; of coin checks for the settlement of duties at the Custom House ; of restraints on the banks which will prevent those flagrant violations of their charters, that are reported almost every week in the winter for some of the banks, and occasionally for some of the best institutions in our large cities. For the last the law provides the forfeiture of the charter ; but the penalty is so severe that it is never enforced. At times we hear of some bank that fails to provide the insignificant reserve of five per cent. for its circulation. A penalty to prevent these two evils should give a warning before it was imposed, for it must happen from oversight rather than intention, as proper reserves are recognized by all as indispensable elements of good banking.

In the following outlines of the self-acting machine that would correct these evils, some unnecessary details may be included and limitations imposed, which some may think unnecessary ; but they are presented as suggestions for the improvement of our system of currency, whose daily movements affect the interests of every person in the whole community, and claim only such attention as they may deserve.

1. Incorporate a " Board of Currency " with a capital stock of two hundred millions, one per cent. of which may be taken by individuals and the remainder by the United States, five per cent. to be paid in cash and the other instalments when called for ; all its funds to be kept in the Treasury or sub-treasuries, subject to check, only for expenses or dividends, or for the purchase of United States bonds.

2. To this Board the Treasurer of the United States shall present, on Monday of every week, a statement made up from the last received reports of all the sub-treasuries and the Treasury, which shall be made up on every Friday, of the assets of the Treasury in gold coin, or in silver dollars, or in gold bullion (which shall always be received on deposit at the Treasury and sub-treasuries to the credit of any bank, at the rate of one dollar for $25\frac{8}{10}$ grains of the coinage of France, Belgium, Switzerland and Italy, under their present laws, and at a rate one-fifty-fourth more for the coinage of England), and also of the liabilities of the Treasury for bonds of the United States, payable on demand, and for interest accrued on the bonds of the United States, whether due or not due, and for Treasury notes, and for certificates of deposit of gold, or of silver, or of Treasury notes, and for deposits of banks or bankers in the Treasury and in the sub-treasuries. And the Board of Currency shall deliver on every Monday a copy of this statement for publication on the next day, and if this statement shall show that the sum of these assets exceeds the first two of these liabilities,

(viz., for bonds and interest), more than one-third of the sum of the other liabilities, (viz., for Treasury notes, deposits and certificates of deposit), the Board shall purchase on the following Thursday, after advertising for proposals, bonds of the United States with the whole of this surplus as stated; and shall deposit the bonds thus purchased with the Treasurer of the United States; and if the drafts for these bonds shall reduce the amount in the Treasury to the credit of the Board below one-third of the liabilities for deposits in the last statement, the Treasurer shall take these bonds for the United States and cancel them, and credit the Board with their cost; otherwise it shall hold them for the Board of Currency; but if the sum of the said assets shall exceed the sum of the first two liabilities less than a fourth of the other liabilities, the Board shall sell in the same manner a sufficient amount of bonds to make up this deficiency; and if the sum of the said assets shall exceed the first two liabilities more than a fourth and less than a third of the other liabilities, the Board shall neither buy nor sell bonds, and in no case shall the Treasurer pay for the purchase of bonds by any one but the Board of Currency, and the Board shall have the right to call for any bonds payable at the pleasure of the Government, and stop the interest thereon and make such a call instead of a purchase.

3. That the Secretary of the Treasury shall prepare notes of the Board of Currency similar in all respects to those of the National banks, and the Treasurer may deliver these notes, never exceeding the amount of the bonds of the United States held by him for the Board of Currency, on the order of this Board, to any banker or bank that pays a tax on their deposits, that shall deposit bonds of the United States with any of the sub-treasurers, to the extent of ninety per cent. of the amount of the bonds thus deposited; but these notes shall not be valid until indorsed by the cashier of the bank or banker to whom they shall be delivered; and these notes shall not be taxable, but in lieu thereof the bank or banker receiving them shall pay the Board of Currency interest at the rate of two per cent. per annum on the amount of notes received, and shall keep on deposit with the Treasurer six per cent. of these notes in coin or Treasury notes, and these notes shall constitute part of the reserve required by law of bankers and banks, State or National; and when any banker shall cease receiving deposits, or the charter of any bank shall expire, they shall deposit with the Treasurer of the United States coin or Treasury notes equal in amount to all the notes they had received from the Treasurer which were then uncanceled.

4. That every banker and every bank, State or National, that shall have on deposit with the Treasurer or sub-treasurers any bonds of the United States, shall make up

a statement at the close of business on every Friday of their assets in gold coin, and in silver dollars, and in Treasury notes, and in Board of Currency notes, and in deposits in the Treasury and in the sub-treasuries, and in certificates of deposit in the Treasury of gold, and of silver, and of Treasury notes, and of its liabilities for deposits, and for their own notes, and for Board of Currency notes outstanding, and at the end of every month shall make a report to the Board of Currency of the average of each of these particulars in their weekly statements during the month, verified by the oath of their cashiers. And if any such report shall show that their deposits with the Treasurer had been less than six per cent. of their liabilities for notes, they shall pay double the tax to the Treasury and double the interest to the Board of Currency that would otherwise have been due; and if any such report shall show that their other assets, besides their deposits in the Treasury, had been a smaller percentage of their liabilities for deposits than would be required of a National bank located in the same place for a reserve on their deposits, they shall pay double the tax on their deposits that would have been due for that month; and if no such report shall be made, both these double payments shall be made; and all taxes and interest shall be paid quarterly, and based on these reports, by debits at the Treasury to these banks or bankers, and all interest due for bonds deposited with the Treasurer or sub-treasurers shall be paid by credits at the sub-treasury in New York, or such other sub-treasuries as the bank or banker may select, and these credits may be increased by deposits of coin or coin certificates of deposits in the Treasury, and be subject to checks which shall be receivable for customs dues or payable in coin.

5. That the whole amount of the deposits in the Treasury or sub-treasuries by any bank or banker shall be kept in the accounts of the Treasurer and sub-treasurers as a credit to the Board of Currency, and the account of the deposits of each bank or banker shall be kept by the Board of Currency and at its expense, for which all necessary facilities shall be furnished by the Secretary of the Treasury in rooms and offices, and by the Treasurer and sub-treasurers, in access to their books; and if any bank or banker shall have no credit in the accounts at the Treasury for the redemption of the notes they had received, such redemption shall nevertheless be continued, and the Board of Currency shall be paid by such bank or banker one-half of one per cent. on the largest amount of that deficiency in each calendar month.

SUMMARY.

1. Incorporate a Board of Currency (of whose stock ninety-nine hundredths shall be owned by the Government),

which shall act mechanically, according to a published report of the Treasury, having no discretion, and therefore incapable of doing wrong.

2. Fix the minimum of specie when the Board must sell bonds, and the maximum when it must buy, and forbid either when the coin is between these limits. Buy with the whole of the excess, and sell to meet the precise deficiency.

3. Provide a new supply of Government notes to be issued at the interest of two per cent. per annum, for short periods, so as to make the currency increase in the winter, and decrease in the summer.

4. Impose a penalty on the banks that get National currency, for not keeping up their five-per-cent. redemption fund and their lawful reserve, taking the average of their weekly statements for a month.

5. Reserve coin deposits at the Sub-Treasuries and give the Board of Currency the benefit of the deposits and the expense of the accounts.

FRENCH CORPORATION LAWS.

There has been published in the Paris journals what is said to be the substance of a bill proposed by the Cabinet, to be submitted to the Chambers, for the correction of abuses in the formation of companies. These abuses were particularly flagrant during the rage for companies which distinguished Paris during the greater part of 1879, and until it was checked by something approaching a panic in October of that year. In what shape, if at all, such a bill may become a law, remains to be seen, but we can judge from the remedies proposed in the case, what the principal mischiefs are. The following summary of the provisions of the bill are given in the Paris correspondence of a London financial journal :

A company not to be legally constituted until the whole of the capital is paid up. Shares not to be issued above par in the first year. Shares for purchase of business and property, or for promotion, not to be negotiable for first three years. Directors cannot hold similar functions in other companies. Debentures not to exceed half the amount of the subscribed capital. If different series of bonds be issued, they are to take rank in order of date. Debenture-holders to be represented by delegates in the meetings of shareholders. The advertised capital to be the amount effectually contributed by cash or property. Foreign companies, whose shares or debentures are negotiable in France, to be represented by an accepted agent responsible for fines, etc.

Some of these restrictions will be recognized as similar to those which exist, or have been proposed, in many of our States. The provision that debenture-holders shall have a

voice in the management of companies, has been often suggested in England, and particularly in respect to railroads. Whether under this French scheme they are to have only a right to take part in consultations, or to have an actual voting power, does not distinctly appear in the account quoted above. There is something to be said on both sides of the question of giving them such a voting power. Debenture-holders, merely as such, have no interest beyond seeing that payments of interest are provided for and that their capital is kept secure. They have no interest to endeavor to have dividends declared or even earned for shareholders. On the other hand, as shareholders cannot receive dividends, until current interest on funded debts is paid, they must necessarily take care of debenture-holders before they can do anything for themselves.

French ingenuity in financial matters is strikingly illustrated in the proposed provision that the shares issued for the purchase of business and property, and for the services and expenses of promoters, shall be non-negotiable for three years. This would give time to test the actual value of schemes and of the property purchased as the basis of them, and promoters would hardly be able to realize fictitious valuations. If a mine, for example, is put into a company, or "stocked," as the American phrase is, at the price of \$1,000,000, and to be paid in four-fifths of share issues fixed at \$1,250,000, the other fifth being sold for cash, to provide working capital, the sellers of the mine, who would be the originators and promoters of the company, instead of being able to realize at once the merely represented, and oftentimes fraudulently represented, value of the mine, could only realize such a value as it was proved to be actually worth by the test of operating it for three years. Such a restriction is certainly ingenious, although it might turn out, and in many cases probably would, that it would be matched by an equal ingenuity in devising methods of evading it. However that might be, the injunction to be never wearied in well-doing is as applicable to legislators as to others. Efforts to prevent fraud and over-reaching may never perfectly succeed, but some good is accomplished if nothing more is done than to make evil practices more difficult of execution. Many people will travel on a broad and macadamized road, who will avoid one which is obstructed by bars and made dangerous by pitfalls. It is the duty of law-givers to put up as many bars as they can against the march of rogues, and to devise all possible means in which to entrap them.

SAVINGS BANKS, THEIR EXPENSES, ETC.

We print in this number of the Magazine the abstracts given in the last annual reports of the Savings institutions of Maine and Massachusetts, and very copious quotations from the report, dated on the 27th of March, of Mr. Henry L. Lamb, Acting Superintendent of the Bank Department of New York.

In all three of the States referred to, there is shown a very distinct recovery from the depression and distrust which have so recently affected institutions for savings. Where there has been no fraud, the value of assets is proving to be greater than was at one time feared, and there is a marked increase in the amount and number of deposits.

In a communication published in the *New York Times* of April 19, Mr. Seymour A. Bunce, President of the Citizens' Savings Bank of this city, while denying that such institutions are more expensive in their management in the State of New York than similar institutions in either Great Britain or New England, maintains that a greater degree of expensiveness would be justifiable.

Thus, in respect to Great Britain, he says that as the investments are wholly in Government securities, all the cost of managing other securities, such as valuing and taking care of pledged property, is avoided. And he also shows that British Savings banks are kept open a much less number of hours than in this country, whereby the clerical charges are much reduced, although at the expense of the convenience of depositors. Of the 638 in Great Britain and Ireland, twenty only are open daily, 355 are open only once a week, and five are open only once a fortnight. Many are open only one hour in a week.

In respect to New England, Mr. Bunce says: "It must be borne in mind that the New England Savings banks, in numerous instances, are run in connection with mills; they are often located in the corner of a country store, and in many cases they are carried on in connection with commercial banks, the officers of the one discharging the duties of the other for a small additional remuneration. Twenty-five of the sixty-six Savings banks of New Hampshire are conducted in connection with National or State banks. While these features characterize many of the New England banks, the spirit of New York legislation, for the past twenty-five years has been to force the Savings banks to stand alone, wholly separated from any other institutions."

In comparing the expenses of different institutions, Mr. Bunce insists that the proper test is the proportion of ex-

penses, not to the number of accounts, nor to the aggregate amount of deposits, but to the "total amount of transactions," by which we understand him to mean the aggregate of all payments into and out of the banks.

Applying this test, he constructs the following table :

State.	Total Amount of Transactions.	Year.	Expenses.	Avg cost per dollar of each Transaction.
New York.....	\$ 225,129,852 ..	1878 ..	\$ 1,320,451 ..	.0058
Massachusetts.....	88,017,441 ..	1878 ..	606,550 ..	.0068
Connecticut.....	28,769,150 ..	1879 ..	210,211 ..	.0073
New Hampshire.....	13,088,861 ..	1879 ..	97,700 ..	.0074

Mr. Bunce defends, or at least excuses, the construction of costly banking buildings, on the ground that they inspire popular confidence. Undoubtedly they have that effect upon a multitude of persons, but it can never be justifiable to attract deposits to an institution by a policy which really weakens it and diminishes its safety. Nor do we see in Mr. Bunce's letter any denial of the accuracy of the many specific charges brought against some of the New York Savings banks, of extravagance in salaries and allowances, the festivities of officials, &c.

THE MAINE SAVINGS BANKS.

From the report, dated December 31, 1879, of Joseph Titcomb, Bank Examiner of the State of Maine, it appears that the decrease of deposits in the Savings' banks, which commenced during the recent business depression, has at length come to an end. The decrease has been as follows during and since 1876 :

Years.	Decrease.	Years.	Decrease.
1876.	\$ 4,264,549	1878.....	\$ 3,725,320
1877.....	920,381	1879.....	186,363

Of the decrease in 1879, the Examiner says :

"This decrease took place mainly in the first part of the year, only about \$40,000 of it having occurred during the last six months. This would seem to indicate that the lowest point had been reached, and that with the revival of business and an increased confidence in the ability of the banks to meet the demands made upon them, we may expect that in the future they will not only hold their own, but will have larger amounts of deposits entrusted to their keeping."

Of the decrease in 1878, more than two-thirds, or \$2,743,565, did not consist of withdrawals of deposits, but of reductions ordered by the courts in the amount permitted to be drawn for. In most of the cases, the assets have proved better than was then feared, and considerable portions of these reductions will finally be recovered by the depositors.

The aggregate statement of the Savings banks November 3, 1879, is as follows:

<i>Liabilities.</i>	<i>Resources.</i>	<i>Value on books.</i>
Deposits.....	United States bonds.....	\$ 3,266,521
Unpaid dividends.....	State of Maine bonds.....	55,075
Reserved fund.....	County, city, and town bonds	
Special reserved fund.	of Maine.....	1,082,262
Interest.....	Other State, county, city, and	
Rents.....	town bonds.....	5,772,618
Profits.....	Railroad bonds.....	2,373,398
Bills payable.....	Bank stock.....	993,937
Sundries.....	Real estate—investments.....	329,964
	Real estate—foreclosures.....	731,890
	Loans on real estate.....	5,383,617
	stocks and bonds....	1,271,275
	other collaterals....	278,863
	names alone.....	24,933
	to municipalities.....	70,459
	to corporations.....	27,000
	Other investments.....	738,784
	Cash on hand and on deposit..	652,059
<u>\$ 23,052,663</u>		<u>\$ 23,052,663</u>

Whole number of savings banks November, 1878, sixty-two; number closed during the past year, two; present number, sixty; in the hands of receivers, three; closing up, two; number whose deposit accounts were reduced, thirteen.

	<i>Number.</i>	<i>Amount.</i>
Depositors and deposits November, 1879..	75,443	\$ 20,978,139 92
Additions the past year.....	9,150	5,712,465 11
Withdrawals the past year.....	11,685	5,808,828 25
Net decrease the past year.....	2,535	186,363 14
Deposit accounts of \$ 500 and less.....	61,933	6,648,934 29
over \$ 500 and not over \$ 1,000....	7,560	5,277,098 99
over \$ 1,000 and not over \$ 2,000....	5,588	7,863,436 55
over \$ 2,000 and not over \$ 5,000....	320	846,372 85
over \$ 5,000.....	42	342,297 24
Average amount to each depositor.....	—	278 07

Average rate of dividends the past year, four and three-eighths per cent.; annual expenses, except taxes, \$ 70,713.00; United States tax paid the past year, \$ 1,428.27; State tax, \$ 179,202.26; municipal tax, \$ 13,756.67.

BOND CHARGE ON THE MISSOURI PACIFIC RAILROAD EARNINGS.—A decision was rendered by the Supreme Court of the United States, April 12, in the case of *George E. Ketchum et al. vs. The County of St. Louis, intervenor*, brought here by an appeal from the Circuit Court of the United States for the Eastern District of Missouri. The Court holds, first, that the Act of the General Assembly of Missouri, approved January 7, 1865, under authority of which the county of St. Louis issued its bonds to the extent of \$ 700,000, and loaned them to the Pacific Railroad Company of Missouri, created, when accepted by the railroad company and the county, an equitable lien or charge in favor of the county upon the earnings of the railroad to the extent necessary to meet the interest upon the bonds, as it should become due, such payments and lien to continue until the bonds should be paid off; second, that this equitable lien or charge exists, and is enforceable against the funds in the hands of the receiver, against the purchaser under the decree of foreclosure heretofore rendered, and against whomsoever may hold the property, or have the custody of its earnings. The judgment of the Court below is affirmed. Justice Harlan delivered the opinion, Justices Strong and Bradley dissenting.

THE NEW YORK SAVINGS BANKS.

The report of Mr. Henry L. Lamb, Acting Superintendent of the Bank Department, was submitted to the Legislature of this State on March 27th. We take from it the following:

CONDITION OF THE SAVINGS BANKS OF THE STATE OF NEW YORK.

The whole number of Savings banks reporting to the Superintendent January 1, 1879, was one hundred and thirty-two; the number which reported January 1, 1880, was one hundred and twenty-eight. Of the latter number, ten institutions do not receive new deposits; and some of them have not received deposits in several years. They perform few functions of a Savings bank, excepting the single one of paying the sums due depositors. None of them owe more than a few hundred dollars to depositors. They report themselves as "closing."

There are sixteen Savings banks which are reckoned as closed or closing. Ten of these reported to the Superintendent, January 1, 1880.

The whole number of Savings banks in the State which have vitality enough to perform the usual corporate functions, and to be counted as alive, is one hundred and eighteen. This is the smallest number reporting since 1869. The aggregate deposits, however, have never but once exceeded the amount on January 1st, this year.

No new Savings bank was organized in 1879, and no application was made to the Superintendent, pursuant to the Savings Bank Act, for the organization of one. No Savings bank failed during the year. Three resolved to go into voluntary liquidation and to pay depositors. They are the Clinton County, the Newtown and the White Plains Savings Banks.

The Clinton County Savings Bank has converted all its assets into cash, and nearly paid off all the depositors. The money is in bank to pay the rest of them. The Newtown Savings Bank has paid all its depositors, and closed up its affairs. The White Plains Savings Bank has taken decisive steps toward liquidation and dissolution.

There are a very few institutions with small deposits and anything but bright prospects which will in the end be compelled to retire from business, in all probability. At present, great difficulties surround a Savings bank which has not won an assured position in the confidence of a body of depositors.

THE CONDITION OF THE SAVINGS BANKS.

In the table herewith presented the condition of the Savings banks in the State on January 1, 1880, is exhibited, as well as the comparative situation of them this year and last year:

RESOURCES.	Jan. 1, 1879.	Jan. 1, 1880.	Increase.	Decrease.
	\$	\$	\$	\$
Stock Investments:	Par value.	Par value.		
United States.....	100,780,200	119,985,590	19,205,390	—
New York State stock.....	4,326,500	4,302,500	—	24,000
Stocks of States other than New York...	8,480,861	9,272,693	791,832	—
Bonds of cities in this State.....	61,670,212	66,503,933	4,833,721	—
Bonds of counties in this State.....	8,404,500	8,567,554	163,054	—
Bonds of towns in this State.....	3,338,607	2,802,244	—	536,363
Bonds of villages in this State.....	400,850	490,150	89,300	—
Other stocks or bonds.....	103,076	179,041	75,965	—
	187,504,806	212,103,705	24,598,899	—
Estimated market value of stock investments...	201,355,288	227,799,156	26,443,868	—
Bonds and mortgages.....	93,392,041	85,722,373	—	7,669,668
Amount loaned on public stocks, as authorized —by section 27, chapter 371, laws of 1875....	3,025,244	7,463,942	4,438,698	—
Banking-houses and lots and other real estate at estimated market value.....	9,986,707	10,430,579	443,872	—
Cash on deposit in banks or trust companies...	13,936,979	13,893,109	—	43,870
Cash on hand not deposited.....	3,813,420	4,271,445	458,025	—
Assets of every description not stated above....	5,898,194	4,641,772	—	1,256,422
LIABILITIES.	331,407,873	354,222,376	—	—
Amount due depositors.....	299,074,639	319,258,501	20,183,862	—
Other liabilities.....	609,410	181,923	—	427,487
Surplus.....	31,723,824	34,781,952	3,058,128	—
	331,407,873	354,222,376	—	—

STATISTICS.	Jan. 1, 1879.	Jan. 1, 1880.	Increase.	Decrease.
Number of open accounts January first...	810,017	864,470	54,453	—
Number of accounts opened in the year....	156,121	171,911	15,790	—
Number of accounts re-opened in the year....	10,418	12,664	2,246	—
Number of accounts closed in the year....	160,332	130,478	—	29,854
Number of institutions reporting Jan. 1st.	132	128	—	4
Amount deposited during the year, excluding interest credited.....	\$ 100,754,398	\$ 106,141,328	\$ 5,386,930	—
Amount withdrawn during the year.....	124,375,454	99,375,232	—	\$ 25,000,222
Amount of interest credited and paid for the year.....	13,139,690	13,462,081	322,391	—
Present appraised value of real estate....	9,986,707	10,430,579	443,872	—
Amount of loans on collaterals not authorized by Laws of 1875.....	526,999	411,007	—	115,992
Amount of investments not authorized by Laws of 1875.....	603,338	404,652	—	198,686
Expenses.....	1,320,451	*1,280,091	—	40,360
Average amount of each account Jan. 1st.	369.22	369.32	.10	—
Amount of real estate other than banking- houses and lots at cost.....	4,235,868	4,787,725	551,857	—

* This amount includes internal revenue tax paid for the year 1879.

CHARACTERISTICS OF 1879.

1. *Deposits and Depositors.*—The increase of the deposits is \$ 20,183,862; the increase in New York City, \$ 10,072,493; in the rest of the State, \$ 10,111,369; the surplus is increased \$ 3,058,128; the number of depositors is larger by 54,439.

2. *Investments.*—The mortgage loans have decreased more than 8 per cent.; the amount of Government bonds has increased about 19½ per cent.; other stocks have increased about 6 per cent.; real estate acquired has increased \$ 551,857.

3. *The Business of the year.*—Total transactions, the amounts withdrawn and deposited, \$ 205,516,560; these transactions are almost nine per cent. less than in 1878.

The great change in the situation and the tendency of the business is plainly exhibited in a brief comparison of the figures above with those for the previous year.

CHARACTERISTICS OF 1878.

1. *Deposits and Depositors.*—The decline in the deposits, \$13,748,419 the falling off in New York City was \$10,943,000; in the rest of the State, \$2,805,000; the surplus increased \$2,502,712; the number of depositors fell off 34,533.

2. *Investments.*—The mortgage loans decreased more than thirteen per cent.; the amount of Government bonds increased about 17½ per cent.; other stocks decreased about twelve per cent.; real estate acquired increased \$1,677,601.

3. *The Business of the year.*—Total transactions, the amounts withdrawn and deposited, \$225,129,852; these transactions were about twelve per cent. less than in 1877.

INCREASED DEPOSITS FROM RESTORED CONFIDENCE.

It became apparent last year, in the early months, that the Savings banks in the city of New York had passed through the ordeal, which took an aggravated form in 1875, after the melancholy failure of the Third Avenue Savings Bank. In the majority of the metropolitan institutions there were then clear evidences of more confidence among the depositors; money flowed into the Savings banks as it had not done in several years.

Following upon this restoration of confidence came renewed activity in business, which was the immediate and natural result of resumption. Those depositors who suspended depositing, because they had no surplus wages, earned more money and became depositors again in Savings banks.

I have no doubt that some money, which had been invested in Government bonds at six per cent., found its way to Savings banks, as the best possible investment, when such bonds were called, in 1879. It is agreed that small deposits are more numerous than they have been in several years. But there is no material change in the average amount due each depositor. The obvious deduction is, that many large deposits have also been made, or the average of each account would have declined, in consequence of the new small deposits.

Both these causes would fail to explain the increase of twenty millions in deposits during the year, without the other one had exerted a great influence upon the minds of depositors. In no other State is a similar result reported in the transactions of the Savings banks. In some States there was a material decrease in deposits in 1879. In others the totals barely held their own. The general causes would be substantially the same in the eastern States, and would work similar results. The special cause, the restoration of confidence among depositors, is the chief variable factor. In New York, it seems to be true that the Savings banks command the confidence of the depositors as they do not yet, in an equal degree at least, in other States. And I am sure that they deserve such confidence, as they never did before. The general tendency has been for five years and still is toward safer investments and more economical and vigilant administration of the affairs of such of these institutions as were not once most prudently managed.

THE EXPENSES OF MANAGEMENT.

The cost of conducting the Savings banks in the State is larger than it ought to be, than it need be. In 1878 the salaries paid by the Savings banks in the State amounted to \$949,831.13. In 1879

they were \$862,062.22. The average cost of the care of each account kept during the year, in salaries alone, exceeds one dollar for either year.

The expense is larger, so far as the Superintendent is informed, than that in any other State or any other country, whose Savings banks furnish statistics of sufficient completeness to afford the basis for safe comparisons. In the ten largest Savings banks in Massachusetts, the average cost of each account for 1879, in salaries, is sixty-three (63) cents. In the eight largest Savings banks in Connecticut (the rest are too small for use in comparison) the average cost of the care of each account, in salaries, is seventy-four (74) cents. In three British Savings banks, located in large cities, the average cost, in salaries of each account is only *thirty-one and six-tenths* ($31\frac{6}{10}$) cents.

The London *Times* of July 28, 1879, contained the latest returns of the British Post-Office Savings banks. From that return it appears that the average cost of each transaction (that is, payment or deposit), from September, 1861, to July 1, 1879, was seven and nine-tenths ($7\frac{9}{10}$) pence, this is scarcely *sixteen cents* in our currency. The average cost of each transaction for the five largest Savings banks in New York City, in 1879, was nearly *sixty* ($59\frac{7}{10}$) cents; and for the five largest Savings institutions in Brooklyn, the average cost of each transaction in 1879, was over *sixty* ($60\frac{7}{10}$) cents.

The salaries paid in many Savings banks are larger than those paid in many other, if not all other, kinds of service, which resemble, in the quality of work and the responsibility imposed, that in the Savings banks.

THE STRENGTH OF THE SAVINGS BANKS.

Few people know how strong our Savings banks have become, excepting those who have made their condition the subject of careful and critical analysis. The investments of the Savings banks in the State were, I think, never so free from securities of doubtful value as they are now. The amount of hazardous investments held in 1875, when the general Savings Bank Law, was passed, has been constantly and gradually decreasing. The amount of mortgages has very largely declined in three years, and those where the margin of security was small have become fewer. The stock investments have improved in quality by the elimination of Southern State bonds and of town bonds. In addition to all these favorable changes, the surplus, the reserve resource of the Savings banks, has steadily gained in amount and in proportion to the deposits. The following table is interesting, in this relation:

Year.	Deposits.	Surplus.	Per cent. of surplus to deposits.
1860.....	\$541,178,160	\$2,552,085	.... .0439
1865.....	111,737,763	7,590,174	.... .0679
1870.....	194,36,2170	14,023,880	.... .0722
1875.....	303,935,649	24,310,086	.... .0800
1880.....	319,258,501	34,781,952	.... .1089

The increase in the total surplus in 1879 was *three millions* of dollars upon cash, or appraised, values.

While such results are being wrought by the Savings banks, no new legislation is demanded for the security of the depositors.

The Superintendent felt warranted in saying last year in his report that "he had faith in the Savings banks for what they have done and are now doing."

The business of the last year and the results, as well as the present outlook, prove that this faith was well founded.

CURRENT EVENTS AND COMMENTS.

WESTERN FLOUR MILLS.

The manufacture of flour is being greatly increased in the north-west, and the milling interests have been greatly developed during the last few years. Since 1870 over 2,500 mills have been erected in Indiana, Illinois, Wisconsin and Minneapolis—an annual increase of 250. At St. Paul and Minneapolis these mills are on so gigantic a scale, that they have made the price of wheat there equal to the Chicago price.

A NEW CEREAL.

Numerous accounts are published at the West, and especially in Kansas, of a new cereal called Egyptian corn or rice. It is said to have been brought into the country by the Mennonite immigrants from Russia. It is represented as having many things to recommend it, but its crowning alleged merit is its capacity to resist drought. This quality is just what is needed in that vast Western region, formerly known as the American Desert. Mr. Hollingsworth, of Chicago, in a letter to the *Tribune* of that city, gives the following account of his own experience with it:

It grew right on, regardless of drought and rain, and ripened about the 1st of September, yielding some sixty bushels to the acre, weighing sixty pounds to the bushel. The stalk is much better for fuel than corn stalks, and makes as good fodder also. Its fuel qualities, in this treeless region east of the mountains, is a most important fact, as a few acres will furnish fuel for a family for an entire winter. From the top of the stalk issues a tuft, something like that of sorghum; this soon droops over, and the whole bunch is one mass of grain. The kernel is about the size of a grain of wheat, perhaps a little smaller, and more nearly round. Each one is inclosed in a shuck or independent capsule. The grain can be ground into an excellent flour, from which bread and other food can be made; it can be boiled and eaten as rice or cracked wheat, and, in fact, can be used for any purpose for which our ordinary cereals are employed. A neighbor, who raised a small crop last year, assured me that it fattened pigs faster than he had ever known common corn or any other feed to do.

REDUCTION OF MINING EXPENSES.

The reduction in the cost of getting out and reducing ores in the great gold and silver-bearing regions of the West, is almost as hopeful a sign for the future as the discovery of new mines. The *New York Indicator* gives the following case in point: "The New York stamp quartz mill of Black Hawk, Colorado, gives notice that it will hereafter crush gold-bearing ores for \$15 per cord, equivalent to about \$2 a ton. This is the lowest price ever charged for crushing by any custom mill—that is, a mill that handles ores for any miners who may choose to bring them. . . . Years ago it cost from \$40 to \$50 to crush the product of the mines. This charge was reduced gradually to \$35, then to \$25, and \$20. . . . Under these reduced expenses, mines are profitable that have been the reverse, and many properties will, consequently, be worked, that have been doing little or nothing."

MINNESOTA LAND SALES.

The St. Paul *Pioneer* of April 3, says: "The following statement shows the amount of sales of the land department of the St. Paul, Minneapolis, and Manitoba Railroad Company during the month of March:

Acres sold for cash.....	5,255
Acres sold on credit.....	25,224
Total.....	30,479
Amount cash sales.....	\$ 19,513
Amount credit sales.....	134,696
Total.....	\$ 154,209

COLORADO.

The writers and collectors of statistics in this flourishing State say, that during the year 1879 at least 75,000 have been added to the population, and though Denver and Leadville have, of course, increased more rapidly than any other towns in the State, the increase of population is by no means confined to them, but is shared by all the cities and towns, the stock raising, the farming, and the mining districts. The value of the yield of the mines for 1879 has been \$19,898,000, of which \$3,248,000 is the value of gold, \$15,695,000 of silver, and \$955,000 of coal. There is \$535,000 worth of copper and lead, which raises the total product to \$20,433,000. There has been a good deal of railroad building during 1879, but the activity in this respect will be much greater in 1880. There are 781 miles of broad-gauge railroad in the State, and 545 of narrow gauge—1,326 miles in all.

The foregoing estimate of the silver production of 1879, is about \$5,000,000 greater than that of Wells, Fargo & Co. In their last annual circular they say: "It has been exceedingly difficult to get at the actual production of Leadville, the two most reliable reports varying more than \$2,000,000."

MONTANA.

On the 16th of March the Territory of Montana was reached for the first time by a railroad. This was the Northern Utah Railroad, which was completed on that day to Summit Station, 209 miles from Ogden, and leaving 200 miles still to be completed before Helena, the metropolis of the Territory is reached. There was great rejoicing over the event, and the inhabitants of the Territory are jubilant over their prospects. Population is flowing in, to engage in all pursuits, farming, wool and stock raising, mining, &c. Of the precious metals \$5,130,000 were exported in 1879. As to prospectors and purchasers of mines, a letter from Helena says, that "there has been a continued procession of New York, Philadelphia and Boston capitalists to this section since February 1."

FALL IN IRON.

The Philadelphia *Ledger*, of April 7, says: "Some of the leading iron companies of this State have suddenly reduced the price of pig iron nine dollars a ton, 'gray forge' being sold at \$30, and better grades \$1 higher. This reduction amounts to over twenty-two per cent., and has been made to put an end, if possible, to heavy importations of pig iron. It is said that four-fifths of the pig iron now being consumed has really been sold at this reduced price, under old contracts, so that the reduction in existing market rates is to some extent nominal only."



PRODUCTION OF STEEL.

The British *Mercantile Gazette* of March 19, says: "The total capacity of the steel mills throughout the world is estimated at 3,000,000 tons for a year's production. In the United Kingdom there are 120 Bessemer converters built, of which over eighty are at work, and the annual yield from these is considered as from 755,000 to 800,000 tons. The American make is estimated at 750,000 tons, the next largest producer being Germany, which is considered by many to be capable of the greatest expansion among all the steel-making countries. Less than two years ago there were twenty-five converters in Prussia working, out of the fifty built, and turning out 375,000 tons, which were increased by the works in Saxony and the Palatinate to 400,000; and since the revival of trade fresh converters have been put into operation. The estimate of the French steel manufacture is about 275,000 tons; that of Belgium, 150,000; of Austria, with thirty-two converters, 250,000; and of Sweden and Russia, 150,000. Of the Bessemer converters in England, the largest are two ten-ton ones at Sir John Brown & Co.'s works, in Sheffield, the others varying between three and eight tons in capacity; and out of the twenty-four British steel works, seventeen only have rail mills. Looking at the probable extension of railways for the next twelve months, it is difficult to see how all this large output of steel rails is to be utilized.

GERMAN EMIGRATION.

According to the German official tables of emigration, the total for 1879 was 33,257, being 9,000 more than in 1878. Of the 33,257 persons emigrating in 1879, 30,808 came to the United States, and the proportion was equally large in 1878. As merchants, Germans are widely scattered through Mexico and South America, and at former periods they have inclined somewhat to go to Brazil and the River Platte countries for farming and pastoral purposes. But their final judgment seems to be in favor of this country as the best one to live in.

IRISH EMIGRATION.

The United States Consul at Cork, in a dispatch dated March 12, 1880, reports a great increase in emigration from the south of Ireland to the United States. In the last forty days, he says, the number of emigrants to America from Cork was 1871, in the same time last year it was 323, showing an increase of 1548. There are many Irish emigrants who take other routes and ports of departure. About half of them have their expenses borne by friends in America.

CANADIAN PACIFIC RAILWAY.

In a recent speech in the Canadian Parliament, the Canadian Prime Minister said, he believed the land system proposed by the Canadian Government would build the Canada Pacific Railway, and finally pay off every cent expended in its construction. He claimed that the influx of population in the North-West would increase from 25,000 persons, in the present year, to 75,000 in 1890—an annual proportionate increase of 5,000. From railway lands and pre-emption the Government expected in the decade to have \$38,000,000 paid, and \$32,712,000 unpaid, but due, on account of pre-emption and railway lands sold—making a total of \$71,000,000. From this sum about \$2,000,000 must be deducted for cost of surveys, leaving \$69,000,000—one-half paid and the other secured by real estate. The Government estimated the cost of constructing the Pacific Railway from Lake Superior to the Pacific Ocean to be \$75,000,000.

STEAM *vs.* SAIL.

The increased use of steam in navigation has diminished the tonnage of sailing ships as much in Great Britain as in the United States. A recent report to the British Parliament shows that in 1869, British sailing vessels amounted in tonnage to 4,677,275 tons; in 1879 the tonnage had fallen to 3,918,676 tons—a decrease of seventeen per cent.; steamers in 1869, aggregated 1,039,969 tons; in 1879, 2,331,157 tons—an increase of 124 per cent. The total number of vessels, sail and steam, was 21,881 in 1869; in 1879, 20,029 vessels. From this it is seen how much vessels must have increased in size during the last ten years.

MANITOBA.

Statistics of land sales in Manitoba and the North-West, have been reported in the Canadian House of Commons, from which it appears that the total area sold in 1879 was 247,315 acres; number of purchasers 882, showing an average for each purchaser of 280 acres. There were, however, 183 purchasers of lots of 640 acres or more each; the largest single buyer taking 2,075 acres; so that the average of the remaining holdings is materially reduced.

At Winnipeg, the total value of goods entered for consumption during March was \$108,176, and for the same month last year \$60,975, showing an increase of \$47,201, or nearly forty-four per cent.

It is found, by an assessment just completed, that the total value of assessable property in Winnipeg is \$4,011,900, an increase of over half a million over that of last year.

Wheat and other cereals are very high at Winnipeg, notwithstanding the grain capacity of that region. On the 1st of April wheat sold at from ninety cents to one dollar per bushel; oats at sixty to sixty-five cents, and barley at the same prices. Oat, straw, and hay, were worth five to six dollars per ton; wood, from six to seven and one-half dollars per cord.

ALASKA.

An official report presented to the Senate shows less than 250 whites residing in Alaska, and that the whole number of inhabitants, including about 4,000 Aleuts, and 14,000 Esquimaux and Indians, is probably less than 20,000.

INCENDIARISM IN CUBA.

The New York *Commercial Bulletin*, of April 8, has the following: "Letters received here, per steamer 'City of New York,' state that the incendiary torch is at work, taking advantage of the protracted drouth prevailing throughout the sugar districts, accompanied by very strong southerly gales. On the 23d of March, the banks of the river Damuji, in Yaguaramas County, were the scene of an extensive and destructive conflagration, which started in Plantation Encarnacion, belonging to Messrs. Aviles & Leblanc, with loss of all the remaining sugar cane standing, reckoned at about 200 hogsheads. Thence it spread to Plantation Santa Rosalia of Senor Arruebarrena, which was completely destroyed, including sugar cane, 400 hogsheads of sugar, 300 hogsheads already made, 100 hogsheads molasses, and the mill, with other buildings. Simultaneously the fire broke out on Plantations Constancia and Laberinto, of Senor Apezteguia, whose whole standing cane was burnt, reckoned at between 1,500 and 2,000 hogsheads of sugar. Two other estates, in Havana County, had been fired and partially consumed."

USURY LAWS IN GERMANY.

Usury laws were abrogated in Germany in 1867. A commission has been recently examining the question of the expediency of restoring them, and has reported a bill to the Parliament, which contains the following provisions: "Whosoever grants a loan, or prolongs an old loan, and abuses the difficulties, the poverty, the inexperience, or carelessness of his client, by exacting promises that will bring pecuniary advantages to himself, which exceed the rate of interest, and are in no proportion with the service rendered, shall be punished for usury up to three months imprisonment, or fined up to 1500 marks."

FROZEN FISH.

A writer in the London *Mercantile Gazette* says: "Frozen meat from Australia is no sooner accepted as *un fait accompli* than we are promised frozen fish from India. At least I hope some latest form of this delicacy will find its way over here in sufficiently large quantities to bring London fish salesmen to their senses, and compel them to reduce their exorbitant charges.

"The way fish is frozen at Messrs. Forbes & Co.'s ice factory at Bombay is merely by being suspended in wire nets in the freezing water; while the oysters, stripped of their shells, are first stored with their juice in air-tight tins, and are then frozen in the blocks the same way as the fish. One of these huge slabs of crystal ice filled with a collection of many sorts of fish is about as pretty and cool a sight as could be wished for."

MERCANTILE FAILURES.

QUARTERLY RECORD OF THREE MONTHS.

The following comparative statement is furnished by Messrs. Dun, Barlow & Co., showing the number of failures in the United States and Canada, for the three months ending March 31st, 1880, and the same period in 1879.

	Quarter ending March 31, 1880		Quarter ending March 31, 1879	
	No. of failures.	Am't of Liabilities.	No. of failures.	Am't of Liabilities.
Eastern States.....	212 ..	\$ 1,239,844 ..	343 ..	\$ 6,840,842
Middle States.....	444 ..	4,943,340 ..	831 ..	14,314,647
Southern States.....	241 ..	2,452,386 ..	495 ..	8,717,908
Western States.....	345 ..	2,625,952 ..	648 ..	8,380,221
Pac. States and Ter.	190 ..	1,515,552 ..	207 ..	4,859,047
Total.....	1,432 ..	\$ 12,777,074 ..	2,524 ..	\$ 43,112,665
Canada.....	503 ..	\$ 4,816,277 ..	634 ..	\$ 11,648,697

Upon the above exhibit, so far as it relates to the United States, Dun, Barlow & Co. observe:

"The failures for the first quarter of the present year, as will be seen by the above table, number only 1,432, with liabilities of only \$12,777,074. These figures are exceptionally small, and show a decrease in the number of casualties of nearly one-half, as compared with the first quarter of any previous year since 1874. The liabilities are less than they were ever before reported in any quarter since the commencement of the publication of quarterly returns. It is a fact full of significance that the indebtedness of failed parties in the first three months of the present year, does not equal one-fourth of the sum to which it amounted in any first quarter in the last preceding six years. As time progresses, the figures relating to failures seem to indicate a steady continuance of favorable conditions for the trade of the country."

THE GUARANTEE OF NOTES BY A NATIONAL BANK.

SUPREME COURT OF THE UNITED STATES, NO. 873, OCTOBER TERM, 1879.

People's Bank of Belleville vs. Manufacturers' National Bank of Chicago.

SWAYNE, J.—This case was submitted to the Court without the intervention of a jury. The Court found the facts and gave judgment for the defendant. The plaintiff thereupon sued out this writ of error and brought the case here for review. The Act of Congress regulating the procedure adopted seems to have been carefully complied with.

The plaintiff and defendant in the Court below are respectively the plaintiff and defendant in error here. For convenience we shall speak of them in this opinion by their former designations.

The facts lie within a narrow compass, and there is no controversy about any of them.

On the 8th of August, 1873, Henry C. Pickett, made his ten promissory notes of that date, each for \$5,000, all payable to his own order, indorsed by him, all bearing interest at the rate of ten per cent., payable semi-annually, and all payable one year from date. Eight of these notes are described in the plaintiff's declaration. Pickett delivered the notes to the defendant to be negotiated to the plaintiff pursuant to a prior agreement between him and the defendant, that the latter should so negotiate the notes and apply the proceeds to the cancellation of other indebtedness then due from him to the defendant. On the 8th of August, 1873, M. D. Buchanan, Vice-President, and one of the Directors of the defendant, with the knowledge and consent of the President and Cashier of the defendant, who were also directors, but without any authority from the Board of Directors as a Board, or of a majority of them individually, or any notification to the Board of Directors as a Board, transmitted the notes to the plaintiff with a letter, in which occurs the following language: "In accordance with your telegram, I herewith hand you ten notes of \$5,000 each," etc. . . . "We debit your account \$50,000." . . . "This bank hereby guarantees the payment of the principal sum and interest of said notes." This letter was written below one of defendant's letter heads, and signed, "M. D. Buchanan, Vice-President." The notes were also indorsed "Henry C. Pickett," and below, "M. D. Buchanan, Vice-President Manufacturers' National Bank." The defendant was the plaintiff's correspondent at Chicago, and the plaintiff's account with the defendant was debited with \$50,000 on account of the notes. At the same time Pickett's paper in the defendant's hands was canceled to the same amount. All the notes were protested at maturity for non-payment, and due notice was given to the defendant. Nothing has been paid on either of the notes. Besides a special count in the declaration upon the guarantee of each of the eight notes involved in this suit, there was a common count for money had and received.

The case was submitted in this Court without an oral argument. The opinion of the learned judge who decided the case in the Circuit Court is not the record, and no brief has been submitted on behalf of the defendant. A few remarks will suffice to give our view of the law touching the rights of the parties.

The National Banking Act (*Rev. Stat. U. S. 999, sec. 5,136*) gives to every bank created under it the right "to exercise by its Board of Directors, or duly authorized agents, all such incidental powers as shall be necessary to carry on the business of banking, by *discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt*, by receiving deposits," etc. Nothing in the Act explains or qualifies the terms italicised. To hand over with an indorsement and guaranty is one of the commonest modes of transfer-

ring the securities named. Undoubtedly a bank might indorse, "waiving demand and notice," and would be bound accordingly. A guarantee is a less onerous and stringent contract than that created by such an indorsement. We see no reason to doubt that, under the circumstances of this case, it was competent for the defendant to give the guaranty here in question. It is to be presumed the Vice-President had rightfully the power he assumed to exercise, and the defendant is estopped to deny it. Where one of two innocent parties must suffer by the wrongful act of a third, he who gave the power to do the wrong must bear the burden of the consequences.

The doctrine of *ultra vires* has no application in cases like this: *Merchants' Bank vs. The State Bank*, 10 Wall., pp. 645, 646.

All the parties engaged in the transaction and the privies were agents of the defendant. If there were any defect of authority on their part, the retention and enjoyment of the proceeds of the transaction by their principal, constituted an acquiescence as effectual as would have been the most formal authorization in advance, or the most formal ratification afterwards. These facts conclude the defendant from resisting the demand of the plaintiff: *Wharton on Agency*, sec. 89; *Bigelow on Estoppel*, 423; *Railroad Co. vs. Howard*, 7 Wall. 392; *Kelsey vs. The National Bank of Crawford Co.*, 69 Penn. St. 426; *McCutchen vs. Collins*, 13 Id. 15.

A different result would be a reproach to our jurisprudence.

Whether, if the guaranty were void, the fund received by the defendant as its consideration moving from the plaintiff could be recovered back in this action upon the common count, is a point which we do not find it necessary to consider. See *United States vs. State Bank*, 96 U. S. 33.

The judgment of the circuit is reversed, and the case will be remanded, with directions to enter a judgment in favor of the plaintiff in error.

LEGAL MISCELLANY.

ALTERED CHECK—REPRESENTATIONS BY CERTIFYING BANK—The suit of Henry Clews against the Bank of New York, which was tried before Judge Van Brunt, of the Court of Common Pleas, resulted, on April 15th, in a verdict for plaintiffs for \$2,540 and interest. The plaintiff alleges that the Commercial National Bank of Chicago issued on July 6, 1879, a draft to the order of Wirt Dexter, on the Bank of New York, and which the latter certified. Subsequently, one E. J. Murphy, bought United States bonds from the plaintiff and presented in payment the draft, which had been altered to \$2,540. Plaintiff alleges that he sent his clerk to the paying teller of defendant, who said it was correct. The draft, however, had been stopped, and the defense was that plaintiff's clerk instead of presenting the draft to the paying teller of the bank, presented it to the certification clerk.

LIABILITY OF STOCKHOLDERS.—A dispatch from Albany, April 6, announces the decision by the Court of Appeals of the important suit for a third of a million dollars by M. K. Jesup, Drexel, Morgan & Co. and others, plaintiffs, against Andrew Carnegie, Thomas A. Scott, Benjamin E. Smith, William Dennison, Oliver Ames and others, defendants. The judgment of the Court is in favor of the latter, holding that the defendants as stockholders and corporators of the Davenport Railway Construction Company of Iowa are not liable on the corporate notes of that company. The plaintiffs sought to charge the defendants as partners and makers of the company's notes, on the ground that they had not duly organized the company under the laws of Iowa, having failed to file their certificate of organization in the Secretary of State's office within the prescribed time. The decision of the Court of Appeals reverses the decision of the New York Superior Court, which gave judgment against the defendants for the full amount.

LIABILITIES OF SURETY.—The case of *Manufacturers' Bank vs. Dickerson*, 41 N. J. L. 448, decides a point of suretyship. A bond was given for the faithful performance of duty by an "assistant clerk" in a bank. He was employed as a messenger. Afterward he was promoted to the next higher clerkship, and still later to the position of book-keeper. In the latter position he was near the money drawer, and from time to time abstracted money from it, and made false entries to conceal the crime. The last promotion was without the knowledge of his sureties. *Held*, 1. That the defendants are not liable for any want of faithfulness on the part of D. after his second promotion. 2. That when he was promoted to the position of book-keeper he ceased to be an assistant clerk within the meaning of the bond. 3. That upon a fair construction of the contract, the sureties could not have contemplated a liability after such a promotion. 4. That the promotion involved a material alteration of the principal's duties, increased the perils of the sureties, and released them from the bond. The court said: "The rule of construction to be applied to contracts of suretyship, as stated in *Miller vs. Stewart*, 9 Wheat. 680, is to the effect that the liability of a surety is not to be extended, by implication, beyond the terms of his contract; that he is bound only to the extent, and in the manner and under the circumstances pointed out in his obligation, and no further; that it is not sufficient that he may sustain no injury by a change in the contract, or that it may even be for his benefit; that he has a right to stand upon the very terms of his contract, and if he does not assent to any variation of it, and a variation is made, it is fatal." "Resulting from the principles just stated is the familiar rule that the surety is discharged if, without his consent, the principal parties make a new agreement inconsistent with the terms of the original agreement, or in the mode of performing them." "From the same principles results also another rule, still more closely applicable to the case before us, namely, that when there is a bond of suretyship given for an officer, and by the act of the obligee the office is materially changed, so as to affect the risk of the surety, the bond, as to him, is avoided." This doctrine and its application are well supported by the following authorities: *Ludlow vs. Simond*, 2 Cai. Cas. 1; S. C., 2 Am. Dec. 291; *McMicken vs. Webb et al.*, 6 How. 292; *Bowmaker vs. Moore*, 7 Price 223; *Smith vs. United States*, 2 Wall. 219; *McCluskey vs. Cromwell*, 11 N. Y. 593; *Whitcher vs. Hall*, 5 B. & C. 269; *Pybus vs. Gibb*, 6 Ell. & Bl. 902. Contemporaneously, the case of *Northwestern Nat. Bk. of Minneapolis vs. Keen*, Philadelphia Common Pleas, March 13, 1880, 37 Leg. Int. 124, involves the same question and decides it in the same way. There the bond was for the discharge of the duties of book-keeper of the bank, from which position the principal was promoted successively to the positions of teller and assistant cashier. The surety was informed of none of these changes. It was held that the surety was not liable for his embezzlement in the last position. The court cite *Miller vs. Stewart*, *supra*. They hold that the liability was not extended by the words, "and in every way faithfully and honestly administer his duties while in the employ of the aforesaid bank." They remark: "A person may well be willing to give security that a good accountant will make a good book-keeper, while he would hesitate very long before he would guarantee that a book-keeper could be intrusted to fill a position in which he could embezzle one hundred and twenty-eight thousand dollars before being detected. Human integrity depends very often upon the amount of temptation to which it is to be exposed. And it is as essential to a bondsman to know the stress to which his principal is to be subjected, as it is to a mechanic to know the weight his contrivance is expected to support.—*Albany Law Journal*."

STOCK EXCHANGE SETTLEMENTS BY BANKRUPTS.—The English Court of Appeals in Bankruptcy has recently decided a question interesting and important to parties having dealings on the London Stock Exchange. Under the rules of the London Stock Exchange, whenever a member becomes unable to fulfill his contracts made in the Exchange he is declared a defaulter, and thereupon ceases to be a member. A committee of the Exchange acts as an assignee of the defaulting member, adjusts his Exchange transactions, receives what is due from his debtors, and pays over to his creditors whatever sums

they may be entitled to. In the case before the court it appeared that a member named Plumbly had notified the committee of his inability to meet his engagements, and was accordingly declared a defaulter. The official assignee, under the rules of the Exchange, closed Plumbly's contracts, and found that the differences due him amounted to about \$20,000. This sum was collected, and was about to be applied in settlement of the claims of Plumbly's creditors in the Exchange. At this point the trustee under the defaulter's liquidation applied for an injunction to restrain the assignee from making this disposition of the funds, and claimed that they were general assets of Plumbly, to be distributed among his creditors generally. The Court of Appeals holds that the sum in controversy was an artificial fund, created by the rules of the Stock Exchange, and that it never formed any part of the debtor's assets. It was no more his than a voluntary contribution by members of the Stock Exchange to pay his Stock Exchange creditors would have been. The contracts were made under and subject to the rules of the Stock Exchange. These rules could not be used for one purpose and rejected for another. They were not in conflict with the law of bankruptcy, and the fund created by them must be disposed of in accordance with them. The court pointed out the distinction between this case and one decided by the House of Lords about two years ago. In the latter case a member of the Exchange who had failed voluntarily gave the committee a check for \$25,000, which he had in the Bank of England. The court held that this sum was part of the bankrupt's general assets, to be distributed among all his creditors, and that its voluntary payment to the Stock Exchange for the benefit of certain creditors was a fraudulent preference.

SETTLEMENT OF A REVENUE SUIT.—Before Judge Choate, in the United States District Court, April 12, District-Attorney Woodford, in response to the call of the suit of the Government against Benjamin T. Babbitt, stated that Mr. Babbitt had offered to pay the deficiency in his income tax, and that no offer had been submitted to and approved by the authorities at Washington. He therefore consented that the case go over for the term, with a view of affording the Internal Revenue Department an opportunity of examining into Mr. Babbitt's offer. District-Attorney Woodford said that he considered the offer a fair one to the Government, and creditable to Mr. Babbitt, the defendant in this suit. The Court granted an order in accordance with District-Attorney Woodford's motion.

The offer made by Mr. Babbitt is \$20,000, which he acknowledged that he owed the Government, after having made a critical examination of his affairs.

UNITED STATES SUPREME COURT DECISIONS.

WHERE NOTES SHALL BE PAID.—No. 183.—*Merritt Cox and J. C. Whitlock, plaintiffs in error, vs. the National Bank of the State of New York.*—In error to the Circuit Court of the United States for the District of Kentucky.—This was a suit brought by the bank against the drawer, acceptor, and indorser of a certain draft addressed to "Cox & Cowan, New York, N. Y.," and by them accepted in the following form: "Accepted; Cox & Cowan." Payment of the draft at maturity not being made, the bank, as the lawful holder thereof, caused it to be protested, and instituted the present suit to recover the amount. The drawer and the indorser set up the defense that the draft was not duly presented to the acceptors for payment, and that the protest was irregular and invalid for that reason. This court holds that where no place of payment is expressed in a bill or note, the general rule is that the proper place of presentment is the place where the acceptor or maker resides or does business. In cases, however, like the present, where the drawee of a bill of exchange lives and does business in one town or city, and accepts without explanation or correction a bill addressed to him, as if he resided in another city, the bill may be presented in accordance with its address, even although the holders know that the acceptor lives and does business elsewhere. A bill addressed to

"Cox & Cowan, New York, N. Y.," and by them accepted without the indication of any place of payment, is presentable and payable in New York, and may be duly protested there, even although Cox & Cowan reside and do business in another city or another State. Every step necessary to bind the drawer and indorser in the present case was, therefore, duly taken by the holder of the bill, and he is entitled to recover. The judgment of the lower court is, therefore, affirmed.

No. 184.—*Merritt Cox and J. C. Clardy, plaintiffs in error, vs. the National Bank of the State of New York.*—In error to the Circuit Court for the District of Kentucky.—The state of facts in this case is precisely similar to that of No. 183. and the judgment of the lower court is affirmed for the same reasons. Mr. Justice Clifford delivered the opinions (March 15).

LIABILITY OF A NATIONAL BANK FOR SPECIAL DEPOSITS.—No. 166.—*The First National Bank of Carlisle, Pa., et al., Plaintiffs in error vs Fanny L. Graham.* In error to the Supreme Court of Pennsylvania.—The question presented by this case is whether a National bank is liable to the owner for bonds lost while in the custody of said bank as a special deposit. This Court holds that section 5,228 of the *Revised Statutes* clearly implies that a National bank, as a part of its legitimate business, may receive special deposits, and that so receiving them, either on a contract of hiring or without reward, it becomes liable for a greater or less degree of negligence accordingly. The judgment of the lower Court is affirmed with costs.

Mr. Justice SWAYNE delivered the opinion (March 29).

CONTRACT BETWEEN BANK AND DEPOSITOR—DELIVERY OF CHECK—USAGE.—234. *First National Bank of Cincinnati vs. Fred H. Burkhardt.* In error to the Circuit Court of the United States, for the Southern District of Ohio. Burkhardt, defendant in error in this case, entered into an agreement with the First National Bank of Cincinnati to guarantee payment of any future indebtedness of one John Cinnamon to the bank, to the extent of \$50,000; or, in other words, to make good to the bank any losses it might thereafter incur by reason of its dealings with a customer whose credit was thus guaranteed. On the afternoon of the day when this agreement was entered into, but two hours before its actual execution, one of the customers of the bank offered for deposit to his own credit Cinnamon's check for \$11,000. The check was taken by the teller and laid aside, with a slip to show to whose credit it should be placed. Cinnamon eventually failed to pay his debts to the bank, and the bank now seeks to make Burkhardt liable under his guarantee for the amount of this check, on the ground that, although it came into the bank two hours before the agreement between Burkhardt and the bank was signed, it did not become a credit to the customer, or a debt against Cinnamon, until after the close of banking hours, when the accounts of the bank's customers were examined, and all checks which were not good, returned to the persons who had offered them for deposit. This, plaintiff in error maintains, was the general custom of Cincinnati banks, and was understood by their customers. This court holds that general usage may be proved in proper cases in order to remove ambiguities and uncertainties, or connect incidents, but it cannot destroy, contradict, or change what is otherwise clear, where the intent and meaning of the parties are clear. Evidence of usage to the contrary is irrelevant and unavailing. Usage cannot make a contract where there is none, nor prevent the effect of settled rules of law. In the present case, the contract between the bank and its depositors was clearly complete and irrevocable when the check was delivered by the latter and received by the former. If the bank proposed to hold the check on conditions, it should have told the depositor so when it received it, and thus have given him an opportunity to do with it as he thought proper. Delay until after banking hours might have caused him to lose the whole amount, when with timely notice he might have saved it. Under such circumstances, it would have been contrary to the plainest principles of reason and justice to permit the bank to shift the burden of loss from itself to an innocent depositor. The judgment of the lower court is affirmed with costs and interest. Justice SWAYNE delivered the opinion. —[Supreme Court of the United States, April 12, 1880.]

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.*

I.—THE RIGHT OF PAYOR TO DEMAND A RECEIPT.

May the maker of a note, the acceptor of a draft, or drawee of a sight draft made payable to the bank and held by it for collection, legally refuse payment, unless payment is received on the same?

By receipted is understood the canceling of the collection by the use of the "paid" stamp of the bank or the written receipt on the collection *signed by a bank officer*.

Is the word "paid," with or without date, sufficient receipt?

Is delivery of such collection sufficient if paid?

REPLY.—We think the party paying has a right to demand the delivery of the collection and no more. A receipt on the instrument, whether written or stamped, is mere evidence of payment, and the party paying has no legal right to demand that the party receiving payment shall furnish him with any evidence beyond what will be furnished by the possession of the instrument itself. If the party wishes better evidence than this, he must provide it by making the payment in the presence of witnesses procured by himself.

The foregoing is our own view of it; but it should be added that the question cannot be said to be settled. In England it is said to be "considered doubtful whether a person paying can insist upon a receipt being given." *Chitty on Bills*, *423. Judge Story says: "It would seem, upon general principles, that he is entitled to claim it (a receipt) as a matter of right." *Promissory Notes*, §452. And Daniel says, upon these authorities. "It seems that such a receipt may be claimed." *Neg. Inst.*, §1228. We are not aware, however, that the custom of giving such receipts, as those described in the inquiry, is so general as to have become a part of the law merchant. We have never seen any case in which the right to such a receipt has been insisted upon and sustained; and we do not think it will be sustained when the case arises.

II.—LOST CERTIFICATES OF STOCK.

What notice is necessary to be given to secure a bank against lost certificates of its stock? Suppose the original shareholder should die, and the certificate, of which we have issued a duplicate on his application, be found and claimed by his heirs, is not an advertisement of loss necessary to protect the bank?

REPLY.—In general, a bank, before issuing a duplicate certificate of stock, should require a bond of indemnity against loss by so doing. We do not know that any form of notice, unless such as actually reaches the party claiming under the lost certificate, would be effectual to protect the bank; and all that can be said of an advertisement is, that it is more likely to do so than any other. If the bond is good and sufficient, the question of advertising is one of expediency merely. In this particular case, the danger apprehended under the heirs of the party is imaginary, because they can have no better rights under the certificate, if it should be found, than the party would himself.

* The answers to such of these inquiries as refer to points of law, rather than of banking practice, are furnished to us by Mr. M. M. Weston, 53 Tremont Street, Boston.

III.—CERTIFICATES OF DEPOSIT PAYABLE IN "CURRENT FUNDS."

A bank issues a certificate of deposit payable to Jno. Smith or order. He deposits in "currency" and C. D. reads "payable in like funds." Smith, who is an irresponsible person, loses his C. D.; the bank demands an indemnifying bond before it will pay the money to Smith. He cannot make a bond, but offers to make an affidavit that he has lost the C. D., and to advertise it in the local papers as lost, and demands his money, alleging that the C. D. is not negotiable, and that even though he should find the C. D. after having received the funds from the bank and indorse it over to another party, that party, although an innocent holder, cannot collect from the bank of issue. It seems to me the bank would be wrong in paying the C. D. without an indemnity bond, and I would like to have your opinion.

REPLY.—It is undoubtedly true, as claimed by the depositor, that if the C. D. is not negotiable, the bank is not entitled to a bond of indemnity. *Wright vs. Wright*, 54 N. Y. 437. The right to demand an indemnity depends upon the negotiability of the lost instrument, for the obvious reason that if it is not negotiable, no one can acquire the rights of an ordinary *bona fide* holder for value, and no one can sue on it except the depositor, to whom the previous payment is a good defense. The right to demand an indemnity, therefore, depends upon whether the words "in currency" have destroyed the negotiability of the C. D. The decisions upon this question, which will be found collected in *Daniel on Neg. Inst.*, § 55, are conflicting; but we think the weight of authority is in favor of the view which holds that instruments payable "in currency" are not negotiable. The principle upon which these decisions rest is shortly this: Negotiable paper, by the definitions, must be payable in money, *i. e.* in this country, in dollars; and nothing can be money which is not a legal tender in performance of a promise to pay dollars. "Currency" is not necessarily such tender, but is what is currently circulating in the community as a substitute for money, and may have a different and varying value. Such was the case before the passage of the National banking law, and such may again be the case should that law be modified or repealed. And it is said that certainty in the amount to be paid is of great importance to negotiable paper, and that it is the policy of the law to preserve this by the enforcement of strict rules. A recent decision, where the contrary view is taken, is reported in our last number, page 800, to which we also refer you.

The inquiry comes to us from Texas, the courts of which State do not appear to have decided the question. If we are right in this, we think the bank should insist upon an indemnity, because, until the question has been decided in its own State, it cannot be safe in acting; and it has besides an interest in having the question decided.

IV.—PAPER MATURING ON SUNDAY.

In the May number of your Magazine, 1878, is this question, "Is the enclosed statement correct for most of the States of the Union? Commercial paper payable without grace and falling due on Sunday, is not payable until the next day (Monday), and a protest of such paper on Saturday would not bind the drawer or indorser. The rule is also applicable to checks on banks dated on Sunday." In reply, on same page, you say the above law is a general one, and quote from *Daniel on Negotiable Instruments*, which would show that it was correct for most States. The practice of banks in this State (Massachusetts) is to protest all such paper Saturday. Is that statement correct for this State?

REPLY.—It is correct as to checks, but not as to other commercial paper. The Massachusetts statute says: "Bills of exchange, drafts, promissory notes, and contracts due and payable, or to be executed on Sunday, &c., &c., &c., shall be payable or performable upon the business day next preceding said days." This statute puts all contracts and all commercial paper, except checks, upon the same footing; but these last, not being mentioned in the statute are governed by the general rules of law.

V.—IRREGULAR NOTICE OF PROTEST.

I enclose copy of notice of protest which was mailed to, and received by, Johnson, the indorser of note, in due course. You will notice that the notary omitted to sign his name.

The holder of the note subsequently sues Johnson to recover the amount of note. Johnson claims he was not held on the note because of omission of notary's name. The validity of the protest is not questioned except upon this point. Do you consider the notice sufficient, and that Johnson is held as indorser?

REPLY.—We think this is a good notice. As is well known, all that is required to hold the indorser of a promissory note is a demand upon the maker, and notice to the indorser of non-payment. Protest for non-payment by a notary is unnecessary, as is also the employment of a notary to make the demand and give the notice; and we suppose a notary is customarily resorted to only for the purpose of having the demand properly made and notice properly given, as well as for the sake of convenience in preserving evidence of the demand and notice. We think this notice, which purports to be given "at the request of the First National Bank" may be treated as a notice given by the bank itself, *i. e.*, by an agent of the bank in its name, which is entirely sufficient. There is some authority also for saying that the notice would have been good even if the "done at the request of" etc., had been altogether omitted, but of this we express no opinion. See *Bank of Cape Fear vs. Seawell, 2 Hawks (No. Caro.) 560.*

VI.—CONDITIONAL ACCEPTANCE.

(1.) Is a draft negotiable which bears a conditional acceptance thus: "The within sum will be paid April 10th, if, etc., etc.?"

(2.) Should a bank to which it has come for collection, in the absence of any instructions, present it April 10th or 13th?

(3.) Assuming the conditions to have been fulfilled, can they protest for non-payment on either date, and if so, on which? If acceptor declares "conditions not fulfilled," can collecting bank protest, and on which date?

REPLY.—1st. It is understood to be so, and we do not know that its negotiability has ever been contested; though, upon principle, something may be said against it.

2d. On the 13th. There is nothing in the language of the acceptance which necessarily implies that grace is waived.

3d. If the holder takes a conditional acceptance without the consent of the previous parties to the bill, they will be discharged, and protest at any time is useless. Assuming that they have so consented, protest can be made on the 13th, which is the proper date in any contingency.

VII.—DEFECTIVE INDORSEMENTS AND DELAY IN REPORTING THEM.

Does a country bank, to which vouchers are sent by its New York and Boston correspondents each month, assume any responsibility whatever, for irregular or for lacking indorsements on paid drafts so returned, by examining, or by failing to examine, the indorsements? And does a bank customer by examining or neglecting to examine his checks, relieve, in the least, the bank that cashed them, even if, upon finding a lack of indorsement, he fails to report it?

REPLY.—The rule of law is said to be this: The depositor (in which relation also the country bank stands to its New York correspondent) owes no duty to the bank to examine, within any particular time, the vouchers returned to him; nor does he make himself responsible by failing to detect any informality in the vouchers returned to him in case he does examine them. His sole duty is to give to the bank prompt notice of the informality as soon as he discovers it. If he does this, he may make his reclamation against the bank at any time within the period fixed by the statute of limitations. The subject will be found discussed in *Weisser vs. Denison*, 10 N. Y. 68, and *National Bank vs. Tappan*, 6 Kan. 465.

VIII.—NOTES MADE BY A CORPORATION.

Can the note of a Massachusetts corporation, indorsed by its Treasurer, in his official capacity (whose officers have complied with the State laws in all respects) be considered as anything else than "single name paper," and, if so, how?

REPLY.—No.

BOOK NOTICES.

The Financial History of the United States from 1774 to 1789. By ALBERT S. BOLLES. New York: D. Appleton & Co. 1880. 8vo, pp. 371.

This is undoubtedly the most complete account of American finances, during the revolutionary struggle and down to the date of the organization of the Government under the present Constitution of the United States, which has ever been published. It covers the history of the circulating paper which was known as Continental money, of the various attempts to prop it up by tender laws and by legal limitation of prices, and of its final collapse in 1780. It also gives a full account of the various other expedients resorted to for the purpose of raising funds, and of all the steps by which, from very crude beginnings, the present system of American treasury administration was at last evolved. A few of the chapters in the present volume have heretofore appeared in this Magazine, the readers of which are familiar with the industry, intelligence and fairness with which the author discusses questions of this kind. At every point in the development of events, he gives ample quotations from contemporaneous speeches, essays and correspondence, so that we can see the various currents of popular opinion from time to time.

The present volume is divided into two books. The first, embracing rather more than two-thirds of the volume, relates to the period from 1774 to 1781, when Robert Morris assumed the administration of the national finances. The second covers the period of Mr. Morris' control of that branch of public affairs which continued until the commencement of the first Presidency of General Washington in 1789.

Mr. Bolles says in his preface :

“It is the intention of the author to trace the narrative, in another volume, from 1789, when the Federal Constitution was adopted, to the outbreak of the Civil War in 1860, and, in a final one, from the latter period to the resumption of specie payments. Each volume, therefore, will cover a clearly-defined historical period, though, of course, every period of history is necessarily linked to what has gone before as well as to the time succeeding.”

The Banking Almanac, Directory, Year Book and Diary. 1880. Edited by R. H. INGLIS PALGRAVE, F.S.S. London: Waterlow & Sons. 8vo, pp. 600.

This publication, now in its thirty-sixth year, is a complete parliamentary as well as banking directory of the United Kingdom. It presents in detail a mass of information, besides the lists which are its chief feature. Records of the rates of discount charged in a series of years by the leading banks in England, France and Prussia; tables of the foreign exchanges; comparative analyses of transactions of the Bank of England, and of reports of the London joint-stock banks, etc., etc., render this work indispensable to the British banker and his correspondents, and highly interesting to the student of English financial affairs. The lists of Colonial and foreign banks and bankers appear to be limited to those having direct dealings with London, but even of these there is a full array.

FINANCIAL MATTERS AT WASHINGTON.

Among the bills offered in the House, March 29, was one by Mr. Morton, of New York, entitled a Bill to Secure a Uniform Standard of Value.

The text of the bill is as follows :

Whereas, under the constitutional power to coin money and regulate the value thereof Congress has established a common unit of value and provided for the free coinage of gold coins conforming thereto, and has further provided that the coinage of the standard silver dollar, which is intended and ought to be the equivalent of the said unit of value, therefore, in order to secure and for ever maintain the equality of the said standard silver dollar with the unit of value,

Be it enacted, that the gold and silver coins of the United States which are a full legal tender shall hereafter be interchangeable at their lawful value, either for the other, on demand of any holder thereof at the office of the Assistant Treasurer in the City of New York, when presented in sums of \$100 or multiples thereof, and it shall be the duty of the Secretary of the Treasury to provide for such interchange, and to cause to be coined such amount of standard silver dollars as may be necessary from time to time, in order to meet the demand for such dollars, and that all provisions of the law fixing or limiting the amount to be coined of such standard silver dollars be and the same is hereby repealed.

The House Committee on Coinage, Weights and Measures, March 30, instructed Mr. Clafin, of Massachusetts, to report a bill providing for the recoinage of the silver coins of the United States of the denomination of half dollars of the weight provided by the act of February 12, 1873, (192.9 grains,) now in the Treasury of the United States, or that may hereafter be paid into the Treasury, into silver half dollars of 206½ grains, or proportionate full standard weight of the legal-tender silver dollar, and that such half dollars shall be receivable for all duties, public and private.

In the House of Representatives, March 31, the following bills were reported and placed on the calendar :

By Mr. Buckner, of Missouri, from the Committee on Banking and Currency, to prohibit engraved signatures on National bank notes.

By Mr. Davis, of North Carolina, from the same committee, authorizing National banks to make loans on mortgages of real estate.

By Mr. Price, of Iowa, from the same committee, defining the verification of returns of National banks.

By Mr. Crapo, of Massachusetts, from the same committee, a bill to authorize the National Bank of Manchester, N. H., to change its name; also, a bill to authorize the Blue Hill National Bank of Gloucester, Mass., to change its name.

By Mr. Clafin, from the Committee on Coinage, &c., a bill to recoin half dollars, making them of full weight and a legal tender for all sums.

In the House, April 3, Mr. Lowe and Mr. Ford made speeches against the refunding bill.

In the Senate, April 5, Mr. Bayard, from the Committee on the Judiciary, reported adversely on the bill to facilitate the negotiation of bills of lading and other commercial instruments, and to punish fraud therein, and it was indefinitely postponed.

In the House, under a call for bills and resolutions, Mr. Gibson, of Louisiana, offered a bill to entitle State banks to circulate notes on the same conditions as National banks, provided they comply with the provisions of the National Bank law relative thereto.

Mr. Weaver, of Iowa, obtained the floor, and moved to suspend the rules and pass the following resolutions:

Resolved, That it is the sense of this House that all currency, whether metallic or paper, necessary for the use and convenience of the people, should be issued by the Government, and not by or through banking corporations of the country; and when so issued it should be a full legal tender in payment of all debts, public and private.

Resolved, That in the judgment of this House, that portion of the interest-bearing debt of the United States which shall become redeemable in the year 1881, or prior thereto, being in amount about \$782,000,000, should not be refunded beyond the power of the Government to call in said obligations, but should be paid as rapidly as possible and according to contract. To enable the Government to meet these obligations, the mints of the United States should be operated to their full capacity for the coinage of the standard silver dollars, and such other coinage as the business interests of the country may require.

These are the resolutions which Mr. Weaver has so long been trying to have a vote upon.

The motion to suspend the rules was lost—yeas, 85; nays, 117.

During its session of April 7, the House Committee on Banking and Currency authorized Representative Price to report a bill to the House repealing that portion of the Internal Revenue laws requiring the two-cent stamp upon bank checks.

In the House, April 12, Mr. Warner from the Coinage Committee, reported the following resolution:

Resolved, That the Secretary of the Treasury be and is hereby directed to cause to be sent from the Treasury and Sub-Treasuries of the United States through the mails, at the risk of the applicant, free of charge, in registered packages, not to exceed in weight the maximum now allowed by law for third-class mail matter, subsidiary silver coins in exchange for legal money."

Also a bill to establish a bureau of mines and mining, a bureau of manufactures, and a bureau of labor statistics in the Interior Department, and to change the designation of the existing Bureau of Statistics to the Bureau of Commerce. As this bill embraces a variety of subjects, it was withdrawn at the Speaker's suggestion, and separate bills on the subject will be prepared.

Mr. Chalmers, of Mississippi, introduced the following joint resolution, which was referred to the Committee on Ways and Means:

Whereas, The recent purchases of United States bonds by the Secretary of the Treasury have produced marked and sudden fluctuations in the stock market of New York; and,

Whereas, The secret manipulations of such purchases is calculated to incite

suspicion of stock-jobbing in the departments and to bring discredit on the Government; therefore be it

Resolved, That it shall be unlawful for the Secretary of the Treasury to purchase any bonds for the use of the Government, or for any sinking fund, without giving one week's notice by publication of the time and place of purchase and the exact amount of bonds to be purchased.

Mr. McMillan, of Tennessee, offered a bill to repeal the law imposing a tax on the circulation and notes of State banks.

In the Senate, April 14, Mr. Wallace, of Pennsylvania, introduced the following bill:

Be it enacted, &c., that for the purpose of relieving the industries of the country from the pressure of unnecessary taxation, by diminishing the burden of interest upon the public debt, at the earliest possible moment, the Secretary of the Treasury is instructed to purchase and extinguish the outstanding obligations of the United States bearing interest at six per cent. per annum, from week to week after the passage of this act, to the amount of not less than \$5,000,000 in each week, until he shall have purchased and extinguished all such six-per-cent. obligations of the United States outstanding. The purchase of the outstanding six-per-cent. obligations of the United States ordered by this Act to be made shall be made in addition to, and independent of, any purchases of outstanding obligations of the United States made by the Secretary of the Treasury for the account of the sinking fund, and in conformity with the provisions of the Act of Congress upon that subject."

In the House, April 19, among the resolutions and bills offered were the following:

By Mr. Weaver—A resolution directing the Secretary of the Treasury to report whether or not the Treasury Department has at any time anticipated the payment of interest on the public debt or any part thereof, as provided by a joint resolution, approved March 17, 1864, and if so, for what period, to whom said interest was paid, in what amount, and whether with or without rebate.

By Mr. Warner—Declaring the option of tender in payment of moneys from the Treasury belongs to the Government alone, and cannot be waived by the executive department; and requiring the Secretary to terminate relations between the Treasury and New York Clearing House, unless said Clearing House rescinds its rule against silver.

By Mr. Culberson, of Texas, for the discontinuance of the system of National banking.

GERMAN SILVER.—Converting German currency into American at the rate of four marks to the dollar, the total sum of the German subsidiary silver coinage has been \$104,277,265, divided as to denominations as follows:

Pieces of \$1.25.....	\$15,413,105	..	Pieces of 12½ cents..	\$17,861,595
" " 50 cts..	24,627,220	..	" " 5 " ..	8,929,430
" " 25 " .	37,435,715			

It being found that the five-cent pieces were in great excess of the demand for them, \$1,250,000 of them have been ordered to be melted down and re-coined into twenty-five and fifty-cent pieces.

The above amount of subsidiary silver is on the bases of \$2.50 *per capita*, as originally fixed in 1873. From time to time the idea of enlarging the basis has been mooted, and in 1876 it was definitively proposed by the Executive, but so far the German Parliament has declined to enact any new law. In addition to the subsidiary silver, there are large numbers of the old full-tender silver thalers in circulation.

The coinage of silver, during 1879, at the Vienna mint, for use in Austria, amounted to 38,587,428 florins, of which 37,485,342 were in one-florin pieces. The Austrian florin is about forty-eight cents. In addition there were coined of the Levant or Maria Theresa dollars, for export to the East, a value equal to 2,339,466 florins. The withdrawal of the one-florin Government notes continues. At the end of February the number outstanding was 54,600,000.

THE AMERICAN MINING STOCK EXCHANGE.

A meeting of the stockholders of the new American Mining Exchange of this city was held on April 11th, at the office of the Mining Trust Company.

After a speech of welcome by Gen. C. T. Christiansen, representing the Mining Trust Company, Mr. George W. Smiley was elected Chairman, and E. D. Barnes, Secretary. A committee was appointed to nominate standing committees, and the following were elected to serve during the ensuing year: *Chairman*—George W. Smiley; *Secretary*—A. D. Barnes; *Governing Committee*—S. R. Blatchford, S. B. Elkins, E. R. Grant, C. C. Hastings, Effingham Lawrence, Washington Lee, H. M. Leverich, L. M. Lawson, G. D. Meeker, W. J. Osborn, W. S. Richmond, George Chapman, A. E. Reynolds, G. D. Roberts, E. P. Schmidt, T. J. Slaughter, W. A. Simmons, D. L. St. John, W. C. Squire, Juan P. Terry and W. S. Warner; *Committee on Stock List*—Washington Lee, M. L. McDonald, Luther E. Shinn, W. F. Moller, R. M. Mitchell, Jr., C. E. Orvis, E. Lawrence, H. M. Cowles, D. B. Gilbert and W. E. Gordon; *Committee on Management*—F. Allen, H. L. Underwood, Hiram Pool, W. S. Warner, William Belden, R. W. Bogart, C. H. Tompkins and W. E. Gordon; *Committee on Admissions*—L. M. Lawson, E. T. Bell, C. C. Brown, Henry M. Cowles and S. B. Sturgis. Gen. Christiansen announced that rooms had been secured at No. 63 Broadway, and that it was expected to have them ready for occupancy on May 1.

According to the regulations adopted, the Exchange is to be open daily from 10 A. M. to 3 P. M. The penalty for dealing out of hours is \$50 for each offense. After the regular calls any security may be recalled once without a fine, and afterward by the payment of a fine of 12½ cents each time. The public dealing in privileges is prohibited. The fee for placing a stock on the list will be \$500, and \$500 additional will be required for examining property and title. After the first year an annual fee of \$100 will be charged. Deliveries must be made before 2:15 P. M. Dealings in dividends are prohibited, but members may charge one per cent. for collecting and paying dividends, the fee to be calculated on market value in cases of stock or scrip dividends. Assessments are not to be regarded as delinquent until the expiration of thirty days, exclusive of the day of levy. The rates of brokerage are as follows: On stocks selling in the market at not over \$5 per share, \$3.12½; on shares selling above \$5 and not over \$10, \$6.25; on shares selling above \$10, \$12.50 per 100 shares. The minimum rate on shares selling at \$10 and below is fixed at \$1 per 100, and in all other cases at 1-32 of one per cent., except between members, when no responsibility is assumed, and then it shall not be less than one-fiftieth of one per cent. Margins are to be 20 per cent., and when reduced below 10 per cent. must be restored to the original sum. Dealings with non-members directly is punishable by suspension from sixty days to twelve months. The dues are \$100 per annum, payable in advance. Neglect to pay for three months will be punishable by suspension, and for a year by expulsion. Misbehavior of any kind is to cost \$10; interrupting the Chairman during calls, 25 cents; smoking, \$5; and absence from special meetings, \$5. A black-list of defaulters is to be kept. A Clearing House is to be opened in connection with the Exchange, among the rules of which are the following: Every member of the Exchange will be known by a number. Each error of commission or omission will involve a fine of \$5, and if the error occurs in reporting the number of shares bought or sold, on which clearing fees are due, the fine will be \$5 for each 100 shares reported short. For each minute's delay in delivering a statement or sending in stock or money balances after 11 A. M. a fine of \$1 will be imposed. Stocks not called for at 12:30 o'clock will be delivered at a cost of \$1 each time. Notice of errors must be sent in before 1:30 P. M. Brokers having made no "regular" transactions during the day, and without time contracts maturing the following day, and brokers intending to be absent from the city or recommencing business must report to the Clearing House under penalty of \$1 fine for each omission.

BANKING AND FINANCIAL ITEMS.

THE NATIONAL BANKS.—The Comptroller of the Currency reports that the total number of National banks organized since November 1, 1879 (which was the date of the tables in his last report to Congress) is thirty-nine, with a capital of \$5,262,070. The total number of banks which have gone into voluntary liquidation during the same period is nine, with a capital of \$1,300,000, included among which are three gold banks in California with a capital of \$700,000, which went into voluntary liquidation and were re-organized as currency banks.

No banks have failed during the last nine months.

During the year ending November 1, 1879, thirty-eight banks were organized with a capital of \$3,595,000; thirty eight banks went into voluntary liquidation with a capital of \$4,450,000; and eight banks with a capital of \$1,030,000, were placed in the hands of receivers.

NEW BANK BUILDING.—The National Bank of the Republic and the First National Bank have decided to erect in place of the buildings at Broadway and Wall street, at present occupied by those institutions, a large edifice to be known as the "United Bank Building." The new building, which is to cost over half a million dollars, will have a frontage on Broadway of seventy-one feet eight inches, and a depth on Wall street of 91½ feet. Both institutions will occupy suites of offices in the new building, and the balance of it will be leased to lawyers, brokers, etc., for offices. The work of tearing down the present building begins May 1st.

NEW YORK.—On and after May 1st, the name of the firm of Donnell, Lawson & Co. will be Donnell, Lawson & Simpson. There is no change in this well-known firm except in the style, the partners being the same. They have thus brought into deserved prominence the name of a highly-esteemed associate.

COLORADO.—The *Leadville Chronicle* publishes a statement of the yield of the Carbonate Camp (by which we understand what is frequently spoken of as the Leadville region) for the fifteen months from January 1, 1879, to April 1, 1880. The statement foots up as follows:

Bullion turned out by the smelting establishments.....	\$ 11,836,303
Ores shipped without smelting.....	3,280,827
Gold.....	30,000
Ores on the dumps.....	1,000,000
	\$ 16,147,130

In a statement which we have seen of the shipments from the smelting establishments for the week ending March 20, the total value of \$365,498 was divided into \$268,834 silver, \$100 gold and \$96,464 lead. If that is about an average proportion, the silver in the amount of \$16,147,130, above given, would not be far from \$12,000,000. It will be remembered that the silver out-turn of Leadville did not reach very large proportions until in the summer of 1879.

The latest estimates of the yield of silver from the Leadville carbonate mines during 1880, fix \$20,000,000 as a minimum, and twice that as a maximum.

For the month of March, the ten principal gold mines at the Black Hills produced \$297,000, and the estimate for the remaining mines was \$50,000.

During the first three months of the present year, the shipments of bullion from the Comstock lode have been \$1,553,918, about equally divided between the two metals.

In an interview with the House Coinage Committee, April 12, the Director of the Mint said that the capacity of the Mints was sufficient for the coinage of \$4,000,000 of silver per month, the maximum allowed by the silver law, but that a supply from our mines of that amount of silver bullion does not now exist and could not be expected. In that last opinion, the mining interest will not agree with him.

The Philadelphia *Ledger* will find few to agree with it in saying that the scrip issued by the Reading Railroad, receivable on demand for fares and freights "did not circulate as money," and "was not intended to do so." It was accepted by those to whom it was issued, only because it did circulate as money. The company might not have intended to violate the law, and it seems to be proper enough to ask from Congress a mitigation of the heavy penalties which have been incurred. But the law itself is a good one and must be vigilantly upheld.

NEW YORK.—Mr. A. Barton Hepburn, having been nominated by the Governor as Bank Superintendent of the State, was unanimously confirmed by the Senate on April 13th. Mr. Hepburn displaces one of the most efficient officers the Bank Department has ever had, but his public services in the Legislature and elsewhere warrant the hope that he will prove to be a good officer.

Respecting Mr. Henry L. Lamb, the retiring superintendent, the general sentiment is expressed by the following remarks of the *Tribune*:

"Mr. Lamb has been Acting Superintendent for nearly three years, ever since the removal of his predecessor. In all that time he has never been sure, during the session of the Legislature, of a day's continuance in office. A timid man in a like situation would have carefully refrained from doing anything whatever, lest he might offend some one. A time-server would have sacrificed duty and the law to please every one and any one. Mr. Lamb's course, on the contrary, has been that of diligence, fearlessness and vigilance from the first day of his incumbency to the last. Every public man and every Savings bank officer in the State knows this; and every intelligent depositor knows it. At a time, for example, when a self-seeking man would have been bending all his energies to the work of securing a reappointment, Mr. Lamb startled the Savings banks by his circular on unauthorized expenditures, and irritated even some of the most conservative of them by insisting upon the literal enforcement of the law. There can be no question that the Savings banks owe a part of their prosperity to-day to Mr. Lamb's faithful supervision and to the steady exercise of his influence in behalf of the depositor class. Public officers are not always so faithful. It is doing him no more than justice to declare that no State officer has retired in recent years with a larger measure of the public respect."

MASSACHUSETTS.—The miscellaneous dividends and interest payable in Boston, on April 1, amounted to \$4,519,486, and the dividends on bank stocks to \$1,518,950, making a total of \$6,038,436.

CANADA.—In addition to moneys due from banks in Canada and Great Britain, it appears that the Canadian banks had funds in "in other banks (foreign)," to the amount of \$20,755,310 on the 31st of last January, and to the amount of \$23,042,297 on the 28th of last February. These "other banks" are banks in the United States. The Toronto *Monetary Times* of March 26, says: "It may be a fact upon which the country is to be congratulated that in the United States we have upwards of \$23,000,000 lying at our credit, being \$2,287,000 more than at the end of January."

The offset, in the shape of moneys due to banks in the United States, was hardly worth mentioning, being less than \$40,000.

Of the Fishery Award money paid by the United States, a portion was assigned to Newfoundland, but the great bulk of it to the Dominion of Canada, which Newfoundland has not yet joined. Of the provinces of Canada, New Brunswick, and Nova Scotia claimed extra shares, on the ground that they were the principal sufferers by the alleged encroachments of the fishermen of the United States. After long debates, the Canadian Parliament has negatived these claims of the maritime provinces. The disappointment of Nova Scotia is especially severe, and some of the politicians of that province are threatening to secede from the Dominion.

In the Canadian Parliament, after a long debate, a resolution in favor of postponing the construction of the Pacific Railroad was defeated, April 21, by a vote of 131 to 49.

MONTREAL.—In the Court of Queen's Bench, at Montreal, March 30, Sir Francis Hincks and the other directors of the Consolidated Bank were formally acquitted on the charge of making false returns. The private prosecutor withdrew the charge and the Crown had no evidence to offer.

The assets of the Consolidated Bank of Montreal are turning out much better than was expected. The larger creditors had agreed to wait for a year, but they were notified, when a third of that time had expired, that their money was ready.

FOREIGN ITEMS.—On the 31st of last December, only twenty-three per cent. of the engines, and twenty-eight per cent. of the cars in use on the British railroads, had been provided with continuous brakes.

A dispatch published in London from Rio Janeiro, says that the establishment of a bank of issue, based upon the credit of the Government, is talked of there, the avowed object being "to provide a more elastic currency."

According to tables printed in the London *Economist*, the market value, on the 30th of last August, of the stocks of the eight London water companies, proposed to be purchased by the bill framed by the British Cabinet, was £18,596,325, whereas the securities to be given for them, based on the taxes of the Metropolitan districts, would be worth in the market £29,666,700.

The English are much excited over the arrival, in good condition, of a cargo of frozen meat from Australia. They say that the Australian colonies have now 7,000,000 cattle and 63,000,000 sheep, of which one-fifth can be exported every year; that the pasturage capacity is equal to still greater numbers; that the sea-voyage by steam is only two months; that the wholesale price of prime beef in Australia is only three cents per pound, etc., etc.

The prospectus has been issued of a London company for importing fresh meat to England from Australia, with a capital of £150,000.

At the beginning of April, two more Colonial loans, one of the Cape Colony of £1,006,500 at 4½ per cent., and one of Queensland for £2,000,000 at four per cent., were put on the London market. The offers for the Cape loan were so heavy that subscribers obtained only thirty per cent. of the sums applied for.

The Swedish Government has resolved to convert its four-and-a-half-per-cent. loan of 1861, and its five-per-cent. loan of 1866, both of them aggregating thirty-four million Swedish crowns, or about \$9,000,000, into a four-per-cent. loan. It intends to make the same operation with some of its older loans.

The German Executive Government has prepared a bill to be proposed to the legislature, to increase by three per cent. the income taxes of the parents of persons exempt from military service.

The Bank of France has been authorized to include the bonds of communes and departments among the securities on which it may loan at one per cent. above the current rate of discount. Hitherto, that privilege has been accorded only to bonds of the City of Paris.

THE ENGLISH REVIEWS.—Authorized reprints of the London Quarterly Edinburgh, Westminster and British Quarterly Reviews, and Blackwood's Magazine, are published in this city by the Leonard Scott Publishing Company. As compared with the English edition, the cost of these reprints (which are sanctioned by the English publishers) is only about one-third.

THE HEKTOGRAPH.—Among recent inventions for the multiplication of writings or drawings, the Hektograph stands prominent as one of the best, if not the very best. Many inferior and worthless imitations have been offered to the public and much disgust has ensued. The Hektograph Company of this city guarantee satisfaction to those who try their machine, which they offer to send on trial for one week.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from April No., page 821.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
DAK....	Madison	Lake County Bank (Frank W. Thaxter)	Gilman, Son & Co.
ILL....	Somonauk.....	Somonauk Bank.....	Third National Bank.
		John Clark, <i>Pr.</i>	H. Wright, <i>Cas.</i>
IOWA...	Clear Lake	George E. Frost .....	.....
" ..	Clinton	City National Bank.....	Imp. & Tra. National Bank.
	\$ 100,000	Aug. L. Stone, <i>Pr.</i>	Alf. G. Smith, <i>Cas.</i>
" ..	Griswold	Bank of Griswold (F. H. Whitney.)	Kountze Brothers.
NEB....	Milford	Milford State Bank.....	Kountze Brothers.
" ..	Riverton	C. W. Mount & Co	Omaha National Bank.
" ..	Sutton	Sutton Bank (Fowler & Cowles)	Kountze Brothers.
" ..	York	Farmers & Merchants' B'k.	Donnell, Lawson & Simpson.
N. Y....	Clyde	Briggs National Bank.....	Ninth National Bank.
	\$ 50,000	Samuel H. Briggs, <i>Pr.</i>	J. W. Hinman, <i>Cas.</i>
" ..	Hoosick Falls..	First National Bank.....	National Park Bank.
	\$ 30,000	T. J. Wallace, <i>Pr.</i>	.....
" ..	Salamanca.....	First National Bank.....	National Park Bank.
	\$ 50,000	Edward H. Space, <i>Pr.</i>	Warren W. Wellman, <i>Cas.</i>
OHIO...	Bryan.....	Farmers' National Bank...	Third National Bank.
	\$ 30,000	Edward Foster, <i>Pr.</i>	John W. Nelson, <i>Cas.</i>
" ..	Toledo.....	C. H. Coy & Co.....	Kountze Brothers.
PENN...	Bradford	First National Bank.....	National Shoe & Leather Bank.
	\$ 100,000	Samuel G. Bayne, <i>Pr.</i>	Benjamin A. Provoost, <i>Cas.</i>
" ..	Reading	Commercial National B'k..	First National Bank.
	\$ 77,050	William Young, <i>Pr.</i>	B. F. Young, <i>Cas.</i>
TEXAS..	Dallas	W. E. Hughes.....	Boatmen's Sav. B., St. Louis.
" ..	Ennis	J. S. McDuffie	City National Bank, Dallas.
WIS....	Platteville	Northrop & Co.....	Gilman, Son & Co.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from April No., page 822.)

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>	
			<i>Authorized.</i>	<i>Paid.</i>
2468	Briggs National Bank..... Clyde, N. Y.	S. H. Briggs.....	\$ 50,000	\$ 50,000
2469	City National Bank	Aug. L. Stone.....	100,000	50,000
	Clinton, IOWA.	Alf. Garret Smith.		
2470	First National Bank	Samuel G. Bayne	100,000	100,000
	Bradford, PENN.	Benj. A. Provoost.		
2471	First National Bank	Truman J. Wallace.....	60,000	30,000
	Hoosick Falls, N. Y.	.....	
2472	First National Bank.....	Edward H. Space.....	50,000	50,000
	Salamanca, N. Y.	Warren W. Wellman.		
2473	Commercial National Bank..	William Young.....	150,000	77,050
	Reading, PENN.	B. F. Young.		
2474	Farmers' National Bank.....	Edward Foster.....	50,000	30,000
	Bryan, OHIO.	John W. Nelson.		

IRON VAULTS AND DOORS.—We call attention to the advertisement, in our present number, of Messrs. J. B. & J. M. Cornell, whose name is synonymous with strength and integrity.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from April No., page 822.)

N. Y. CITY.....	Buttrick & Elliman; removed to 37 and 39 Wall Street.
" "	John H. Davis & Co.; admit E. D. Jones.
" "	Donnell, Lawson & Co.; now Donnell, Lawson & Simpson. Removed to 102 Broadway.
" "	H. L. Horton & Co.; new firm; style same. Special capital \$130,000.
" "	Hutchinson Bros.; new firm. Style same.
" "	Latham, Alexander & Co.; removed to 16 and 18 Wall St.
" "	Leonard, Howell & Co.; admit William Evans, Jr. [Co.
" "	Limburger, Thalmann & Co.; now Ladenburg, Thalmann & Co.
" "	McKim Bros. & Co.; removed to 16 Wall Street.
" "	H. T. Morgan & Co.; now A. C. Morgan & Co.
" "	George Opdyke & Co.; admit C. W. Opdyke.
" "	Prince & Whitely; new—limited co-partnership; style same. W. R. Travers, special. Capital \$200,000.
" "	Scranton & Willard; admit Wilson K. Kitchen.
" "	Talcott & Sons; Joseph A. Blair withdraws.
" "	Vermilye & Co.; admit Frederick K. Trowbridge and Geo. D. Mackay.
" "	L. Zimmermann & Co.; now Zimmermann & Walsh. Removed to 19 Wall Street.
CAL.... San Jose.....	Farmers' National Gold Bank; now First National Bank.
COL.... Del Norte.....	Bank of San Juan (Daniels, Brown & Co.); removed to Alamosa.
IND.... Danville.....	Danville Banking Co.; now Hadley, Homan & Co.
IOWA... Ames.....	Lucas & Greeley; dissolved. Wm. D. Lucas continues Not Story County Bank.
" .. Clinton.....	Stone & Smith; now City National Bank.
" .. Marshalltown..	Marshalltown Bank; now incorporated. Capital \$50,000. Same officers.
KANSAS. Kirwin.....	H. J. Cameron & Co.; now Cameron, Hull & Co.
MICH... Petoskey.....	P. B. Wachtel & Co.; now Wachtel & Quinlan.
Mo.... Greenfield.....	R. S. Jacobs; now Jacob & Van Osdel.
N. Y. Addison.....	Baldwin & Williams; now James Baldwin & Co.
" .. Auburn.....	Watson, Neyhart & Co.; now Watson & Neyhart.
" .. Clyde.....	Briggs & Palmer; now Briggs National Bank.
OHIO... Bryan.....	Bryan Bank; now Farmers' National Bank. Same officers.
PENN... Philadelphia...	Narr & Gerlack; admit Frederick Leser.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from April No., page 823.)

N. Y. CITY.....	Dodge, Potter & Co.; suspended.
ARK.... Texarkana.....	Commercial Bank; closed.
CAL.... Sacramento.....	Sacramento Savings Bank; closing. Paying in full, with dividend of 6 per cent., and extra div. of 4½ per cent.
IOWA... Brooklyn.....	Poweshiek County Bank; out of business.

FREEDMAN'S SAVINGS AND TRUST CO.—In the United States Senate, April 12, Mr. Bruce, of Mississippi, introduced a bill appropriating \$2,000,000, if so much is needed, to reimburse the defrauded depositors in the Freedman's Savings Bank. He urges that the freedmen, who were the wards of the nation, were induced to trust their money in that institution on the faith of the original requirement of its charter, that the funds should be invested in Government, which requirement Congress afterwards wrongfully repealed. Many claims with less merit have heretofore been acknowledged and paid.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from April No., page 823.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY.	Gallatin National Bank....	Arthur W. Sherman, <i>Cas.</i>	A. H. Stevens.
COL....	First National Bank, Boulder...	William H. Allison, <i>Cas.</i>	P. A. Burgess.
IND...	First Nat'l Bank, Blomington..	Walter E. Woodburn, <i>Cas.</i>	R. C. Foster.
"	" .. Citizens' National Bank, Indianapolis }	George B. Yandes, <i>Pr.</i> ... George W. Johnston, <i>A. C.</i>	A. G. Pettibone.
IOWA...	City Bank, Boone.....	Frank Champlin, <i>Pr.</i> ...	W. F. Clark.*
KANSAS.	Salina Bank, Salina.....	Frank C. Miller, <i>Cas.</i> ...	C. E. Hyde.
MD.....	National Bank of Baltimore....	Christian Devries, <i>Pr.</i> ...	H. A. Thompson.*
MASS...	Merrimac Sav. Bank, Merrimac.	William H. Haskell, <i>Pr.</i> ...	J. S. Poyen.*
"	" .. First National Bank, Salem....	Eben Sutton, <i>Pr.</i>	W. Sutton.
MICH...	First Nat'l Bank, Kalamazoo...	F. J. Henry, <i>Cas.</i>	C. Strong.
MINN...	First National Bank, Mankato...	F. Bursch, <i>Cas.</i>	J. N. Hall.
MO.....	Valley Nat'l Bank, St. Louis...	W. H. Trask, <i>A. C.</i>.....	.....
N. Y. ..	Mechanics & Farmers' Bank, Albany }	Dudley Olcott, <i>Pr.</i> John J. Olcott, <i>V. P.</i>	T. W. Olcott.* D. Olcott.
N. C....	People's Nat'l B'k, Fayetteville.	George P. McNeill, <i>Cas.</i> ...	W. T. Taylor.
"	" .. Raleigh Nat'l Bank, Raleigh...	Charles H. Belvin, <i>Cas.</i> ...	J. C. Blake.
OHIO...	First National Bank, Troy.....	Daniel W. Smith, <i>Cas.</i> ...	J. L. Meredith.*
PENN...	People's Bank, Philadelphia....	William H. Kern, <i>Pr.</i> ...	W. H. Kemble.
"	" .. First National Bank, Tamaqua.	Thomas H. Carter, <i>Cas.</i> ...	J. W. Abbott.
TENN..	Bank of Commerce, Memphis..	S. H. Dunscomb, <i>Pr.</i>	J. T. Fargason.
VA.	Lynchburg National Bank.....	Peter J. Otey, <i>Cas.</i>	L. Norvell.*

* Deceased

BURGLARS AND MODERN SAFEGUARDS.—An interesting paper under the title of "Safes and Safe Breaking," has recently appeared from the pen of Professor Park Benjamin, (Ph.D.) We shall find space for this at an early day.

Each month some new robbery calls attention to the character of the safeguards which are depended on for the protection of money and securities. It is plain to those who have studied the subject that among all these a good safe is of the first importance. Watchmen and burglar-alarms are good precautions, but these cannot be depended upon. The watchman at Westport was silenced before the safe was attacked, and the watchman of the Manhattan Savings Bank was an accomplice of the burglars.

Old-fashioned safes should be replaced by the best modern ones, for with the advance of mechanical science the skill of the robber has increased. At the burglary of the First National Bank of Westport, Conn., a device was employed to introduce gunpowder into the safe and the explosion blew the door from its fastenings. To protect against this device—a sort of air-pump—safe doors should close against a packing of rubber making an air-tight joint. The safes of one manufacturer have been thus made for several years.

The manner in which safes are constructed and the materials used should be carefully considered. Steel and iron welded together are commonly used. The steel receives a hard temper, but as it is merely artificial, this temper can be destroyed by the compound blow-pipe, and the metal then readily drilled. A remarkably hard metal known as Franklinitite is now used, which cannot be softened, for it is hard by nature. Professor Benjamin says of this metal that he tested a section representing one of Herring's burglar-proof safes, which was composed of homogeneous plates of hard chrome steel and soft Bessemer steel, together with the patent Franklinitite. The steel was penetrated, but when the Franklinitite was reached drill after drill broke, until 125 of them were destroyed. The drills were made especially for the purpose and were under a pressure of six tons.

THE NATIONAL-BANK NOTE CIRCULATION.

Statement of the Comptroller of the Currency, showing by States the amount of National-bank circulation issued, the amount of Legal-Tender Notes deposited in the United States Treasury to retire National-bank circulation, from June 20, 1874, to April 1, 1880, and amount remaining on deposit at latter date.

STATES AND TERRITORIES.	Additional Circulation issued since June 20, 1874.	LEGAL-TENDER NOTES DEPOSITED TO RETIRE NATIONAL-BANK CIRCULATION, SINCE JUNE 20, 1874.			Legal Tenders on deposit with the U. S. Treasurer at date.
		For redemption of Notes of Liquidating Banks.	To retire Circulation under Act of June 20, 1874.	Total Deposits.	
Maine.....	\$ 1,461,180	\$ 317,000	\$ 600,000	\$ 917,000	\$ 217,231
New Hampshire.	631,865	72,997	55,800	128,797	36,630
Vermont.....	1,699,310	174,097	1,069,340	1,243,437	129,528
Massachusetts....	20,241,620	234,800	7,352,500	7,587,300	1,177,948
Rhode Island.....	1,668,520	32,350	870,385	902,735	196,872
Connecticut.....	2,485,460	65,350	1,911,330	1,976,680	606,641
New York.....	20,605,005	2,163,878	23,072,031	25,235,909	5,506,197
New Jersey.....	1,712,165	241,660	1,517,280	1,758,940	376,941
Pennsylvania.....	10,102,090	1,192,826	6,631,321	7,824,147	1,432,514
Delaware.....	232,275	—	—	—	—
Maryland.....	1,252,310	166,600	1,646,380	1,812,980	51,985
District of Columbia.	456,000	417,664	48,060	875,724	65,986
Virginia.....	800,500	910,369	880,510	1,790,879	270,151
West Virginia....	135,370	731,060	319,185	1,050,245	161,190
North Carolina...	1,235,660	128,200	1,012,585	1,140,785	178,256
South Carolina...	90,700	—	953,380	953,380	31,895
Georgia.....	470,850	287,725	437,675	725,400	90,590
Florida.....	45,000	—	—	—	—
Alabama.....	207,000	90,000	139,500	229,500	122,323
Mississippi.....	—	—	—	—	366
Louisiana.....	1,284,610	645,750	2,099,250	2,745,000	197,948
Texas.....	251,100	10,000	229,340	239,340	1,015
Arkansas.....	144,000	—	144,000	144,000	2,842
Kentucky.....	3,622,430	629,867	1,504,933	2,134,800	433,475
Tennessee.....	624,670	370,401	533,859	904,260	193,621
Missouri.....	767,260	998,510	3,697,410	4,695,920	804,201
Ohio.....	2,730,020	1,583,754	3,077,887	4,661,641	1,112,432
Indiana.....	3,238,180	1,225,097	6,118,483	7,343,580	2,170,548
Illinois.....	2,540,615	1,744,934	6,429,946	8,174,880	1,030,843
Michigan.....	1,976,410	364,500	2,150,995	2,515,495	426,951
Wisconsin.....	735,530	653,860	1,013,439	1,667,299	467,822
Iowa.....	1,443,400	811,669	1,554,955	2,366,624	437,614
Minnesota.....	1,017,800	420,095	1,316,445	1,736,540	267,438
Kansas.....	147,600	781,721	190,550	972,271	254,141
Nebraska.....	67,500	45,000	233,080	278,080	51,375
Nevada.....	—	—	—	—	2,058
Colorado.....	482,300	135,083	149,400	284,483	25,507
Utah.....	134,900	161,191	196,800	357,991	19,632
Montana.....	84,600	82,300	45,000	127,300	48,040
Washington.....	135,000	—	—	—	—
Dakota.....	117,000	—	—	—	—
New Mexico.....	90,000	—	—	—	—
California.....	315,000	—	—	—	—

Totals..... \$87,482,805 \$17,890,308 \$79,613,034 \$18,600,747

Legal-tender notes deposited prior to June 20, 1874, and remaining at that date..... } 3,813,675

Total deposits..... \$101,317,017

JOHN JAY KNOX, *Comptroller of the Currency*

NOTES ON THE MONEY MARKET.

NEW YORK, APRIL 24, 1880.

Exchange on London at sixty days' sight, 4.85 in gold.

The protracted stringency is now relaxing, and several circumstances are pointed out in support of the theory that the rates of interest will rule lower for some months to come. First, the return of currency from the interior is more active. This week the receipts have been \$1,808,000 against \$1,304,000 last week; while the shipments have been \$780,000 against \$600,000 last week. The general result shows an accumulation of \$1,000,000 during the fortnight, with a prospect of more ample supplies in the early future. Secondly, the tight money clique, whose manipulations have been so much deprecated, are said to have restored to the channels of the circulation about one-fourth of the six or eight millions of greenbacks which were locked up by them; and the remainder, it is supposed, will return by degrees into the money market, as soon as the restitution can be made without attracting too much public attention. How much of truth there may be in these and other rumors relative to the artificial stringency which has been brought about during the last few weeks is uncertain, but the general opinion is that any manipulations which there may have been are now terminated for the present. Thirdly, there is a considerable amount of capital from Europe seeking investment in this country, and the influx of such capital augments the available supplies of the loan market, and tends, with other things, to keep down the rates of interest. Indeed, these effects would be more conspicuous but for the activity in trade at the West which has absorbed so much capital, and has tended, with the marketing of the large crops, to transfer to Chicago and other points in the interior, large sums of money which will be permanently invested in productive operations, and will not return to swell the aggregate of loanable funds in this market. The absorption of floating capital and its conversion into fixed capital is going on with great rapidity throughout the country, and, in part, this process accounts for the slow return of currency from the interior. For many years past the movements of greenbacks to the West in the autumn, to market the crops, have been followed by a return current flowing to this city with considerable regularity. During the last seven months the disturbance of this regularity has attracted much attention, and among its causes we must give a prominent place to the conversion of floating capital into fixed forms, and the transfer of funds from New York to the interior for permanent investment.

Fourthly, another indication of monetary ease is the general prosperity of the producing classes, as indicated by the favorable returns from the Savings banks in this State and in Massachusetts, and from other evidence that our mechanics and industrial laborers have shared in the results of the productive growth and

material progress which are so hopefully beginning throughout the country, after the long stagnation consequent to the disasters of 1873. Gold, as well as greenbacks, has been hoarded by the people, and it is observed that while the greenbacks are returning, the gold does not come back. Our banks have lost nine millions of specie since the beginning of March, and the drain is still going on. A similar drain from the Bank of England and the Bank of France has been the recent subject of remark in financial circles abroad. Its causes, so far as this country is concerned, are doubtless connected with the currency agitation which has been so active, but the chief lesson which the drain of Gold suggests just now is, that as there is no specie export to foreign countries the coin is probably hoarded by our people in small amounts, especially in the South and West, where the facilities and the advantages of Savings-bank deposits are less known and appreciated. The movements of the specie and greenback reserves of our New York banks are shown in the subjoined aggregates of the New York Clearing House for several weeks past.

1880.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
Mch. 27.....	\$ 290,866,700	\$ 54,773,800	\$ 11,272,500	\$ 20,095,200	\$ 260,340,500	\$ 961,175
April 3.....	290,639,500	53,669,300	10,847,500	20,981,600	259,366,800	*309,900
" 10.....	288,470,900	52,023,600	11,935,900	20,987,900	256,267,800	*107,450
" 17.....	284,250,800	50,050,800	13,866,000	20,843,000	253,519,800	536,850
" 24.....	278,886,200	48,983,600	15,432,100	20,612,800	248,896,700	2,191,525

* Deficiency.

The stock market is irregular and unsettled. Government bonds have been sustained by the Treasury purchases which have amounted to \$6,000,000 during the past three weeks, that being the amount of surplus revenue available for the sinking fund. Many of our banks are contemplating the sale of their bonds deposited at Washington; but the controversy between the Comptroller and the Treasurer, elsewhere referred to, has somewhat delayed the arrangements, though two or three banks have already disposed of a part of their bonds. The investment demand is small, and there is a disposition to await events and to ascertain the probable action of Congress on the funding bill, which is expected to be under discussion in the House very soon. State bonds are dull, railroad bonds quiet, and railroad shares feverish. Coal stocks are better and mining shares weak. Bank stocks are more in demand. Subjoined are our usual quotations:

QUOTATIONS:	March 26.	April 2.	April 9.	April 16.	April 23.
U. S. 6s, 1881, Coup...	105	105½	105½	105½	106½
U. S. 4½s, 1891, Coup.	107½	109	109	108½	108½
U. S. 4s, 1907, Coup...	106½	106½	107½	106½	107
West. Union Tel. Co..	107½	106½	106½	105½	107½
N. Y. C. & Hudson R.	130½	131½	132½	130½	131½
Lake Shore.....	108½	108½	108½	106½	108½
Chicago & Rock Island	185½	186	186	190	191
New Jersey Central...	85½	84½	78½	78½	78½
Del., Lack. & West....	93½	93½	91½	89½	89½
Delaware & Hudson..	85	85	82½	82	82½
North Western.....	95½	95½	95½	94½	94½
Pacific Mail.....	41½	43½	42	39	43½
Erie.....	44½	45½	44½	42½	43½
Call Loans.....	5 @ 6	5 @ 6	5 @ 6	5 @ 6	5 @ 6
Bills on London.....	4.85½-4.88½	4.85-4.88	4.85½-4.88½	4.84½-4.87½	4.84½-4.87
Treasury balances, cur.	\$ 5,478,139	\$ 4,860,250	\$ 5,638,682	\$ 5,911,322	\$ 6,234,377
Do. do. coin.	\$ 104,119,544	\$ 100,204,447	\$ 101,705,709	\$ 102,202,196	\$ 101,534,069

Foreign exchange is dull. The balance of trade is against this country. But the heavy shipments of gold that were predicted have not yet begun. If the foreign demand for our securities is as active as at present, and if the flow of capital from Europe continues, the specie exportation may be deferred till a change in the proportion of exports to imports supervenes. The total specie exports at New York since January 1st are reported at \$2,989,813, of which \$1,329,929 were gold, and \$1,659,884 were silver. The total specie exports for last week were \$47,280, and since January 1st \$3,167,333. The Bureau of Statistics gives the following statement of our exports of provisions and breadstuffs for the first nine months of the fiscal year. The figures for the coming months of the year will be looked for with interest in connection with the money market and the foreign exchanges, and especially by those who have been anxious about the exportation of specie :

UNITED STATES EXPORTS OF PROVISIONS—NINE MONTHS ENDING MARCH, 1879.

	<i>Pounds, 1880.</i>	<i>Dollars, 1880.</i>	<i>Pounds, 1879.</i>	<i>Dollars, 1879.</i>
Beef, fresh.....	59,550,473	5,174,650	39,424,805	3,563,331
“ salted.....	31,224,762	2,028,848	26,742,997	1,719,462
Bacon.....	540,972,937	35,545,203	578,099,805	40,819,542
Butter.....	29,222,037	4,859,771	28,044,144	4,035,577
Cheese.....	91,775,172	8,095,543	112,957,908	10,304,864
Lard.....	247,898,262	18,164,396	231,758,018	16,406,428
Pork.....	68,459,508	4,252,095	61,154,669	3,454,509
Tallow.....	71,995,907	5,169,400	73,770,436	5,162,793
Total.....	1,141,099,053	83,289,906	1,151,982,782	85,469,506

UNITED STATES EXPORTS OF BREADSTUFFS—NINE MONTHS ENDING MARCH, 1879.

	<i>Bushels, 1880.</i>	<i>Dollars, 1880.</i>	<i>Bushels, 1879.</i>	<i>Dollars, 1879.</i>
Barley.....	405,364	301,604	50,182	27,576
Indian corn.....	57,980,706	32,335,529	51,287,246	24,947,347
Indian corn meal.....	234,305	657,617	287,456	780,737
Oats.....	393,201	151,538	4,090,697	1,247,429
Rye.....	2,317,457	1,861,167	2,976,582	1,885,931
Wheat.....	99,131,972	123,942,866	78,036,159	84,321,879
Wheat flour.....	3,941,710	23,381,905	3,565,611	18,821,631
Total.....	164,404,715	182,632,226	140,293,933	132,032,530

The Boston bank statement for the past four weeks is as follows :

	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Mch. 29.....	\$140,412,000	\$4,930,100	\$2,987,200	\$50,373,800	\$31,048,400
April 5.....	139,462,200	4,805,100	2,635,400	50,827,900	31,145,200
“ 12.....	138,541,400	5,331,300	3,927,600	51,687,600	31,264,200
“ 19.....	137,758,200	5,994,900	3,636,400	52,671,100	31,221,200
“ 26.....	137,923,400	6,738,800	2,095,000	53,653,400	31,223,900

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

	<i>Loans.</i>	<i>Reserves.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Mch. 29.....	\$68,851,879	\$15,637,660	\$55,835,641	\$12,079,451
April 5.....	68,881,661	14,858,987	55,495,192	12,104,530
“ 12.....	69,246,055	14,626,301	55,759,734	12,118,593
“ 19.....	69,646,276	15,073,605	56,590,931	12,123,600
“ 26.....	69,594,048	14,658,322	55,936,818	12,138,438

The receipts from internal revenue for the nine months of the fiscal year ending April 1, amounted to about \$89,500,000, and the customs receipts to \$137,000,000.

On Wednesday, March 31, the offerings of bonds for the sinking fund amounted to \$5,370,000, of which \$5,000,000 were accepted as follows: \$30,000 6s of 1880 at 103.85 to 103.93 $\frac{3}{4}$; \$1,874,500 6s of 1881 at 105.43 to 105.74, and \$3,095,500 5s of 1881 at 103.24 to 103.36.

On Wednesday, April 7, the offerings were \$5,259,200 at the following prices: 6s of 1880, 104.05 to 104.12; 6s of 1881, 105.86 to 106.13, and 5s of 1881 at 103.50 to 103.95. The Secretary accepted \$1,489,300 as follows: \$20,000 6s of 1880 at 104.05 to 104.12; \$758,000 6s of 1881 at 105.86 to 105.99, and \$711,000 5s of 1881 at 103.50 to 103.70.

On Wednesday, April 14, there were eleven offers aggregating \$4,945,250, at the following prices: 6s of 1880, 104.16 to 104.24; 6s of 1881, 105.91 to 106.14, and 5s of 1881, 103.65 to 103.86. The Secretary accepted \$1,500,000 as follows: 6s of 1880 at 104.16 to 104.18, and 6s of 1881 at 105.41 to 105.92.

The offerings, Wednesday, April 21, amounted to \$4,667,250, as follows: 6s of 1880, 103.90 to 104.24; 6s of 1881, 104.05 to 106.22, and 5s of 1881, 103.60 to 103.99, of which the Secretary accepted \$3,000,000. Of the accepted bonds \$217,000 were the sixes of 1880, at from 103.90 to 104.24, \$719,000 of the sixes of 1881 at from 105.30 to 106.05, and \$2,066,000 of the fives of 1881 at from 103.60 to 103.67.

The syndicate purchase of New York Central stock from Mr. Vanderbilt was finally wound up April 8. In addition to the 250,000 shares taken originally at 125, Mr. Vanderbilt availed himself of his right to put in 100,000 more shares, to be sold at the price obtained by the syndicate, which was 131. Altogether, he has now received in cash about \$44,000,000. The profits of the syndicate are stated at about \$3,000,000. Among the persons buying from the syndicate, the names are mentioned of Jay Gould, Russell Sage, Cyrus W. Field, W. L. Scott, L. Von Hoffman, Prince & Whitely, Kuhn, Loeb & Co., Oliver Ames, Hatch & Foote, J. S. Morgan & Co., and others. It is said that Mr. Gould becomes the owner of 50,000 shares. Altogether, it is the largest private operation ever made in this or any other country.

The stock of bullion and coin (nearly all gold) in the Bank of England rose gradually from £27,601,562, at the beginning of the year, to £29,001,840 on the 24th of March. During the first three months of the year, more gold was exported from Great Britain than was imported, so that what the Bank gained was withdrawn from the circulation. Since March 24 the bullion and coin reserve of the Bank has fallen off, as will appear from the following statements of its amount at certain dates:

March 31.....	£28,685,647
April 7.....	28,297,896
“ 14.....	28,283,396
“ 21.....	28,265,196

The London *Economist*, of April 10, calls attention to the losses of gold by the European banks within three years, and especially by the Bank of France, and seems to regard the situation from the gold point of view, as somewhat critical. It says:

“The gold has slipped away unperceived, but a very slight movement further now would rapidly exert a very powerful influence.”

The Paris *Bourse* (newspaper), of April 23, says that telegrams from Berlin state that the uneasiness on the Berlin Bourse is assuming alarming proportions, in consequence of the panic in mining and bank shares.

On the 1st of April, the Bank of France reduced its rate of discount from three to two and a half per cent.

The stock of coin and bullion in the Bank of France was as follows at the dates named :

	<i>Gold in francs.</i>	<i>Silver in francs.</i>
March 11.....	786,061,079	1,265,510,860
“ 18.....	805,013,988	1,269,747,585
“ 25.....	816,159,030	1,275,588,937
April 1.....	816,154,046	1,278,021,296
“ 8	816,086,700	1,277,485,389

During the week ending April 15, the stock decreased by the large sum of 83,693,000 francs, but of this 65,000,000 francs consisted of Italian subsidiary silver, which the Bank had been carrying for the account of the Italian Government, but which has now been in some way paid for and taken out of its vaults. During the week ending April 22, the stock of coin increased 19,900,000 francs.

The City of Boston has put two loans on the market payable in lawful money, and carrying interest at four per cent. per annum, payable semi-annually. One loan for \$ 1,250,000 matures in twenty years, and the other loan for \$ 275,000 matures in ten years. Of the aggregate, the State takes \$ 500,000, and two Boston savings banks \$ 100,000, leaving \$ 925,000 still open for the public. These loans enjoy no exemption from taxation.

DEATHS.

At BOONE, Iowa, on Friday, April 16th, aged fifty-one years, WILLIAM F. CLARK, President of the City Bank.

At NEWPORT, R. I., on Wednesday, April 14, aged seventy-one years, SILAS H. COTTRELL, President of the Merchants' Bank.

At CLEVELAND, Ohio, on Sunday, April 18th, WILLIAM L. CUTTER, formerly Cashier of, and for twenty-seven years connected with, the Merchants' National Bank of Cleveland.

At COLUMBUS, Ohio, on Monday, March 29th, aged thirty-four years, WILLIAM K. DESHLER, Assistant Cashier of the National Exchange Bank.

At UNION CITY, Indiana, on Thursday, April 8th, aged forty-five years, ROBERT S. FISHER, Cashier of the Commercial Bank.

At BALTIMORE, Md., on Monday, April 12th, aged seventy-two years, JOHN HURST, President of the National Exchange Bank of Baltimore.

At CHARLOTTE, Michigan, on Friday, April 9, aged seventy-three years, Hon. JOSEPH MUSGRAVE, President of the First National Bank of Charlotte.

At NEWPORT, Kentucky, on Wednesday, April 14, aged seventy-six years, WILLIAM ROBSON, President of the First National Bank of Newport.

At NEW ORLEANS, La., on Sunday, April 25, aged sixty years, JOSEPH SELIGMAN, of the banking firm of J. & W. Seligman & Co., of New York.

At ALBANY, New York, on Monday, March 29th, aged eighty-three years, RICHARD VAN RENSSLAER, President of the Merchants' National Bank of Albany.

THE
BANKER'S MAGAZINE

AND
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JUNE, 1880.

No. 12.

UNITED STATES BONDS HELD BY THE NATIONAL
BANKS.

Of the called bonds which remained outstanding May 1, there were \$1,722,700 of 10-40's, and \$38,000 of 5-20's, the property of National banks deposited as security for circulation. These bonds have earned no interest for (say) nine months. Among the possible explanations for their not having been changed into interest-bearing bonds, one is that the managers of the banks concerned have been in doubt whether to wind them up or not. Another is, that they have been expecting a fall in the market price of Government bonds. It was the belief of many persons, that when the business revival had made a certain progress, current rates of interest would rise, and that the price of Government bonds would fall. One part of this expectation, that there would be an improved demand for money for business purposes, has been realized. But the other expected thing, that Government bonds would fall as a necessary consequence, has not yet happened, and the belief is becoming more general that it will not happen. It is now seen by many persons, who did not see it six months ago, that the investment demand for a perfect security like the United States bond, is very little affected by the fluctuating rates for money on call in Wall Street. The price of such bonds is governed by two things: first, the total quantity of such bonds in existence, and next, the demand for that particular security. This was, and is, the sound view of the case, and those who have held steadily to this view have therefore insisted that the best policy in

respect to the Government debt falling renewable in 1881, was to postpone action to the latest possible moment. They saw that in the meantime the aggregate of the debt would be considerably reduced, while the demand for National bonds is constantly increasing, *pari passu* with the increasing population and wealth of the country. They were entirely unmoved, therefore, by the assertions made so confidently in December last, that if the opportunity then existing to borrow at four per cent. was not immediately availed of, it would be lost for ever, and by the similar assertions subsequently made in respect to propositions to borrow at three and one-half per cent. If there is anything true in political economy it is this, that the prices in either the sale or hire of everything depend upon demand and supply, and upon nothing else whatever, and it is not possible that the securities of the United States will fall, so long as the quantity is being reduced, while at the same time the number and wealth of the persons eager to possess them are being augmented. We can make a better transaction in the issue of such securities now than we could six months ago, and we can make a still better one a year hence than is possible to-day. In short, the bank managers who have been holding on to their called bonds for nine months, in the hope of a cheaper market for other bonds to be substituted for them, have made a mistake, and the sooner they see it, and correct it, the better it will be for the interests of the institutions under their control.

Among the bonds on deposit May 1, by the National banks as security for their circulation, there were \$54,076,150 of the sixes of 1881, and \$134,703,203 of the fives of 1881.

If the National bonds redeemable next year are provided for to some extent by the issue of short notes, arranged conveniently as to times of payment, so as to absorb accruing surplus revenues, such notes should be declared to be receivable as security for the circulation of National banks. They would otherwise be forced either to retire from business, or to make such large and sudden purchases of the 4½'s of 1891, and of the 4's of 1907, as would create an abnormal rise in their price.

Assuming, as we doubtless may, that Congress will insist that the debt of \$650,000,000, or thereabouts, shall be kept within control so as to be paid off, at any rate before 1891, it remains to be seen in what precise form it may be decided to issue the new securities. Probably some portion of it may be made to mature in annual installments. Still another portion may be put into one-year Treasury notes, which can be renewed in whole or in part as the condition of the public funds may render most desirable. Possibly also, Congress may think it expedient to direct that the Assistant Treasurers shall receive deposits repayable at call at some very low

rate of interest. But any obligation of the United States, in either of these suggested forms, or in any form whatever, should be available for the National banks as a basis for their circulation. Ultimately, they will doubtless prefer, as such a basis, the more permanent 4½'s and 4's, but the necessary purchase of them will be made to better advantage if spread over a considerable period of time.

If one-half of the existing 4½'s and 4's were held by National banks as security for note issues, at the present rate of 100 for 90, the National bank circulation would be \$ 445,881,510, or more than \$ 100,000,000 in excess of what it is now.

PUBLIC FINANCES AND CONDITIONS OF TRADE.

During April the outstanding United States sixes were reduced \$ 6,926,400, and the outstanding fives were reduced \$ 6,073,600. The purchases of bonds during the month were only \$ 9,000,000, but a part of those offered and accepted on the 31st of March were not paid for, and did not get into the accounts until April.

On the 1st of May there remained outstanding :

Sixes.....	\$ 249,961,300
Fives.....	492,889,300
Total.....	\$ 742,850,600

Of the above bonds outstanding at the commencement (July 1, 1879), of the present fiscal year, there were :

Sixes.....	\$ 283,681,350
Fives.....	508,440,350
Total.....	\$ 792,121,700

The total purchase and cancellation of the bonds of the above classes within the ten months was \$ 49,271,100.

The decrease of the net debt was \$ 12,098,070 during April, and was \$ 58,892,502 from June 30, 1879, to April 30, 1880. The decrease of the net debt is only another form of expressing the surplus revenue, and, so far as we can see, about \$ 9,000,000 more bonds ought to have been purchased and cancelled. The arrearages due to the sinking fund are very large. During the month of April alone, the bond purchases were \$ 3,000,000 less than the surplus.

When the sixes and fives are finally disposed of by payment, the bonded debt of the country will still be large, as follows :

4½'s redeemable in 1891.....	\$ 250,000,000
4's " " 1907.....	740,847,800
	\$ 990,847,800

We include among the fours \$ 1,524,950 of outstanding

certificates which are convertible, although not yet converted, into the fours.

The condition of the metallic funds in the Treasury was as follows at the dates named :

	<i>May 1.</i>	<i>April 2.</i>
Gold coin and bullion, less outstanding certificates	\$ 130,726,640 ..	\$ 135,766,551
Silver dollars, less outstanding certificates	33,796,307 ..	32,763,336
Subsidiary silver	22,767,672 ..	21,989,814
Silver bullion	5,007,331 ..	4,086,839
	<hr/>	<hr/>
	\$ 192,297,950 ..	\$ 194,606,540

The lock up of gold is somewhat reduced, but is still more than twice the lock up of the silver of all kinds.

Of the 2,300,000 silver dollars coined during April, 1,032,971 passed into the ownership of the Treasury, and 1,267,029 into the ownership of individuals.

In a letter, dated May 3, to Mr. Bayard, the Secretary of the Treasury says, in relation to the coin on hand to the amount of forty per cent. of the outstanding treasury notes :

"Neither the law nor sound policy seems to permit any encroachment on this fund."

Many of the semi-official letters of this kind are actually written by clerks, who are sometimes careless. There is no law which prescribes this forty-per-cent. reserve. It was prescribed by the Secretary himself, in the exercise of a discretion which as yet the laws give him. We do not think, either that he fixed the coin reserve too high when resumption began, and was a new and untried thing, or that the time has yet come when Congress should interfere by directing the reserve to be reduced. Very probably it will come by-and-bye, after confidence, which is a plant of slow growth, is thoroughly established as to the permanency of resumption. For the present, it would seem to be sufficient to pass a law directing that this reserve of forty per cent. shall not be exceeded.

In this same letter of May 3, the Secretary expresses the opinion that the surplus will soon fall off, giving as his reason for that opinion that the appropriations for next year will be heavier than for this. However that may be, it will be prudent to anticipate a reduction of the surplus for another reason, that our imports and consequently our tariff receipts have been abnormally swollen by a demand in Europe for our breadstuffs and provisions, which cannot be expected to continue after the harvests of this year. At all events, it is clearly wise to postpone reductions of taxes until we have put our large debts becoming redeemable in 1881 into a convenient and satisfactory form, to which end the greatest possible reduction in the meantime of their aggregate amount will essentially contribute.

During the four months ending with April, the foreign merchandise warehoused in New York amounted to \$ 39,360,368.

and the amount withdrawn was \$27,554,144, so that the increase of merchandise warehoused was \$11,806,224.

During the single month of April, the amount warehoused was \$14,338,713, the amount withdrawn was \$6,112,693, and the increase in the warehouses was, therefore, \$8,226,020.

Some portion of these warehoused goods is still the property of foreigners, sent here for sale. But to whomsoever they belong, consumers have not yet purchased them, nor has the Government yet received the duties on them.

The fall in the prices of merchandise continues to make progress, both in this country and in Europe, and opinions differ widely as to when the bottom will be reached.

The variations since the first of April in the resources of gold in the European banks have not been important.

From the 31st of March to May 20, the Bank of England reserve of coin and bullion declined from £28,297,896 to £27,323,832.

The following is a statement of the metallic reserve of the Bank of France at the dates named :

	<i>Gold in francs.</i>	<i>Silver in francs.</i>
April 8.....	816,086,700	1,277,485,385
" 15.....	799,891,632	1,211,989,133
" 22.....	813,156,679	1,218,616,041
" 29.....	816,976,666	1,222,419,360
May 6.....	815,766,642	1,224,936,435

The sudden decline in the silver reserve from April 8 to April 15, is explained by the appearance in the statement for the latter date of a new item of account, under the name of "Italian silver coin," amounting to 65,818,089 francs. This is, for the first time, stated separately from the other silver of the Bank. Under the revised convention of 1879 between the members of the Latin Union, Italy is to take up its subsidiary silver and pay for it by instalments running through three years.

The adverse balance of the foreign merchandise trade of Great Britain and Ireland was as follows in the last ten calendar years :

1870.....	£59,176,916	....	1875.....	£92,327,254
1871.....	47,440,780	....	1876.....	118,378,101
1872.....	40,104,790	....	1877.....	142,073,662
1873.....	60,282,607	....	1878.....	123,125,752
1874.....	72,432,237	....	1879.....	114,627,741

In the foregoing figures the re-export of foreign goods imported into the United Kingdom is taken into account.

The figures for the first four months of 1880, compared with the same months of 1879, but not including the re-export of imported goods, show an increase of £25,664,656 in the imports and of £14,170,513 in the exports. It is not probable that there was any noticeable increase in the re-export of foreign goods, and the adverse balance for 1880 promises therefore to be extraordinarily large.

As is well known, the balances of trade are never really

so unfavorable to Great Britain as they appear to be from the British method of valuing imports and exports. Imports are stated at their actual price in the ports at which they are entered, which includes freight and profits, while exports are stated at their price at the port of shipment, exclusive of profits and exclusive of the freights which are nearly all earned by British ships.

And whatever the balance of trade against Great Britain may actually be, it is provided for to some extent by the profits of the British carrying trade, and by the annual interest and gains on British foreign investments. It is not, however, believed to be wholly provided for in this way. Englishmen, at any rate, agree that within the last half dozen years the British holdings of foreign debts and securities have largely diminished.

The London *Bankers' Magazine* for May, 1880, says :

"We cannot trace the amounts of foreign securities sold and sent out of the Kingdom during 1879, but the impression of those qualified to form an opinion has been that this was very large. It is likely that it should have been so."

TAXING FOREIGN BANKING CAPITAL.

On the 21st of April, the following bill was passed by the Legislature at Albany :

All persons and associations doing business in the State of New York as merchants, bankers, or otherwise, either as principals, agents, managers, or partners, whether special or otherwise, and not residents of this State, shall be assessed and taxed on all sums used and employed in any manner in said business, whether money or credits, the same as if they were residents of this State, and said tax shall be collected from the property of the firms or associations to which they may severally belong.

The foreign banks to be affected by such a law are the Canadian Bank of Commerce, Bank of Montreal, Bank of British North America, Merchants' Bank of Canada, Cr dit Lyonnais, the Netherlands Trading Society, and the Hong Kong and Shanghai Banking Corporation. The Nevada Bank, of San Francisco, also employs more or less capital in New York City, and would come within the scope of the law.

The aggregate capital of foreign banks employed here in the business of banking, through agencies, is variously estimated at from twenty to thirty million dollars. The largest contribution towards this amount is made by the banks of Canada, and particularly of Montreal. According to the returns from all the Canadian banks on the 31st of last January, they had in "other banks (foreign)" \$20,755,310, and on the 28th of last February, \$23,042,297, while they owed to all foreign banks only \$40,000. As there is nothing attract

ive in the rates of interest allowed by the banks in England, it is presumable that the largest part of these funds was in use in the United States. New York City is, however, not the only place in the United States in which Canadian bankers find it profitable to employ their money. They employ it in other places, and particularly in Chicago, where it is reported that they are now considerably extending their operations.

The City press generally denounced the law passed on the 21st of April, and urged the Governor to veto it. No objection was made to the fairness of the law, which is too plain to be controverted, but the apprehension was that it would withdraw capital and make money scarce. Thus, the *Journal of Commerce*, of April 28, said: "Advocates of the measure claim that there is no reason why foreign capital employed in banking or mercantile pursuits should not be made to bear its share of State tax the same as capital belonging to residents of the State. But it is clear that if the bill becomes a law it will at once have a prejudicial effect, greatly restricting the business of this metropolis, and if capital is driven from us it will go elsewhere, and it may not speedily return."

A demand for capital on whatever terms, and resistance to any measure which may threaten a withdrawal of it, were natural enough at a time when the money market happened to be specially pinched, and when stocks were drooping for various reasons, of which the current high rate of interest was one. A cooler reflection will, however, produce a general acquiescence in the doctrine that New York cannot afford to offer for the use of foreign capital any such bribe as exemption from the same taxation to which domestic capital in the same lines is subjected. The aggregate taxation being a fixed quantity, every exemption means an increased burden somewhere else, and it might turn out that the domestic capital driven out of use in particular classes of business in the City of New York, by the extra burdens resulting from favors to foreigners, would be vastly greater than the amount of such capital which would be attracted from abroad. There is no rule of hospitality which requires better treatment to foreigners than we give to our own citizens.

New York is a cosmopolitan city, and always ready to give a reasonable welcome to foreign capital and to foreigners themselves, but it cannot be admitted for a moment that its position depends in any degree upon the question, whether \$25,000,000 of outside capital is, or is not, employed in its banking operations. A single one of its citizens chooses today to keep twice that amount in four-per-cent. bonds which he could sell at a premium of seven per cent., if he saw the probability of deriving any more satisfactory income by a change.

What we need, is not the attraction of non-resident capital into banking by unjust and invidious preferences, but a reform in the methods of taxing bankers, whether they are citizens or foreigners. A thorough discussion will show that such a reform is even more important to the general public and to borrowers as a special class, than it is to the owners of loanable capital themselves. It is always supposed to be a popular thing to squeeze bankers by excessive taxation, but experience shows that the burden falls at last upon the business classes.

In the *American Exchange*, of April 29, is given the following account of various opinions in New York City :

Comment took its shape generally from the selfish interests of the different persons affected, although in some quarters opinions were expressed from an unbiased standpoint. The opponents of the proposed legislation may be divided into two general classes, namely, the foreign bankers most immediately affected by it, and borrowers of money and speculators. The latter deprecate everything which tends to make money scarce and high, and the former are indignant at the possibilities of oppression which will be opened should the bill become a law. There is a considerable number of bank officers, however, who believe that foreign banking capital should be made to share the enormous burdens which now hamper home capital, and who would scarcely regret the transfer of the business of the foreign banks to their own institutions. Some bankers oppose the pending bill simply on account of its tendency to expel capital from this State, and urge that the present oppression by taxation of the National banks is no excuse for an extension of that oppression.

With Governor Cornell the pressure against the bill proved stronger than the support which it received, and on the 4th of May he sent in the following veto, in which, as will be seen, he objects to the bill, not as being unjust, but as being inexpedient :

Senate bill No. 237, entitled an act to amend chapter 37, of the laws of 1855, entitled an act amendatory of the acts for the assessment and collection of taxes, is herewith returned without approval. The necessity of a revision of the laws for the assessment and collection of the public revenue is fully appreciated, and it is my sincere desire to co-operate with the Legislature in maturing any measure which will insure a more equitable distribution of the burden of taxation. The present bill would not, in my opinion, promote this object. On the contrary, it would fail to produce any material revenue, and would tend to drive from the State a large amount of capital which in times of financial stress is sent here for temporary use, thereby giving great relief to the borrowing classes, and affording additional facilities for commercial transactions. Our great metropolis has become one of the principal financial centers of the world, and within a few years it has attracted vast amounts of capital from other countries, the use of which has, to a great extent, modified the rate of interest in the State. Were this bill to become a law, the first result would be to deprive our people of the benefits derived from the influx of this foreign capital, which would seek other markets, and thus increase the commercial facilities of rival cities.

THE PRECIOUS METALS.

The production of the Pacific-coast mines, as reported in detail in the San Francisco *Bulletin*, compares as follows, in the month of March, this year and last :

	1879.	1880.
Gold.....	\$ 1,116,500 ..	\$ 790,341
Silver.....	1,373,100 ..	667,770
Lead.....	74,700 ..	29,300
Totals.....	\$ 2,564,300 ..	\$ 1,487,411

Other mine reports in the same paper for the first quarter of last year and this are as follows :

	No.	1879.	No.	1880.
January.....	35 ..	\$ 1,960,900 ..	29 ..	\$ 1,532,200
February.....	32 ..	1,811,900 ..	28 ..	1,307,900
March.....	35 ..	2,564,300 ..	23 ..	1,847,400
Totals....	— ..	\$ 6,337,100 ..	— ..	\$ 4,747,500

The comparison is very incomplete, but it covers all the producing mines on the Comstock lode, and tends, so far as it goes, to the conclusion that the region of which San Francisco is the center, is rather declining in its outturn of the metals. The increase is elsewhere, as in Colorado, New Mexico, the Black Hills, etc.

Many letters from Nevada speak of efforts to extract the precious metals from the ores of the Comstock lode, heretofore rejected because their grade was too low to permit of their being worked at the wages for miners, heretofore inflexibly fixed by the Miner's Union at \$4 per day. Mr. McKay is credited with the suggestion that the Union should assent to the employment of miners at \$3 per day, upon low-grade ores above the level of the Sutro Tunnel, on two grounds: first, that the low-grade ores cannot, and will not, be mined without a reduction of wages, and second, that if \$4 is a fair rate at the lower depths, where the heat is oppressive and the dangers considerable, \$3 is high enough under the more favorable circumstances above the Sutro level. In connection with lower wages, Mr. McKay suggests the erection of mills to be run by the water of the Carson river, and by the water discharged by the tunnel, so as to cheapen the crushing of ores. The quantity of the lower-grade ores is said to be enormously great, and it may be presumed that ways will be devised to get over such difficulties in utilizing them as are not intrinsically insuperable.

We notice that some writers maintain that these low-grade ores ought heretofore to have been worked in connection with the richer ores. The *rationale* of that view seems to us defective. If, under the conditions which have existed, and do still

exist, it has been economically impossible to work ores paying less than (say) \$20 per ton, the difficulty would not have been overcome, but simply concealed, by working them in a state of mixture with ores paying (say) \$50 per ton. The average of the mixed mass would have paid a profit, but instead of any part of that profit having come from the inferior ores, the loss on them would have been just so much subtracted from the better ores. The loss would have been none the less real, because it did not appear in the reported general results.

The rush of immigration into Colorado is said to be twice as great as it was last year, when it was very great. Daily arrivals, 600 and 800 at Denver, from the East are spoken of. The territory is a large one, and the appearances are that it is to be subjected to a very thorough prospecting for gold and silver.

The New York *Stockholder*, of May 4, says: "Eight sacks of ore from the Grand Duchess mine, Rhinebeck, New York, (on the Hudson) treated in Brooklyn last week, showed gold at the rate of \$100 per ton."

The Edison gold process is applicable to the black sands which are found in the sluices at clean-ups in placer and hydraulic mining. The explanation given of the process is, that the magnetic part of these sands contain no gold, which is found only in the non-magnetic part, and that it is only necessary to separate the two, which may be easily and cheaply done by the use of magnets. The evidence is, that the process works well in laboratory experiments, but there is a great difference of opinion as to whether it will be economical on a large scale. We judge that a majority of the persons connected with the mining, are more distrustful than hopeful about it. They are so, in fact, as to the practical value of all new processes, which have generally turned out to be failures. We can only wish that in this case, as in others, there may be occasional exceptions to prove the rule.

We have a very late report of the discovery of extensive gold placers in the province of Archangel (Russia), where they have not heretofore been found. As usual, great excitement is said to exist in that entire region. As gold exists in the Urals and in Siberia, there is no improbability that these new discoveries may turn out to be important.

A San Francisco correspondent (April 24) of the New York *Commercial Bulletin* says: "The production of gold and silver is diminishing in all parts of the world except just here. Australia, which in 1852 produced £20,000,000, and for many subsequent years £10,000,000 a year, now produces but £4,000,000; and Russia, which in 1871 produced £5,500,000, now produces but £4,000,000 a year. As for the expectations indulged in by some of the English papers with regard to the lately re-opened gold district (Wynaad) in the Madras

Presidency (India), a gentlemen lately from these mines informs me that such hopes are quite illusory. He has shown me some of the rock, and it is vastly inferior to the quartz specimens so common here. He represents the difficulties of mining it to be very great, and inclines to the opinion that one gold mine in California or Nevada is worth ten in Madras."

In respect to the ultimate possibilities of the India gold fields, the following from the London *Economist*, of April 17, gives a more hopeful view than is taken by the correspondent of the *Bulletin*:

The full text of Mr. Brough Smyth's report on the Wynaad gold fields was issued last week as a Parliamentary paper. It is an interesting document, giving details of the various reefs and many practical hints as to the best modes of gold mining. With respect to the extent and character of the Wynaad fields Mr. Smyth states that: "Gold has been found on the south near Eddacurra, and on the north near Nellacottah, on the west near Vyteri, and on the east as far as Bolingbroke—that is to say, over an area of more than 500 square miles. The reefs are very numerous, and they are more than of the average thickness of those found in other countries; they are of great longitudinal extent, some being traceable by their outcrops for several miles: they are strong and persistent, and highly auriferous at an elevation of less than 500 feet above the sea, and they can be traced thence upwards to a height of nearly 8,000 feet; near them gold can be washed out of almost every dish of earth that is dug; the proportion of gold in some of the soils and reefs in the neighborhood of Devala is large; and, the country presenting the greatest facilities for prosecuting mining operations at the smallest cost, it must be apparent to all who have given attention to this question that, sooner or later, gold mining will be established as an important industry in Southern India."

It is, however, he thinks, not unlikely that the first attempts to open out the mines will fail: "Speculative undertakings, having for their object the making of money by buying and selling shares, are commenced invariably by appointing secretaries and managers at high salaries, and the printing of a prospectus. This is followed by the erection of costly and not seldom wholly unsuitable machinery; no attempts are made to open the mine; and then, after futile endeavors to obtain gold, and a waste of capital, it is pronounced and believed that gold mining on a large scale will never prove remunerative. It is probable that this story will be repeated again and again, here as in other gold-mining countries, until some one of the mines is opened by experienced persons who desire to secure profits not by dealing in shares, but by mining."

This warning is not unheeded. The Government of India, it is announced, purpose to authorize the Madras authorities to grant gold-mining leases of Government lands in lots of from one to thirty acres for a term of ten to twenty years, at a rent of five rupees an acre, provided that not less than five laborers per acre are regularly employed on *bona fide* mining operations in such manner as the Government approve. And in order to attract capital, they do not propose at present to levy any royalty or tax on the industry.

LONDON AND NEW YORK LOAN MARKETS.

Long experience, added to an ample command of ready means, enables the London dealers in foreign and colonial public debts to make great profits, and we have never yet seen the proofs that they have ever lost anything in any case.

For the last three or four years, their operations have been, from various circumstances, mainly confined to colonial loans, and notably to the loans of their flourishing Australian colonies. They know how, just before one of these loans makes its appearance on their market, to inspire the financial journals to print articles on the great expansion of Australian debts. These articles, while effecting the purpose of keeping the loans from selling at inconveniently high rates, are worded with such well-trained judiciousness as not really to impair Australian credit, and to leave the way open, after the loans are once in the hands of the jobbers, to permit such more roseate views to be taken as will facilitate their being shifted into second hands at large advances.

A New Zealand loan of £5,000,000, or \$25,000,000, at five per cent., was so well managed in December last, that the jobbers got it at ninety-seven and a half, although there was a privilege attached to it of conversion into a four-per-cent. loan on (as we remember it) forty years, at the rate of 120 for 100. The profits already realized from a rise in the market are \$2,500,000, and in all probability will reach twice that before the year is out.

The London *Financier* of March 18, says: "The New Zealand £5,000,000 loan, issued in December last, has proved to the subscribers one of the most remunerative transactions of that kind that has been known for years. The option of conversion, which lasts for a clear twelve-month, came into force on the 16th instant, and already the price has risen to the equivalent of a premium of no less than ten and a quarter per cent., the issue price of the five-per-cents having been ninety-seven and a half, and the present quotation being 107¾ to 108."

The London *Economist* of March 20, says: "The reason of the rise in New Zealand five-per-cent. scrip is, that holders are already availing themselves of their option to convert into 120 per cent. of four-per-cent. inscribed stock, transferable free of stamp duty at the Bank of England, and with dividends payable at the same place."

Manifestly, "the reason of the rise" in this stock, is not the fact that the holders hasten to exercise an option attached to it, but the much more important fact that they

were given such an option to be exercised at their pleasure within a year. Why they precipitate the exercise of it, is not clear from anything which is stated. It would seem that they might receive their five per cent. for a year, and then make the conversion, at a slightly better profit.

Portugal, although a respectable power, is in a condition of quasi-dependence upon Great Britain, and Portuguese loans find no other foreign market than London. How they fare there may be guessed at from the following from the *Economist* of February 7: "In August last, it was shown by us that over a period of ten years, our investments in Portuguese three-per-cents had yielded us no less than 13.4 per cent. per annum."

In respect to the London market for the stocks of the India Government, those which are payable, principal and interest, in sterling money, command tolerably good prices, but the rupee Indian stocks are relatively more depressed than is justified by the present or probable future rate of exchange between gold and silver. The English seem to have a sentimental objection to silver, or at any rate they affect to have it, when they are asked to buy silver stocks. They deal quite as favorably with India in that respect, as they do when they fix the relative prices at which they will buy the gold and silver *rentes* of Austria.

We see nothing in the present London prices of colonial, Indian, or even Continental European stocks, to prevent competition on the part of New York. Within a year, a considerable loan of the Province of Quebec, was marketed here at better rates than were offered for it in London, and we believe that the £5,000,000 New Zealand loan of last December, could have been negotiated here quite as well, to say the least of it, as in London. The United States is an incomparably richer country than Great Britain is, and its investing classes are increasing in numbers and opulence at a rate which is too great to be realized. Doubtless it is true that the rates of interest for business purposes may be expected to be higher in a new and rapidly developing country than in an old one, but such rates have very little connection with the prices paid for Government stocks, for which the demand is a special and peculiar one. Their prices depend wholly upon the proportion between that special demand and the quantity of them which is on offer in the market. The distinct tendency in the United States is towards the reduction of all home public debts, National, State, and municipal. As that tendency becomes developed, room will be made for foreign stocks.

NATIONAL THRIFT AND POPULAR LOANS.

At a conference upon National thrift held March 12, at the Mansion House, in London, the Earl of Derby said, among other things :

The shilling that is set aside from weekly wages should not have to pass the public-house door if it can be helped; it should be put by at once. We want the Post-office banks increased in number; that is something to go for. We want them, or some of us do, empowered to receive and hold larger deposits than they can at present—that is another proposal to be considered. We ought, I think, to have means provided by which the small sums could be at once, and without needless cost, invested in the funds. In France, as I have been told, every peasant who has a village within reach can put a few francs into Government securities. In England it is hardly possible, at least out of London, to do the same thing without the intervention of a banker. I should not know how to set about it myself, and I am sure no working man or small tradesman does.

It is not one of the duties of a government to create or perpetuate debts for the sake of providing a safe and profitable depository for the funds of capitalists, or for the savings of the masses of the people. But so long as a debt does in fact exist, and until it can be paid off by public economy and by that vigorous and efficient taxation to which a wise people will always willingly submit for the sake of getting out of debt, it is eminently proper, in deciding upon the particular forms of Government obligations, to select such forms as will best tend to diffuse habits of thrift throughout the community, and to place a perfectly sound security within the easy reach of everybody. And it is fortunately true that a policy of that kind, so far from being inconsistent with the duty of indebted governments to borrow as cheaply as they can, is generally, and perhaps always, the one best adapted to reduce the cost of loans.

A proposition to convert the United States Treasury into a bank of deposit or a Savings bank, to receive the money of the people and invest it in discounts, or permanent loans, would meet with universal opposition. No set of officials could be trusted to select suitable paper to be cashed, or securities to be purchased. But the Treasury is a borrower all the time for its own wants, and is likely to be so for many long years yet. It is not a question whether the Treasury shall borrow money, but of whom it shall borrow, and in what forms.

It admits, we think, of no fair doubt that if the Treasury would to-day, within some specified aggregate limit, accept deposits or issue notes, payable on demand, with interest at

three per cent. per annum, reserving the right of payment at its own pleasure after reasonable notice, very large sums would be offered, and that if there was any variation in the total of the sums received, it would always be in the direction of an increase. Mr. Chase resorted to that system to some extent, and we see many good reasons why it should be resorted to now, or soon. The Treasury will need money a year hence to redeem large loans which will then become redeemable. On the other hand, there are many moneyed institutions, like insurance companies and Savings banks, and numerous individuals liable to sudden and considerable calls for money, who would be glad enough to hold demand claims on the Government, carrying three per cent. interest until they were demanded. It is true that such institutions and persons can now meet their special wants by holding long Government bonds and selling them when they want cash. But in that case, they run the risk of the fluctuating market price of such bonds, and are exceedingly apt to be obliged to realize upon them at the worst time. In addition, there is that unknown, but doubtless very large, number of people who would put little savings into the hands of the Government at almost any rate of interest, and who cannot be persuaded to put them any where else. They would have all the time the satisfying conviction of the safety of the depositary, and that, coupled with instant availability, would attract sums very great in the aggregate. It may be suggested and is perhaps true, that the reception by the Treasury of minute sums, which necessarily involves care in making payments always to the right parties, is not an operation adapted to the machinery of the Treasury. If it should appear to be so upon full discussion, there remains always the obvious expedient of a system of National Savings banks upon the general plan of Senator Windom's bill, which is now pending in Congress. Such banks, holding all their investments in Government bonds, and all their ready means in the form of deposits in the Treasury repayable with interest at three per cent. on demand, would command universal confidence, and might be so multiplied as to bring a place of indubitably safe deposit within the reach of everybody.

Undoubtedly, it is the primary duty of the Government, so far as it must needs borrow money, to get it at as cheap rates as possible. Some persons are so impressed with the importance of that duty, that for the sake of borrowing at three per cent. they are willing to adopt the English example of a perpetual consol. It seems to us much better to adopt the other English example of borrowing the savings of the people, and which is effected in England upon better rates than upon consols. Perpetual irredeemability is admitted to be an attraction to many persons to whose situation it is

adapted, but redeemability on demand is an essential condition to a vastly greater number of persons, and might attract very great sums on better terms. It is an experiment well worth trying.

CONVERSION OF THE BRITISH DEBT.

The following paragraph appeared in the money article of the *London Times*, of April 27—"It is rumored that the Liberal Government intends to convert consols into 2 1-2 per cent. stock. There is just sufficient possibility in the suggestion to make it worth repeating. If the operation could be carried out in respect of the entire national debt, an immediate saving of between three and one-half and four millions yearly would be effected. We fear the news is far too good to be true. The money market is not now in so favorable a position for such conversion as it would have been some time ago."

The *London Financier*, of the next day, said that such a conversion was scouted as fanciful by the financial classes, but declared its own opinion to be, that "an original genius like Mr. Gladstone" might possibly effect it, although not without resorting to objectionable expedients.

The *London Economist*, of May, 1 says:—"A diminution in the rate of interest on the Government debt has been talked of, but it would appear highly improbable, if not quite impossible, that any great reduction could be suddenly made."

It is apparent enough that interests which are very powerful in London, would suffer by the proposed conversion, and their belief that it is impracticable may be founded largely upon their desire that it may prove to be so.

We dissent from the opinion of the *Times*, that "the money market is not now in so favorable a position for such conversions as it would have been some time ago." It is true that the Bank of England rate has been raised from two per cent. within a year past to three per cent., and that the degree of revival which has occurred in British trade and productive industries has within the same time raised the current rates for money in mercantile transactions in a ratio even greater. But the rate of interest on fixed investments in public funds is not necessarily controlled by, and is oftentimes quite independent of, the rate which is current in bank discounts and short loans. The two things are entirely different, and each is governed by its own peculiar circumstances. The market for permanent securities, which are accepted and dealt in as being exempt from the hazards of business, is ruled by the proportion at any given time between the existing amount of such securities and the

capital in the hands of those who, for various reasons, prefer such securities. It is very little and very slowly affected by changes in the market rates of interest in other transactions, with which such persons can with difficulty be persuaded to meddle at all.

The general fact in regard to the public debts of the European countries is that they have reached the maximum consistent with safety. France, the richest country on the Continent, reached that maximum at one disastrous bound as the result of a defeat in the Franco-Prussian war, and it is now the accepted view in financial discussions on the other side of the Atlantic, that the chapter of the creation and enlargement of European national debts is substantially closed. But the progress of European wealth was never greater, and the present order of the day there is the conversion of debts from what are now considered high rates of interest to lower ones. Nearly all their governments are engaged in it. If France as yet abstains from it, it is not because it is impracticable in that country, but merely because French *rentiers* possess a political influence more potent than that of French tax-payers. In Great Britain an operation of that kind would, in the ordinary course of things, be more likely to be favored by the conservative party which specially represents the landed aristocracy, than by the Whigs who specially represent the moneyed aristocracy. It is altogether possible that the incoming Gladstone administration may be ambitious of the *eclat* of reducing the annual burden of the public debt. If that proves to be so, the success of the attempt will not be affected in any degree by the inconsequential circumstance referred to by the *London Times*, of a hardening in the rates of bank discount, whether that hardening proves to be temporary or permanent. It will depend upon the substantial stoppage of any further increase of the mass of European public debts, and upon the continuance of such a degree of social order and freedom from devastating wars as will permit the present accumulation of wealth to proceed without any important check.

In 1852, the reduction of the interest on British consols to $2\frac{1}{2}$ per cent. was proposed by the ministers, who expressed their belief that it was rendered practicable by the increasing volume of money from the out-turn of California and Australia. Disraeli, now Lord Beaconsfield, was then the leader of the opposition, and resisted the project, not as impracticable, but on the ground that the new gold would soon reduce the rate of interest to two per cent. and even lower. Such were the monstrous absurdities in finance, which seemed to be recognized as undoubted truths on both sides of the British House of Commons only twenty-eight years ago. Nothing is clearer than that an increase of the

volume of money, by stimulating the activity of business, must raise the rates of interest. David Hume had long before expounded the sound theory of the case, and there had been special illustrations of it in the experience of England prior to 1852. But the English still clung to an old delusion, and did not give it up until their subsequent experience of the fact—that the rates of interest rose *pari passu* with the expansion of the metallic money of the world from the new gold.

SUPERABUNDANCE OF FRENCH CAPITAL.

The London correspondent of the *Scottish Banking and Insurance Magazine*, writing on the 31st of March, says:

“Money has been in fair demand during the month, but the supply has been adequate, French bankers lending freely on this market, owing to the superabundance of money and lower rates prevailing in the French capital. The French exchange is a little more in favor of this country, owing to this action of the French bankers.

“It is said that French speculators are now buying British railways, as French railways are now too high in comparison. Money is accumulating so fast in France that the financiers can scarcely find employment for it. North British is in strong favor with the Frenchmen because it looks so cheap. They have also got it into their heads that it is one of the best managed lines in this kingdom. How they arrive at this conclusion it is not easy to see: but they have got their money and can do what they please with it. It is their purchases which keep up the price of the stock. It is not in favor with the Englishmen at present.”

As we have observed several times lately, the balance of trade has been so enormously against Great Britain for a year past, that the English must have been upon the whole borrowers rather than lenders, and sellers rather than buyers of securities. While they are known to have been purchasers of certain securities, especially of their own colonies, they must have parted at the same time with other securities to a greater amount, or have been in some form the receivers of capital from abroad. In no other way could they possibly have made payments for the excess of their imports over their exports.

On the 14th of February the London *Economist* said: “Foreign money has come for employment to our market. We referred a few days since to this feature having appeared. It seems now to have taken place again on a large scale.”

Without doubt the bulk of this “foreign money” must have come from France, because there does not exist in any other part of Europe any considerable amount of capital

disposable for loans at the rates to be obtained in London, which are far from high. The accumulations of wealth in France since 1815 have been exceedingly great. The solid foundations for it have been the conservative financial policy of the Government, and the industry, and especially the economical thrift of the people. The rule of Frenchmen is to lay by something out of their income, however small it may be. Their invasion as money-lenders of so opulent a country as England is a very striking fact. They earn less than the English, but they save more of what they earn. They have less propensity to embark in the hazards of business and more inclination to the safe gains of money lending.

A \$4,000,000 five-per-cent. loan of the Province of Quebec has been taken by Cohen and Joubert, of Paris, at 98. This interference by French money-lenders with British colonial loans, of which London has heretofore enjoyed the lucrative monopoly, will not be agreeable to Englishmen. The *Montreal Gazette* says:

“Not the least gratifying feature of it is that it will probably teach the gentlemen of Lombard Street, who have been disposed to treat the Province with so much patronizing superciliousness, that this country is not wholly dependent upon them for the means to carry out the public works which the Legislature may consider to be for the public welfare.”

BI-METALLISM IN GERMANY.

It was announced early in April that the German Cabinet had agreed upon a bill to be proposed to the Parliament, to increase the subsidiary coinage from ten to 12 1-2 marks *per capita*, and that if this bill became a law, it was intended to enlarge that coinage by 120 million marks, or \$30,000,000.

Such a measure would not at present affect the value of silver in relation to commodities one way or the other, as the bullion for the proposed new coinage would be obtained by melting an equivalent amount of the silver thalers still in circulation as a full legal tender. It would merely transfer a certain weight of silver from one form of money into another.

On the supposition, however, that Germany will finally resume and complete the work of demonetizing silver, which was suspended in May, 1879, whatever amount is added to the subsidiary silver coinage would be so much subtracted from the amount of silver to be ultimately thrown upon the markets of the world.

But it is not to be forgotten that the movement of Germany, from a silver to a gold standard, involves the two operations of selling silver and buying gold, and that the market value of the two metals, in relation to each other, is as much

affected by one of these operations as by the other. If Germany withdraws a given amount of full-tender silver money, and instead of selling it, converts it into subsidiary money, it is true that there would be no resulting sale of silver to cause a depression of it. But a necessity would arise of buying an equal amount of gold to take the place of the full silver money withdrawn, and an extra purchase of gold affects the relation of the metals as much as an extra sale of silver.

There is a concurrence of opinion among those who have the best opportunity to be well informed, that at least half, and probably more, of the \$140,000,000 of coin in the German Imperial Bank consists of silver thalers. Whenever they are finally withdrawn, if that shall ever happen, and no matter whether they are sold, or converted into subsidiary money, the German Bank cannot maintain its existing stock of full-tender coin without a purchase in some quarter of \$70,000,000 of gold. No such sum in gold can now be drawn from the depleted stores of that metal, in Europe, without severe monetary disturbance.

On the 27th of April, the *London News* had the following in its Paris correspondence:—"I hear from excellent sources that leading German statesmen are highly favorable to bi-metallism. According to the programme of the bi-metallists the project for increasing the volume of the fractional currency will be rejected by the committee, and the Government will be invited to take steps for an international agreement on a common basis." This appears to be somewhat corroborated by the following, which has just appeared in the *Paris Bourse* (newspaper)—"The leading men of Germany have been won over to the cause of bi-metallism, not through conviction, but necessity, and the advocates of the new plan for an international agreement on a common basis include Herr von Kardorff, Herr von Merbach and Herr Schorlemmerst." The *London Times* money article, of April 28, observes—"A statement to the effect that leading German statesmen are highly favorable to bi-metallism is published in the *Paris Bourse*. If it be well founded, the German Government appear at length to have realized what was predicted from the first—that, in her existing commercial position, Germany is incapable of maintaining a single gold standard. We have no sympathy with their dream of a uniform ratio between gold and silver, which is about as realizable as a uniform ratio between cheese and corn. But the fact of an agitation having arisen in any shape for the rehabilitation of silver in Germany is too significant to be overlooked."

This information as to what Germany will do will be taken for what it is worth. The only thing which seems to be well established is, that for some reason or other, the German free-traders are generally for a gold standard, and the pro-

tectionists against it. There is no real connection between the question of the monetary standard and the question of tariff duties, and it is to be treated as a merely accidental fact, that the protectionists, who compose the majority of the present German Parliament, are disaffected towards the gold standard policy of which the free traders were the authors. To what extent this disaffection will manifest itself remains to be seen, but it is not probable that any decisive movement will be made very soon. What is called an *expectant attitude* may suit the atmosphere of Berlin, as well as it does that of Paris and Washington. At present, at any rate, the anti-gold standard party in Germany has determined upon nothing, except to oppose the policy of melting down full tender silver thalers and converting them into subsidiary coins.

RESUMPTION IN ITALY.

Paragraphs have appeared frequently in English and American journals within a few weeks past, to the effect that the statesmen of Italy were contemplating a resumption of coin payments within a near future. We have never inclined to regard such statements as intrinsically probable. When it was finally settled within the past year that Italy would remain in the Latin Union, the difficulty in the way of an Italian resumption, so long as the policy of the Latin Union remains as it now is, became very great. The forced paper money of Italy does not differ much in value from the bullion value of Italian silver money, but it is as much below gold coins as silver bullion is. The Latin Union has suspended the further coinage of silver, and thereby keeps the existing silver coins at a parity with gold coins. If Italy had cut loose from the Latin Union, and opened its mints without distinction to both metals, its paper would have been at once at a par with silver coins, and a practical coin resumption would have resulted without an effort and without a sacrifice, and it would now be in the exact position in which Austria is, where there has not been technically speaking a resumption, but where there is no market difference between paper and silver coin, and where, in fact, paper seems to be rather preferred from its greater convenience.

The difference between Italian paper and Italian coin, fluctuates above and below the point of (say) fifteen per cent., and within two years past has tended rather to increase than to diminish. It is hardly among possibilities that the attempt will be made under existing circumstances to raise the value of paper to that extent, with all the plainly fore-

seen consequences as respects the pressure of the public and private debts with which Italy is loaded down.

What is being discussed in that country, is not the restoration of coin payments, but the expediency of permitting parties desiring to do so, to make their contracts payable in coin generally, or in a particular kind of coin, which liberty of contract does not, as it would seem, now exist.

The Paris correspondent of the London *Economist*, writing under date of March 18, says :

The Minister of Commerce in Italy, has issued a circular to the banks asking for their opinion relative to the forced currency of paper money. Considering the benefit trade would derive from a right of stipulating for payments in gold, silver, or paper, at option—especially in international commerce—the Minister declares that he would be ready to abrogate the decree rendering the acceptance of bank notes obligatory for all payments, but before adopting that reform he invites the banks to submit observations on the subject. It might be objected that the authorization of the Government was not necessary to permit payment in coin in commercial transactions, when that condition was agreed to; but the case arose frequently in France during the early part of the late suspension of specie payments, when gold was at a high premium. Some of the Tribunals then ruled that a debtor had a right to make payment in paper, notwithstanding any stipulation to the contrary, as parties could not contract themselves out of the law. Some of the Tribunals, however, upheld the contracts. It must be said that the examples were few of debtors endeavoring to evade obligations fully entered into by appealing to that law.

We have noticed in French writers a difference on the points, whether contracts to pay coin, when the Bank of France is in a state of suspension, or specific contracts to pay either gold or silver, when paper does not enjoy a forced currency, are within the law. It would seem that neither point is authoritatively settled. Such contracts are, however, according to all accounts, so extremely rare as to be substantially unknown. In Russia, where the National paper money has been, with the exception of one short interval, inconvertible for a century past, all rouble contracts, however worded, are solvable in paper roubles. The Russian Minister of Finance has been asked within a year past to relax this rule, but he declined peremptorily to do so, declaring that it would result in a further depreciation of the National paper.

AUSTRALIAN MEATS.—The Orient Steam Navigation Company—a corporation which already has a large trade between England and Australia—has announced its determination to increase its capital to \$1,000,000, in order to enable it to meet the coming and increasing demand for fresh meats from Australia. The company will fit up its steamers with the newly-invented cold-air machines, and will hold itself ready to carry dead meat from Australia for all comers.

RAILROAD FARES AND THE COST OF RAILS.

The London *Economist*, of March 13, says, in reference to the policy of those members of the American Congress who are endeavoring to effect a reduction of the tariff: "Instead of pressing for a general reduction of duties, they are singling out the most oppressive and indefensible of the imposts, such as the duties on steel rails, on woolen goods, on paper, etc. This attack in detail is all the more likely to be successful because of the growing political and commercial importance of the West. The farmers know that their position in the European markets greatly depends upon their ability to command cheap transport for their produce. The duty of fully one hundred per cent. on rails, however, greatly increases the cost of railroad construction, and thus enhances rates to the obvious detriment of the agriculturists. The tariff question is thus being brought home in a very practical way to the farmers."

In this country, whatever may be the case in England, the cost of railroads, either to those who originally constructed them, or to those who now own them, has no relation to the rates exacted by the roads, either for passenger fares or freights. We know of no recognized principle in economical science, as it is called, upon which such a relation could rest in any country, and we know, as a matter of fact, that no such relation exists in this country. It is really as absurd as the dogma that the price of a thing depends upon the cost of it, which, if true, would be a perpetual guarantee against the insolvency of any producer, whereas all producers know too well that with all possible forecast they are oftentimes burdened with many things impossible to be sold except at a sacrifice. There are many railroads which pay little or no profit, and there are others which pay enormously upon what is called watered capital, that is to say, upon what they did *not* cost.

About a year ago, Mr. Vanderbilt paid \$400,000 duties, or thereabouts, upon English steel rails, for the New York Central. If these rails had been duty free, it is not only not certain, but wholly improbable, that he could have obtained them at \$400,000 less cost. The English seller would have surely raised his price, to the extent of some part, at least, of the \$400,000. But whether it was paid partly or wholly by Mr. Vanderbilt, we will venture to say that no man in America, desiring to maintain a reputation for ordinary intelligence, will affirm that the rates for fares or freight on the New York Central were thereby raised one farthing, or that

the money which the Government received came from any pockets except those of the owners of the New York Central, or those of the English manufacturers of the rails, or from both in some unknown proportion. And what is true of the New York Central, is true of all the so-called trunk roads to the West. They charge the highest rates for fares and freights which they can obtain, with no regard whatever to the cost of their own construction, and on the other hand, those who use them pay as little as they can, and with an indifference, which is absolute, to the question whether what they pay is an adequate remuneration for the capital employed in building and maintaining the works of which they avail themselves. The rates of fares and freights upon these trunk railroads, and upon all railroads, are determined by competition, by the intelligent interest of the railroads themselves to establish rates which will not be so high as to reduce revenues, and by a variety of other considerations, of which the cost of the roads is never one.

It is true enough that the cost of building a proposed new railroad will always be one element in determining whether it will be built or not, and those who want new roads have a rational motive for desiring that the cost should be reduced, if they believe that the existing range of expensiveness is likely to prevent their construction. But as to existing roads, nobody but the owners need concern themselves about the price of rails, or of anything else necessary for their maintenance. A high price of rails will not raise fares, nor will a lower price reduce them. And it will always be for the owners to determine for themselves the balance of advantages and disadvantages, which may attend a reduction of the cost of railroads at the risk of encouraging the construction of rival works.

In writing thus far, we have to some extent assumed it to be established that heavy duties on iron and steel rails do raise their cost in the long run to American railroad companies. But it is almost unnecessary to say that that is vehemently denied by a numerous and intelligent class of persons, who believe that a home production of rails is the only effective check upon the height to which the price of rails would be raised by the British producers of them. That is a question which we cannot very properly discuss, but we could hardly forbear treating with the ridicule it deserves, the idea that railroad managers in this country ever think of regulating fares and freights by the actual cost at which they have acquired and now maintain their respective properties.

NOTES UPON THE SILVER QUESTION.

A swell of prices of commodities commenced in this country about July, 1879, and reached its maximum six months later. While it lasted, the exhilaration which it caused in the minds of men rendered it inopportune, and probably useless, to remind them that the inexorable laws of finance, and the facts of the situation, made it impossible that the upward turn in valuations could be anything more than very temporary. A severe contraction of the metallic currency of the commercial world had been brought about by extensive demonetizations of one of the precious metals, and had necessarily resulted in a marked fall of prices, or in other words, in a notable depression in business. When the summer of 1879 arrived, nothing had been done to avert the disaster, except a slow, and as yet trifling, coinage of silver by the United States, and nevertheless the visible fact was that during the latter part of 1879, the money valuation of nearly all commodities in America was going up by leaps and bounds. It thus seemed for the moment that the money of the European and American world was still sufficient, although largely deprived of the aid of the white metal, to sustain the average prices of the twenty years preceding 1873.

The recoil has come very quickly, and we are now brought face to face with the clear truth that the commercial world is still under the darkening shadow of a gold famine. An improved condition in a single country failed to effect any permanent relief over the wider area of the civilized nations, and as metallic prices throughout the world tend necessarily to an equilibrium, this improved condition in a single country has turned out itself to be temporary. Since January prices have fallen here almost as rapidly as they had risen, and they now distinctly tend to a return to the point from which they started. If they do not absolutely reach that point, it will only be because the American silver coinage progresses steadily, although slowly, and that the intensity of the gold constriction is thereby in some measure alleviated.

In the light of present experiences, it is easily seen that the expansion of prices in the United States during the last part of 1879, was by no means an enduring overthrow of irrepeatable and irreversible economical laws, but was the temporary outcome of these two circumstances—

First, that a large portion of the currency which had been driven into hoards in this country, and was thus, for the time being, practically struck out of existence by a continuous fall in prices, was restored to its proper activity and use by

the common belief that prices could fall no lower, and that industrial enterprises might safely be resumed.

Second, the transfer to this country of a large amount of the gold of Europe as the result of a forcing process by which prices were brought down even more ruinously low here than there, of which transfer the immediate result was a rise in American money valuations of commodities, while the final result, which we are now suffering, is the fall necessarily caused by the depletion of European currency and the prostration of European markets.

The events of to-day completely confirm the following conclusions of the report (1877) of the United States Monetary Commission :

That the two precious metals together are adequate to maintain existing prices is made at least doubtful by the fact that so many countries have abandoned coin payments within recent years, and have resorted to paper money. The total inadequacy of gold alone is apparent.

The facts that Germany and the Scandinavian States have adopted the single gold standard, and that some other European nations may possibly adopt it, instead of being reasons for perseverance in the attempt to establish it in the United States, are precisely the facts which make such an attempt entirely impracticable and ruinous. If the nations on the Continent of Europe had the double standard, a gold standard would be possible here, because in that condition, they would freely exchange gold for silver. The attainment of such a standard becomes difficult precisely in proportion to the number and importance of the countries engaged in striving after it; and it is precisely in the same proportion that the ruinous effects of striving after it are aggravated. To propose to this country a contest for a gold standard with the European nations, is to propose to it a disastrous race, in which all the contestants will suffer immeasurably, and the victors even more than the vanquished.

This "disastrous race with the European nations for a gold standard" would have been prevented altogether by the remonetization of silver, which was desired by majorities in the last Congress, as it is in the present Congress. But the purpose of the President being known and declared, to veto any bill which should authorize the coinage of any quantity of full-tender silver however small, it became a parliamentary necessity, in order to secure the two-thirds vote to pass a bill over his veto, to submit to such a close restriction upon that coinage that as yet very little relief from the constriction of a gold standard has been obtained. The sixty million silver dollars thus far struck at the mints, have to that extent mitigated the pressure, but the demand for gold by the United States, notwithstanding that mitigation, has broken down prices throughout the commercial world, and still keeps them down. This American demand for gold will continue to keep prices down, until silver is restored here to its constitutional right of free coinage, or until, under the limited rate of coinage now permitted, time enough shall have elapsed to supply a sufficiency for our metallic wants.

A few figures will show the magnitude of the drain of money to which Europe has been subjected, under the policy

which has been forced upon the United States by an arbitrary and really unconstitutional abuse of the veto power.

The coin and bullion in the Bank of England is nearly all gold. There is always a small quantity of silver, the exact amount of which the bank declines to state. As it is not probable that this amount, whatever it may be, varies much from time to time, the reported variations in the total stock of coin and bullion may be taken as a measure of the variations in the amount of gold.

The coin and bullion in the Bank of England was as follows at the dates given :

1876 (Oct. 25)...	£ 33,194,869	....	1878 (Oct. 23)...	£ 24,247,846
1877 (Oct. 24)...	22,693,680	....	1879 (Oct. 22)...	32,257,864

From October 22, 1879, to December 10, of that year, the stock declined continuously and sharply to £ 27,609,249, after which date there was some recovery, reaching at one time about the figures of £ 29,000,000. The stock is now about £ 27,400,000.

Both the deposits and circulation of the Bank of England have been increased within three or four years, and although the stock of coin and bullion has not been reduced since October, 1879, to as low a point as it reached in either October, 1877, or in October, 1878, yet the reduction has been sufficient to excite alarm.

Thus, the *London Times* said, January 7 :

Were another £ 5,000,000 to be withdrawn, the probability is that this market would be subject to extreme pressure, resulting in a renewed depreciation of value in every direction.

And the *London Economist* said, January 10 :

The position of the bank has been much weakened in the past three months, and it would take but little to reverse the course of this market sharply.

What alarms, and justly alarms, these English authorities, is not the condition of the metallic reserve of the bank considered in itself, but the fact that this reserve has been maintained at its present point by drafts upon the amount of gold in circulation in the United Kingdom. They recognize that fact as established, and there is no doubt that it is so.

The imports of coin and bullion into the United Kingdom were not registered at the custom houses until November, 1857, although the previous exports had been. It is not possible therefore to go farther back than 1858 for official statements of both imports and exports.

For the nineteen years from 1858 to 1876, both inclusive, the movement of gold was, imports £ 354,693,127, and exports £ 268,669,150. The excess of imports was, therefore, £ 86,023,977, or at the average annual rate of £ 4,527,576. On the basis of these figures, it has always been stated that in round numbers an annual gold import of £ 5,000,000 was needed to make good the loss and abrasion of British coins, and to supply the British consumption in plate and the arts.

Thus, the London *Economist* said on the 16th of January, 1875: "The annual supply of gold necessary for England alone is £5,000,000."

Since 1876, the movement of gold has been as follows:

	<i>Exports.</i>		<i>Imports.</i>
1877.....	£ 20,361,386	....	£ 15,451,925
1878.....	14,668,507	....	20,872,216
1879.....	17,578,818	....	13,331,369
1880 (first three months).....	1,884,351	....	1,184,630
	£ 54,793,062	....	£ 50,840,140

In the aggregate, this table shows an excess of exports of £3,952,922, notwithstanding an excess of imports in 1878 of £5,903,709.

On the basis of the consumption of gold during the preceding nineteen years, the consumption in the United Kingdom during these three years and a quarter cannot be computed at a less rate than £4,527,576 annually, which would make a total of £14,714,622. Adding that sum to £3,952,922, which was the net export during the same three years and a quarter, it is shown that the aggregate stock in circulation and in the Bank of England must have been reduced in that time by the great sum of £18,667,344.

Converting francs into pounds at the rate of twenty-five francs to the pound, the metallic reserve of the Bank of France on the 31st of December of the five years ending with 1879, was as follows:

	<i>Gold.</i>	<i>Silver.</i>		<i>Gold.</i>	<i>Silver.</i>	
1875 .	£ 46,972,000	£ 20,200,000	..	1878 .	£ 39,344,000	£ 42,324,000
1876 .	61,216,000	25,544,000	..	1879 .	29,664,000	49,104,000
1877 .	47,084,000	34,616,000	..			

It has increased somewhat since, and on the 22d of April, 1880, was £32,526,267.

The decline in the amount of gold from December 31, 1878, to December 31, 1879, was not continuous. On the contrary, it increased from £39,344,000 on the 31st of December, 1878, to £42,440,000 on the 31st of May, 1879, from which figures it declined to £29,664,000, during the subsequent seven months which cover the period of the extraordinary importations of European gold by the United States.

We thus find that since the end of 1876 the British stock of gold has been depleted to the extent of £18,697,344, and the stock of gold in the Bank of France to the extent of about £30,000,000, making an aggregate depletion of £48,697,344 or \$243,486,720. Nobody suggests that the stock in the French circulation has increased, and if the fact could be ascertained, the contrary is more likely to have happened.

As respects Germany, which is the only other important European country which is not under the *regime* of inconvertible paper money, the increase of gold, if there has been any at all, is very slight.

The aggregate metallic reserves in the German Bank fluctuate between £ 25,000,000 and £ 27,000,000. The proportion of the two metals is a bank secret, but it was the common belief in Berlin in 1877 that the proportion of silver was then two-thirds of the whole. On the 22d of November, 1879, the London *Economist* said, on the authority of the *Berliner Borsen Zeitung* :

"It is believed that the proportion of bullion at the Bank is two-fifths gold and three-fifths silver."

Within a few weeks the *Economist* has expressed its opinion, based upon information from Berlin, that the larger proportion is still silver.

From September 30, 1878, to January 15, 1879, the silver in the Austrian National Bank increased from £ 6,900,000 to £ 9,070,000. There was no change in the gold, which, at both dates, was a little below £ 8,000,000.

At a late date (March 15, 1880), the total metallic reserve (the proportion of the metals not being given) showed no change, being £ 17,021,000. But inasmuch as the coinage of silver at the Austrian Mint has been steady and considerable for the past year and a half, the presumption is strong that the gold part of the bank reserve has been diminishing.

Commenting upon the depletion and scarcity of gold in Europe, the New York *Financial Chronicle* of May 1, says :

The extreme want of Europe for gold will be developed aggressively as soon as the present business revival becomes more pronounced and general. Nothing but the unusual and wide-spread depression the world has been passing through, has hitherto kept this want in abeyance. As exchanges become more active, one of three things must happen—either this want must be supplied, or it must be relieved by the remonetization of silver, or panics or crises in Europe cannot fail to be of frequent occurrence.

So far is it from being true that "*the extreme want of Europe for gold*" has been "*kept in abeyance*" by "*the wide-spread depression the world has been passing through*," it is this very constriction of gold which has brought about "*the depression*," and the "*business revival*" will become "*pronounced and general*" only as fast and as far as the cause of the "*depression*" is removed. The appearances to the contrary have proved deceptive and shortlived. The same gold cannot be in two places at one and the same time. It has proved possible for the United States, by forcing down prices to the point of confiscating the property of everybody who was in debt, to cut off the European supply of gold from our mines and even to compel Europe, during the last half of 1879, to send us \$ 80,000,000 of that metal. It has proved possible for the United States, upon the basis of this abnormal accumulation, to enjoy a revival of prices for a very brief season. But it has not proved possible for the United States to escape the inevitable recoil of such a policy, which we now

experience in the prostration of the European markets, from which we suffer in two ways—first, because the bulk of our exports are sold in those markets, and secondly, because there is no assignable limit to the sacrifices to which European manufacturers must and will submit in the struggle to recover the gold which Europe has lost. Such are the consequences, so clearly predicted and so speedily realized, of that war of prices of which “*a contest for a gold standard with the European nations*” essentially consists.

During the six fiscal years ending June 30, 1879, according to the last annual report of the Director of the Mint, the total production of our silver mines was \$233,722,260, out of which the coinage (largely the subsidiary coinage) was \$108,318,892, the quantity used in arts and manufactures was \$27,418,111, and the quantity exported (as reported by the Bureau of Statistics) was \$97,985,257.

During the same years, according to the same authority, the total domestic gold production was \$243,891,532, out of which the coinage was \$207,827,061, the quantity used in arts and manufactures was \$26,748,628, and the quantity exported was only \$9,315,843.

It is true that of the silver coined during those six years, substantially none has been exported, while of the gold coins, foreign and American, the excess of exports over imports during the same time, was \$81,584,049, so that the increase of gold coins in the country, deducting the net exports from the coinages, was \$151,490,898, and not the larger sum of \$207,827,061, which was struck at the mints. But of the actual increase of \$151,490,898, only \$18,593,378 occurred during the three years ending June 30, 1876, nearly the whole of it, or in exact figures \$132,997,520, occurred in the three years ending June 30, 1879, during which preparations were in progress for a resumption, which was a gold resumption, except so far as it was modified in some slight degree by a silver coinage, kept down to the minimum of the law by a President who had vainly endeavored to prevent any silver coinage at all.

To the gold accumulation thus shown of £132,997,520 during the three years ending June 30, 1879, is to be added more than \$100,000,000 accumulated since, by domestic production, and by the great gold imports of the last half of 1879.

In short the gold lost by Europe is accounted for by the gold accumulation in America. Without doubt, a coin resumption here was not practicable without an accumulation of coin, but to make that accumulation consist almost wholly of gold, was a purely gratuitous folly. If we had increased our silver coinage only to the extent of our own domestic silver bullion exported during the six years ending June 30, 1879, the drain of gold to which we have subjected

Europe, with its disastrous effects upon our prices, industry and commerce, would have been mitigated by the great sum of \$97,985,257.

Under the policy we have been pursuing we have shipped away our silver with the necessary effect of keeping up prices in Asia, where we sell little and purchase much, while we have depleted Europe of its gold. The resulting prostration of European markets has brought on the disasters we are now suffering—falling prices in our export trade, the great bulk of which is to Europe, and the influx upon us of European iron and manufactures of all kinds to be sold at any sacrifice which may be rendered necessary by an insane "*contest for gold.*" That is a metal which Europe, under its present monetary *regime*, must and will have at any price, but for us, with our enduring silver mines, it is the most useless of all commodities, if we would only give free play to our constitutional double standard.

It is curious to observe that while America was deceived by the temporary rise of prices resulting from an abnormal import of European gold during the last half of 1879, Europe was equally deceived by the temporary rise in its own prices which was caused by the abnormal demands of the markets of the United States.

In a *Financial and Commercial History of 1879*, published in the *London Statist* of January 31, 1880, Robert Giffen, one of the most accurate and eminent economical writers in England, portrays every thing in the following glowing colors :

The rise in iron, copper, lead and tin from July to December is generally from 25 to 50 per cent. Since the beginning of the present year there has been another move upwards, which renders all the stronger the evidence as to the steady demand in the trade. Similar tables could be made up for other commodities.

Look only at the list of trades as to which this cheerful report of rising prices and increasing employment for capital and labor is made : Iron and coal trades, ship building, shipping, cotton, woolen, linen, leather, Colonial produce (tea, sugar, dyestuffs, &c.), chemicals, metals generally.

Another noteworthy circumstance of the year has been a recovery in the India trade.

Among other happy consequences of this roseate condition of things, Mr. Giffen says that it "puts an end to fresh propositions for a bi-metallic conference and other bi-metallic projects, *which made a noise when trade was dull.*"

And he finally concludes the whole by saying :

We come back to the conclusion, then, that the trade prospect of the year is a cheerful one, and that there is little to obscure the prospect—that the hopes generally indulged in have a very solid foundation. Barring accidents, the year 1880 should be quite as prosperous as 1870, when trade started into life after another great depression.

It very soon turned out that Mr. Giffen's "*very solid foundation*" was nothing but a treacherous quicksand.

On the 24th of April we find the Liverpool correspondent

of the New York *Commercial Bulletin* describing the situation as follows:

The downward progress of the various markets has further continued . . . The reaction from the late excitement is daily becoming more pronounced. Cotton, iron and general produce have declined still further, and are without sign of recovery. Wheat early in the week was nearly unsalable, but has since improved. So that all round there is no relief to holders. Rumors are becoming more and more frequent in London and here of exceedingly heavy losses being made, and the credit of firms is in many cases being seriously endangered.

The London *Economist* of May 1, gives the rise in the prices of metals from July 1, 1879 to January 1, 1880, and the fall from the last date to April 1, 1880, as follows:

	Rise in six months. Per cent.	Fall in three months. Per cent.		Rise in six months. Per cent.	Fall in three months. Per cent.
Copper.....	35	24	English tin.....	61	30
Pig iron.....	78	61	Straits tin.....	53	31
Middlesborough bars.	79	42	Tin plates.....	67	38
English lead.....	48	24			

The English are slow to learn anything. The Bank of England has just ordered a reprint at its own expense of Lord Liverpool's tract of 1805 on the coinage, as if no new facts could have been developed in three-quarters of a century, and forgetting that that tract discussed only the local policy of Great Britain, and did not in any manner touch the question of the metallic standard of the commercial world, raised for the first time by Chevalier after the California and Australian gold discoveries.

Mr. Giffen is wise above the average of Englishmen, but when he announced a return to the conditions of 1870, he failed to see that the bottom of prices has been radically changed since that date by the closure of the European mints to silver, and by a similar closure (happily not total) in the United States.

GEO. M. WESTON.

NEW YORK, May, 1880.

CANADIAN EXPORT OF ANIMALS.—According to the report of the Minister of Agriculture, the number of Canadian cattle, sheep and swine shipped to the British market from the ports of Quebec, Montreal and Portland during the past three years, was as follows:

	1877.	1878.	1879.
Cattle.....	6,940	18,655	24,682
Sheep.....	9,500	41,250	79,085
Hogs.....	430	2,778	4,745

For the fiscal year ending in June, 1879, the total Canadian exports were valued at \$71,491,255, as compared with \$79,323,667 for the year ending in June, 1878. In general, the falling off was due to a reduction in prices, rather than in quantities. In proportion to population, Canada has a larger foreign trade than the United States. It will improve its condition when it has comparatively less foreign trade and more domestic trade.

PROFITS OF BRITISH BANKING.

The London *Economist* has been publishing from time to time, for a year past, carefully prepared exhibits of the profits of the different classes of British investments. Upon the principle, apparently, of reserving the best thing for the last of these exhibits, it closes its review with an account of the profits of banking for the ten years from 1870 to 1879, both inclusive. This account it begins in the following way: "We approach this section of our inquiry with some hesitation; for it is almost an impossibility to do full justice to the great home banking interests, not that, even in the face of the losses incurred by the Collie frauds or West of England Bank disaster, we shall have any difficulty in verifying the conclusion of Mr. Bagehot, that 'the joint-stock banks of this country are a most remarkable success;' it will only be difficult, indeed, to give the full measure of that success. Bank shareholders have derived many advantages from their holdings which no mere enumeration of their dividends received, or of the market prices of the day can enable us to determine."

No hint is given us as to what these cumulative "advantages" are, which shareholders enjoy, in addition to their dividends and to the rise in the market value of their holdings. The entire suggestion will seem mysterious in this country, where, indeed, the managers of banks are sometimes credited with "advantages" more or less direct, from their control of patronage and loans, but where shareholders are never supposed to receive anything beyond their avowed and published gains.

There was no occasion to suggest "advantages" prudent to be concealed, in a case like this, where those directly stated were so ample and inviting.

The *Economist* divides the English and Welsh banks into those doing the whole or greater part of their business in London, and those whose business is exclusively or chiefly provincial.

The nine banks of the London group, not including the Bank of England, have paid in dividends during the ten years from 1870 to 1879, both inclusive, an annual average of 7.9 per cent. In addition, the rise in price of the shares has averaged annually 3.9 per cent., making a total annual average gain of 11.8 per cent. The paid-up capital is £9,270,000, of which the market value is £22,370,000.

As to the banks of the provincial group, it has not been found practicable to obtain complete statements as to all of them, but the published returns from three quarters, supposed

to be fair representatives of the whole, show during the ten years an annual average of 7.5 per cent. in dividends, and an annual average of 2.1 per cent. in the increased market price of the shares. And they show this, notwithstanding the subtraction of the heavy losses from the failures of the West of England and South Wales District banks. Of the banks remaining solvent, the paid-up capital is £13,273,000, while the market value of their shares is £37,408,000, or almost three times as much.

As to that part of the profits, which consists of the increased market price of the shares, it is real, both in a National point of view and as respects the shareholders, so far as it is founded, as it partly is, upon accumulations and surpluses. But some part of the rise in market price, is of the same nature, and results from the same causes, as the rise during the same ten years of the price of well-secured bonds, yielding an income which has not changed. Or, in other words, it merely measures a fall in the current rates of interest.

The *Economist* observes:

Strange to say, the number of new home banks brought forward during the past ten years to tempt investors has been exceedingly small. Between 1860 and 1870 many such institutions were started and many succumbed, and English banking was by no means so profitable as it has been since. The passage of the Limited Liability Act of 1862 gave a vast impetus to the introduction of financial and monetary undertakings, and competition became so severe that risks were incurred which, since the lessons of 1866, have been carefully avoided. Some new banks have appeared within the past year, but they have been simply conversions of previously existing business; while amalgamations have tended rather to diminish than to enlarge the number of our existing banks. "An old established bank has a *prestige* which amounts to a privileged opportunity. All the banks which pay above twenty per cent., save one, are twenty-five years old; all those which pay between fifteen and twenty are so too. A new bank could not make these profits. In attempting to do so it would simply ruin itself." So wrote the author of *Lombard Street* in 1873, and the reasoning is as perfect now as it was then.

We are rather incredulous as to the fact that there has been any special reform in the methods of British banking since 1866. The lessons of that year were soon forgotten, as such lessons always are. There has certainly been no reform in the dominating feature of British banking, which is that of attracting deposits by paying interest on them, and of thereby making bankers the greatest borrowers and debtors in the Kingdom. Some day or other that system will terminate in a catastrophe. The revival of business in England in the latter part of 1879 did not come any too soon, according to all accounts, to have saved it already from such a disaster. The revival has also proved to be very temporary.

In respect to the Scotch banks, exclusive of the Glasgow Bank, the tables of the *Economist* show that their annual dividends for the ten years have averaged 5.15 per cent., and that the increase of market value has averaged annually one quarter of one per cent. per annum, and would have aver-

aged three per cent. per annum, except for the large fall in the prices of all Scotch bank shares after the Glasgow catastrophe.

The annual dividends of the Irish banks during the ten years have averaged six per cent., to which is to be added an average annual rise of 3.1 per cent. in market value, making a total annual gain of 9.1 per cent. for shareholders.

Upon the whole, no prospect could be more attractive if banking in the United Kingdom is to be as profitable for the next decade, as it has been for the last. But such continuance of good fortune is contrary to the ordinary course of human affairs, and is in this case specially improbable.

MARRIAGES, BIRTH-RATES AND INCREASE OF POPULATION.

Ten years ago M. Legrand obtained the prize offered by the French Academy of Moral and Political Sciences for the best essay upon the methods of improving the moral, social and legal conditions of marriage. He has only recently published it, enlarging it somewhat and bringing some of the tables down to more recent dates. An English periodical, *The Echo*, makes the following summary of the facts established by M. Legrand :

The fact which makes thoughtful Frenchmen anxious is that, while the marriage rate is not lower, nay, is even slightly higher than it was, the birth rate is alarmingly low, and gets lower instead of rising. There were actually more births at the beginning of the century, with a population of only 27,000,000, than there were in 1860. Between 1800 and 1815 the number of children per marriage averaged 4.24. It sank gradually till 1860, averaging only 3.03 for the years between 1855 and 1860; between 1860 and 1865 it rose to 3.08. This particular table ends with 1865, and we are left to M. Legrand's assertion that the decrease is still a sad fact, and to another table which shows that the births for every hundred inhabitants have averaged during the last forty years 2.62. The worst year was 1871, when, owing to the war, the average sank to 2.26. In 1872 it rose to its highest, 2.67. In 1877 it was 2.55, the same as in 1850.

Of marriages the French average for the last ten years is 88 for every hundred inhabitants. It was 60 in 1870, 72 in 1871, 93 (its highest) in 1872, when the war and its results were well-nigh over. As with us, the matrimonial barometer is, from year to year, a delicate test of the National prosperity or depression. There is no complaint, however, of the small number of marriages; it has risen since 1800, between which year and 1850 the average was not quite 79. Nor does France in this respect stand badly as compared with other countries. There are actually more marriages per cent. in France than in England. M. Legrand's table (undated) gives as follows: In Hungary, 1.08 marriages for every 100 inhabitants; in Russia, 1.00; Germany, 97; Austria, 90; France, 88; England, 86;

Holland, 83; Italy, 79; Scotland, 76; Greece, 68; Roumania, 66; Ireland, 47. So that there are nearly double as many marriages in France, for the population, as in Ireland, which we used to look on as the most marrying country in Europe.

The return of births, deaths and marriages in France during 1878 has just been published. The number of births was less by 7,557, and the excess of births over deaths was less by 44,447 than in 1877. The proportion of births to a family was shown to be rather under 3.2, which, however, is only slightly below the average during the ten years between 1855 and 1865, which was 3.5.

Of 937,211 births in 1878, the illegitimates were 67,912, which was very nearly the same ratio which was shown in 1877.

The *Echo* is quite mistaken in saying that the fact that the "birth rate is alarmingly low" "makes thoughtful Frenchmen anxious." The prevailing French idea in reference to that is, that it illustrates the prudence and forethought of the population, and contrasts favorably with what they style the recklessness of multiplication in many other countries, where there is no expansion of resources for the support of additional inhabitants. The French are now a non-emigrating people, although they were not always so. In the seventeenth and eighteenth centuries they manifested quite as much of the emigrating tendency as the Spanish or English. With the latter they competed energetically for possessions in North America and Asia, but their colonizing spirit has so completely died out in recent times, that they are not numerous even in Algeria, to which their proximity is so close, and of which they have been the masters since 1830.

The following is a comparative statement of marriages, births and deaths in Germany and France during the year 1878:

	<i>Germany.</i>	<i>France.</i>
Marriages.....	340,000 ..	279,892
Births.....	1,785,000 ..	937,211
Deaths.....	1,228,000 ..	839,036
Natural increase of population.....	557,000 ..	98,175

At the end of 1878 the population of France was computed at 37,119,720. At the end of 1875 the population of Germany was 42,727,360, and may have reached 44,000,000 at the end of 1878.

In 1872, when Germany was in the full tide of prosperity, from the receipt of the French milliards, the number of marriages was 423,900.

Beaulieu, in *L'Economiste Francaise*, of March 13, estimates that in 1900 Russia will have 100,000,000 of inhabitants, Germany 55,000,000, France 40,000,000 and the United States 60,000,000. Beaulieu has great clearness and genius as a writer, but statistics is not one of his strong points. He insisted upon it three or four years ago, when he was advocating the gold-standard theory of his father-in-law, Chevalier,

that the silver money of France did not exceed twelve hundred million francs, when it was twice that. In 1900 the population of the United States will be 75,000,000, on the probable assumption of a decennial increase of twenty-five per cent. If the population of Germany reaches 55,000,000 in 1900, it will be the result of some industrial prosperity, of which there are no present signs.

France supplies very few emigrants to other countries, but receives a good deal of immigration from its neighbors, which tends to prove that the conditions of French life are better than those of European life in general. On that point Beaulieu says:

The exotic element, already considerable in our population, tends to increase. The Belgians, Germans, Swiss, Italians—three nations remarkably prolific—throw upon us a part of their surplus. The Spaniards, who have room enough at home, if they enjoyed a good administration, likewise flow over into our Southern departments. There are to-day nearly a million of foreigners in France; in twenty years there will probably be two millions, and perhaps more; and a clear foresight may divine that in a century, or in two centuries at the farthest, there will be in Paris as many foreigners of all nationalities as there are French."

PERUVIAN WEALTH.

[FROM THE LONDON TIMES SPECIAL CORRESPONDENT IN SOUTH AMERICA.]

"*Vale un Peru*" [worth a Peru] is the expression the Italians use when they allude to a person or thing whose worth they deem inestimable. . . . Tales which would be scouted as fabulous if referred to any other region are here matter of authentic historical record. We have all heard of Atahualpa, the last of the reigning Incas who, being caught in the toils of the treacherous Spaniard, engaged to ransom himself by filling with gold the room where he stood—an apartment thirty-five feet by eighteen feet, and as high as the King's hand could reach; how he half fulfilled his promise, and might have been as good as his word, had his subjects shown more alacrity in obeying the behests of the fallen monarch, or Pizarro less bent on ridding himself of his captive by the most flagrant breach of faith. And we read of that same Pizarro, how, on a toilsome march across the pathless Andes, he had every horse of his staff and troop shod with silver, that metal, in the absence of iron, being of no more account than mere dross. We have been told how in later times (1661), silver was still so plentiful in Peru that one of its viceroys, the Duque de Palata, on his entry into Lima, rode on streets paved with silver bars of the value of £15,000,000, which were shipped off on the following day as the annual tribute of the colony to the Spanish monarchy. We know, besides, how almost exclusively that silver was made to defray the costs of the ruinous warlike enterprises of the Emperor Charles V, and of Philip II, his son, as well as of the courtly extravagance of all the Philips that came after them. . . . That tide of doubloons and dollars which had so long flowed into the Madrid exchequer seemed to run dry by the time these

Trans-Atlantic dependencies rid themselves of the Spaniards' sway. The fame of Peruvian ores was eclipsed by the report of the prodigious yield of Californian and Australian diggings; and Peru was fain to look to her guano and to her nitrate of soda or saltpetre for new sources of opulence which proved to be as profitable and promised to be more inexhaustible than her former mines.

There is, nevertheless, still gold in Peru; some in the old veins in the mountains and in the sand in the rivers; more, if one but knew where to look for it, in the treasures buried by the exterminated native Indians in their last unavailing struggles, and by their Spanish destroyers themselves in the bloody feuds by which their division of the booty was often signalized. But of the revenue accruing to the country from the production or exportation of that metal no account is published or perhaps kept. And almost as little is known about silver. The famous mines of the district of Potosi, on the hills beyond the lake Titicaca, which supplied Europe with her silver stores for hundreds of years, belong now to Bolivia. In Peru itself, the production of silver is vaguely supposed to amount yearly to 5,000,000 or 6,000,000 dollars or soles (the current coin of the country, valued, in silver, at 3s. 6d., to 4s.). But very extensive silver mines are said to exist at Cerro de Pasco, to which the projectors of the Trans-Andean Oroya Railway intended to extend a branch line, in full confidence that by a diligent search of those grounds which have hitherto been clumsily and wastefully worked, they would find and follow new veins sure to yield silver ore in sufficient abundance to repay the whole expenditure of their gigantic railway enterprise. But, whatever the revenue from silver may be, it is now all reserved by the Government for home consumption, a decree recently published having forbidden the exportation of silver in bars. The exportation of copper, a newly-opened branch of trade, yields, it seems, about 2,000,000 soles yearly.

Such sums, however, are simply contemptible when placed by the side of the amount reached by the figures representing the annual export of guano in recent times. Guano, the deposit of sea-fowl accumulating for centuries along shore, and kept dry throughout all time by this rainless climate, was well known to the native Indians, who used it as manure both in times of the Incas and at former periods; but it was suffered to lie unproductive by the Spaniards, the most improvident of husbandmen, and its very existence was forgotten till its fertilizing properties were made known to Europe by Alexander von Humboldt in the early part of this century, when it became one of the most important articles in the trading intercourse between the Old World and the New. The quantity and value of this precious dung at the time its exportation began, about the year 1840, enormous as it really was, was wildly exaggerated, and it was said that the annual revenue accruing to the Republic from it amounted to £4,000,000 or £5,000,000 sterling, covering thus more than half the State expenditure. And it was confidently asserted, even as late as 1873, that guano worth £50,000,000 or £60,000,000 sterling still lay untouched in the country, new deposits being discovered in various localities in the same measure as the old beds became exhausted. In spite of all efforts, fair or foul, made to keep up such delusions, it seems, however, a settled point that the richest guano beds of the Chincha Islands, lying near the coast between Callao and Pisco, have yielded all they had to give, while the guano that may still be found in the Lobos Islands, in the Guanapi and Macabi Islands, at Punta Alta, Puerto Yngles, Pabellon de Pica, and

other spots along the southern coast, is said to be of an inferior quality, being mixed up with sand and stone and deficient in ammonia, so that the demand for guano has greatly abated; and the sale, which, in 1869, amounted to 574,790 tons, diminished gradually till it sunk to 378,663 tons in 1876, and 310,042 in 1877. In 1878, if we may trust private reports, the sale was 338,000 tons. England, which in 1876, still imported 130,598 tons, lowered her purchase to 100,954 tons in 1877, and a similar falling-off occurred in the importation of France and Germany. With respect to the amount of available guano still being left for exportation in Huanillo, Point Lobos, Pabellon de Pica, and Chipana Bay, it was two years ago reckoned at about 1,800,000 tons, and its total exhaustion within a few years was naturally predicted. As the confidence of the country in the power of "King Guano" was thus abating, new hopes were grounded on the might of nitrate of soda, saltpetre, or *salitre* as the Spaniards call it, which rose, as it were, to the rank and honors of Crown Prince and heir of the Throne.

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It was as a guarantee for the interest of the National debt that the income arising from the sale of guano was originally destined; and as that sale, at the rate of £10 or £12 a ton, for some time was productive of something like £5,000,000, there was nothing over-sanguine in the reliance that was placed upon it. As, however, guano is apparently near its end, nitrate of soda is expected to answer the same purpose, and yield a sum enabling Peruvian financiers to balance accounts.

The circumstances, however, are by no means the same. Guano lay on the ground as ready-made manure; the labor of shoveling it and delivering it to the consignees devolved upon a few negroes, and in later times on Chinese immigrants. But nitrate of soda, a substance used for a variety of purposes, and especially as a fertilizer, cannot, like guano, be exported in its natural state, but requires such manipulation and preparation as involve considerable labor and expense. The Government of the Republic, whose nitrate lay chiefly in the district called Provincia Litoral de Tarapaca, on the southern coast, parcelled out the nitrate land among a number of commercial houses, chiefly foreign, upon which it levied an export duty, at first only of four cents (about 2*d.*) per Spanish quintal (the 22d part of an English ton), but which was subsequently raised year by year, till it reached one sol twenty-five cents (about 4*s.*) a quintal. But, as even this did not meet the exigencies of the revenue, the Government, with a policy tantamount to killing the goose that lays the golden eggs, came to the resolution of re-purchasing the nitrate grounds from the foreign houses, and to elaborate and export it on its own account. It thus gradually assumed almost the whole monopoly of the nitrate, and the result was that the sale, which had gradually risen from 99,440 tons in 1866 to 386,869 tons in 1875, fell to 213,940 tons in 1877. England, which in 1875 imported 27,142 tons, limited her purchase to 12,367 in 1877; while the price, which was at first £11 per ton, rose to £16 per ton. The results of the Government monopoly were so disastrous, that in the official statement of the sales of 1877 and the first half of 1878 it was found that for 143 cargoes, containing 116,867 tons of nitrate, and yielding £1,594,264 of gross proceeds, as large a sum as £1,324,226 had to be deducted for expenses, leaving thus £270,038, or only 46*s.* 2*d.* per ton as net profit. As, however, the Government had no ready cash for the purchase of

the nitrate or for its elaboration and shipment, and had to do its work by contracts with various persons and companies, it had to issue certificates of debt to the amount of 20,000,000 soles, bearing eight per cent. interest; and as this interest amounted to £293,328, it not only absorbed the £270,038 net profits of the sale at 46s. 2d. per ton, but actually left a deficit of £23,190 against the Government.

The decrease in the sale of nitrate after 1875, although it may be mainly ascribed to this untoward speculation and mismanagement, partly also arose from a glut in the market due in some measure to the competition made to Peruvian nitrate by the export of the same produce from Antofagasto, a territory lying within the boundaries of the adjoining Republic of Bolivia. This Bolivian nitrate, as we all know, became the cause or pretext of that quarrel between Bolivia and Chili which led to a war between these two Republics, in which Peru was soon involved as an ally of Bolivia. The Bolivian Government had ceded its nitrate grounds of Antofagasto to the Anglo-Peruvian house of Gibbs, by whom part of it was sold to some Chilian houses; and it was only after the transfer of these grounds to the Chilian merchants that the Bolivian Government laid a heavy export duty on the nitrate, on the suggestion, as it was supposed, of the Peruvian Government. The Chilian Government who, not improbably, only saw in this a good opportunity for a quarrel, took up the cause of its merchants, and hence the hostilities arose.

The war, as it appears now, has been disastrous for the Peruvians. The result is only too likely to be that Chili is now and will remain in possession both of the Peruvian and of the Bolivian nitrate grounds.

The rapid diminution and even the final exhaustion of guano and the loss of the inexhaustible nitrate grounds would not be unmitigated calamities, and might, on the contrary, be reckoned as actual blessings to Peru, if they conveyed to the Peruvians the salutary lesson that their wealth lies not on the surface, but in the depth of their country's soil, and that it is to be had not by other people's work, but by their own. Sanguine patriots, confident of the future destinies of their country, are very eloquent in their enumeration of its agricultural and mineral riches, but they are not equally ready to tell us where their husbandmen and miners are to come from. The only branch of agricultural industry that has given very encouraging returns is the cultivation of sugar, the yearly exportation of which has lately reached 85,000 tons, valued at £1,360,000. Twenty per cent. of this produce was, till lately, sent to a sugar refinery at Valparaiso, in Chili, but nearly the whole bulk of the remainder found its way to England, which bought only 251 tons in 1870, but has raised its purchases gradually, till the amount was 55,576 tons in 1877, Peru thus becoming the fifth cane-sugar-growing State on which England depends for her consumption. The sugar is cultivated in forty or fifty plantations, mostly in the neighborhood of Lima, or in some of the valleys to the north or south of this city, but all on the western or maritime slope of the mountains. They are, as a rule, in the hands of foreign merchants, who have spent large sums in the purchase of costly machinery, and in some instances have even constructed private railways for the conveyance of their produce to the seaports, in emulation of what is done at Cuba. They are mostly dependent for labor on Chinese coolies, though some employ also *Cholos*, or half-caste native Indians, the

negroes in this country diminishing apace, and the hardier race of Indians of the interior sickening as soon as they are removed from their mountain air. It must be observed that since the early days of the Spanish conquest the conditions of the country have been completely reversed; for while under the Incas' domination the rainless maritime region, although well-cultivated, irrigated, and provided with roads, seemed to be held of less account, and the population lived and thrived by preference on the table-land between the two chains of the Andes and in the so-called *montaña*, or eastern slope of those mountains, and the valleys sloping down to the Amazon, the settlements of the Spaniards were chiefly limited to the sea-coast, and efforts are only now made to turn the interior to useful purposes. The sugar cultivation, as I said, as yet in its infancy, has not, to any extent, crossed the mountains, and its results consequently are still far, very far, from what they may and must become. It is important, besides, to bear in mind that what has been hitherto done in that respect has been achieved under great difficulties, the most serious of which was the deficiency of labor, but also at the same time under peculiarly favorable circumstances, one of which is the rainless climate, which, combined with the seldom failing, plentiful irrigation of the mountain streams, enabled the planters to keep their sugar manufacture in full activity throughout the year, only allowing one or two months for the repair of their machinery and the general cleaning of the establishment, an advantage they have over the sugar growers of the West Indies and other tropical countries where labor suffers interruption during the rainy season. Moreover, the cultivation of sugar, like many other home industries in this country, is considerably aided by the circulation of that depreciated paper money which on many other grounds is justly considered as one of the greatest calamities, inasmuch as the high price at which gold and silver must be procured for the purchase of raw material, of machinery, and other things abroad, acts as a stimulant to domestic energy and ingenuity, teaches dependency on native produce and resources, and necessarily extends over home manufacture that protection which in many countries is imposed by an unwise and illiberal policy of very high, prohibitive duties. That this fillip given, so to say, to National activity may be accepted as a meager compensation for the grievous disadvantages to which a country is put by a forced paper currency is a phenomenon which I had occasion to observe in the United States, in Italy, and in Turkey itself.

I shall not waste many words to prove that (like sugar) tobacco, coffee, cacao, cotton, Peruvian bark, india-rubber, and other tropical produce, as well as rice, maize, grain of all kinds, wine, strong liquors, and all the fruits of the temperate zone, might be had in Peru in a larger quantity and of a better quality than in many other parts of Southern or Central America; nor need I refer to the authority of Signor Antonio Raimondi, an Italian, for the last thirty years naturalized in this country, and more familiar with every inch of it than any of the natives, who, in his great work on the *Minerals of Peru*, concludes his catalogue of the principal classes of the mineral produce of the Republic by observing, "As for some minerals, such as the argentiferous lead ores, the gray copper, iron, and coal, to indicate alone the localities where they are known to be would fill volumes."

* * * * *

That Peru is a wealthy country, and could, perhaps, be the

wealthiest in South America, it would not be difficult to demonstrate. But the development of her wealth would require, first, peace; secondly, a good provident Government; thirdly, active, cheap, available labor; and lastly, a thorough system of inland communication—a net of roads and railroads. With respect to this last item, it might be said that much has been done, and better results might have been obtained if much more than could be achieved had not been attempted.

The great object of the Peruvian Government . . . was to construct railways from various points on the sea shore which should cross the double chain of the Andes, and the intervening table-land, and go down the eastern slope till they reached the great rivers tributary to the Amazon at those points where the streams become navigable, establishing thus a steam navigation by rail or boat from the Pacific to the Atlantic. Of these bold, gigantic undertakings, known under the name of "Trans-Andean Railways," two are very nearly accomplished. They were made at the expense of the Government and are National property. One is the Oroya Railway, starting from Callao and Lima and reaching a height above the sea level of 15,641 feet. The distance to Oroya beyond the summit is 136 miles, of which, eighty-six and a half, as far as Chicla, are open to traffic; and for the rest the earth-works are finished. This same line is to be prolonged to the silver mines at Cerro de Pasco, to the river Pachilea, to Tarma, to the Chancamayo, and the valley of the Amazon. The other might be called the Titicaca Railway; it leaves the seashore at the roadstead of Mollendo, goes up 112 miles to Arequipa, the most important town in Peru after Lima, and proceeds 230 miles further, to Puno, on the Titicaca Lake. The height above the sea at the culminant point on this line is 14,600 feet. For the whole distance from Mollendo to Puno, 342 miles, this railway is finished and open to traffic. It is further continued from the station of Juliaca to Cuzco, the ancient Incas' capital, the branch line extending over a distance of 209 miles, of which 120 are constructed. From Puno, across the Lake of Titicaca, a line of steamers and a carriage road lead to La Paz, the principality of Bolivia.

The construction of these two Trans-Andean lines was intrusted to Mr. Henry Meiggs, . . . who, by the terms of his contract with the Peruvian Government, was to receive altogether 84,084,000 soles, or, at 45*d.* per sole, £15,765,750. Mr. Henry Meiggs dying two years ago, the furtherance of the works devolved on his brother, Mr. John Meiggs, and the other executors of the deceased contractor. These gentlemen hold and work the Oroya line as security for the contracts as yet unfulfilled on the part of the Government. . . . The other line, to Puno and Cuzco, is being worked on lease from the Government to Mr. Thorndike, formerly one of Mr. Meiggs' engineers. The proceeds of this line are not published in the official reports of the Government.

Besides these grand and highly interesting works, seven other minor railways have been constructed at the expense of the Government, of which, taken altogether, 521¼ miles are open to traffic, and the cost of which amounted to 44,270,000 soles. Most of these start from some of the most important ports and go up the valleys, either to the busiest towns or to the most productive agricultural and mining districts of the interior. The lines are those from Chimbote to Huaraz and Recoay, 164 miles; from Paita to Piura, sixty-two miles; from Pacasmayo to Guadalupe

and La Viña, ninety miles; from Salaverry to Trujillo, fifty-five miles; from Ilo to Moquegua, sixty-two miles; from Pisco to Ica, forty-six miles; from Lima to Chancay (Huacho Railway), forty-one miles. Some of the lines are still unfinished, and nearly all admit of indefinite extension.

There are, besides, twelve other railway lines, belonging to private persons or companies, carried on and finished hitherto to an aggregate of 418 miles, about which only imperfect information can be obtained. Two of these lines—(1) the Lima-Callao Railway, eight and a half miles; and (2) the Lima-Chorillos Railway, eight and three-quarter miles—have been in existence since 1855, were constructed by an English company (limited), with a capital of £800,000, and enjoyed privileges which respectively expired in 1876 and 1878. As a metropolitan railway between Lima and its harbor, and between Lima and its popular sea-bathing places at Chorillos, Miraflores, La Punta, etc., the line yielded splendid returns till the competition of the Government line of Oroya, the depreciation of the paper currency, and political disorders, interfered with its traffic. It is the best managed railway in Peru, under the direction of Mr. William J. Young. The other lines are—(3) from Iquique to La Noria, seventy and one-quarter miles; (4) from Pisagua to Sal de Obispo, 108 $\frac{3}{4}$ miles, both in the nitrate district; (5) from Eton to Ferrefiase and Chiclayo, fifty-two and three-quarter miles, among sugar plantations; (6) Pimentel to Chiclayo, forty-four and three-quarter miles; (7) Arica to Tacna, thirty-nine miles, monopolizing the trade from Bolivia (about £1,000,000 worth of goods); (8) a mineral line of Cerro de Pasco, seven miles; (9) Huacho to Playo Chica, ten miles, near salt mines; (10) Lima to Magdalena, three and three-quarter miles; (11) Chancay to Palpa, twelve and a half miles, through sugar estates; (12) Patillos, for nitrate, fifty-seven miles.

There are thus in this country altogether 1,401 miles of railway constructed, and mostly open. Some few of them are adding to their mileage, but the two great Trans-Andean lines are far as yet from reaching those points beyond the mountains where their real usefulness and their remunerative power would begin. Both of these, however, and all the minor lines, contribute to the development of agricultural and mining industry by facilitating the conveyance of produce to the sea, where the coasting steamers of the Pacific Company supply it with a common highway. The result, on the whole, is creditable to Peru, and would be of inestimable advantage to it if, as I said, peace and good government admitted of the further development of the country's wealth, and of the free and safe application of foreign capital.

LORD LIVERPOOL'S LETTER TO THE KING.

Lord Liverpool's letter of 1805, to the King, on the coinage, has been reprinted by the Bank of England, the object being to sustain gold mono-metallism. The London *Economist* says that "the preface is signed with the initials of Mr. Birch and Mr. Grenfell, the present Governor and Deputy-Governor of the bank."

THE MORALITY OF USURY.

[The discussion of the subject of Usury from a religious stand-point is seldom characterized by so robust common sense as in the following, which we take from the *Standard of the Cross*, a well-known Episcopalian journal, published at Cleveland, Ohio.]

Mr. Ruskin and the Bishop of Manchester discuss the question of usury in the February number of the *Contemporary Review*. At least, the Bishop of Manchester discusses the question, and Mr. Ruskin replies with a very positive assertion of his own views, which are those of the middle ages, that all payment for the use of money, commonly called interest, is usury, and is forbidden by the word of God. It must be counted a great blemish in this reply that it passes judgment upon certain persons definitely designated, the Bishop of Manchester among the number; but the earnest reader will pass by what is offensive in the manner of the discussion, in the desire to obtain whatever new light an independent thinker may be able to shed upon a question of no little importance to the world of morals.

Mr. Ruskin's well known abhorrence of great cities, with all their misery, and filth, and smoke, and general unsightliness, gives zest to his denunciation of what he calls usury; that is, the payment of any interest, however small, upon borrowed money. All the evils of dense populations he seems to regard as the growth of this one root.

Now, the desire to be open to reproof, the fear of being deceived by the sophistry of the world, and above all, a personal example, as we must believe, evincing an honest endeavor to live in accordance with his peculiar teachings, must win for Mr. Ruskin a patient hearing. None of us could be pardoned for giving no heed to the voice of a messenger sent to testify against the great evils of our age, on the ground that it was but a solitary voice; on the other hand, those who have drunk in the spirit of the times of the great reformers, from John the Baptist down, are perhaps anxious to prove their openness to conviction by hastening to confess adhesion to any leader who is outspoken about the characteristic evils of our day.

For all these reasons, however, the sincere moralist must regret that the great art-critic and essayist has devoted himself so ardently to a cause that finds no support in reason, nor, as we believe, in the doctrine of Christ. It is a great waste of righteous zeal, and tends greatly to confuse those who need the inspiration which the earnestness of others can afford, when a false position is maintained with so much earnestness and apparent consistency of conduct with doctrine. The error is, no doubt, an intellectual one, as Mr. Lecky points out in a passage which we shall presently quote. But is it a pardonable thing for a man of such undoubted intellectual power as Mr. Ruskin to err even in judgment? What right has a man to give loose rein to his prejudices, and to set up his private opinion in antagonism with that of his age, without a careful and humble examination of the opinions of others?

In the case before us, the Bishop of Manchester proposes two points upon which it was especially desirable that Mr. Ruskin should comment, but which he entirely omits from notice in his

reply. One is the Parable of the Talents. Our Lord therein presents the case of men who are in duty bound to give money to the exchangers, that the owner may receive the same with usury. There is nothing in the Gospels to show that the parable may not be literally applied. If it is the duty of a man who inherits a good farm to improve it, and to leave it a still better farm to his heirs after him, so is it the duty of a man who inherits money to render up an account of that money that will show improvement of time. The man is condemned who brings back the same amount he had received, having wrapped it up in a napkin and buried it out of use. The wonderful thing in the history of Christian ethics is that the teaching of this parable could ever have been overlooked. Its whole force is contained in this: That the possession of riches is stewardship for God, and diligence in the use and disposition of them, which under any other conception than that of stewardship would indicate covetousness, under this conception becomes an imperative duty.

The other point which most needed Mr. Ruskin's attention in the Bishop of Manchester's letter, and which is ignored by him, is a neat illustration of the identity of rent for real estate with interest upon money. A farmer asks his landlord to improve his farm by draining it, which the landlord consents to do upon the consideration of five per cent. interest upon the outlay, to be added to the yearly rent of the farm. Call this five per cent. interest on capital invested, and it is all wrong, in Mr. Ruskin's eyes; call it rent, and presumably it is all right. The reader wonders whether Mr. Ruskin's income, so generously used indeed for the benefit and pleasure of other people, is not largely made up of exactly that sort of usury.

This is the way in which the subject is disposed of in Lecky's *History of European Morals*:

There are many cases in which diversities of moral judgment arise from causes that are not moral, but purely intellectual. Thus, for example, when theologians pronounced loans at interest contrary to the law of nature and plainly extortionate, this error obviously arose from a false notion of the uses of money. They believed that it was a sterile thing, and that he who has restored what he borrowed, has canceled all the benefit that he has received from the transaction. At the time when the first Christian moralists treated the subject, special circumstances had rendered the rate of interest extremely high, and consequently extremely oppressive to the poor, and this fact, no doubt, strengthened the prejudice; but the root of condemnation of usury was simply an error in political economy. When men came to understand that money is a productive thing, and that the sum lent enables the borrower to create sources of wealth that will continue when the loan has been returned, they perceived that there was no natural injustice in exacting payment for this advantage, and usury either ceased to be assailed, or was assailed only upon the grounds of positive commands.

The question remains whether the Jewish and mediæval regulations and sentiments about usury were intended altogether as a safeguard against oppression of the poor, or to prevent accumulations of capital under the control of others than its owners. The enforcement of a law against lending money, under interest, would undoubtedly compel many men to take a more immediate oversight of the employment of their means, and this would certainly do much to scatter abroad the wealth that now tends to centralize in great cities and great corporations. It would be important to counteract this tendency if it were evident that centralized capital is administered less economically or for the advantage of smaller circles of persons

than it would be if distributed. But in the nature of the case, centralization is a means of economizing the administration of capital. It costs less for a railway company to collect the revenues of its travel than it would cost for a large number of individual owners of the road to collect fares each one over his own half, or quarter-mile of the road; and even that would cost less than the transportation of the railway's freight and passengers by coach and wagon, as it would be necessary to do if a system of individual ownership should destroy railroads altogether. However great artists like Mr. Ruskin might rejoice at the destruction of steam power, it is idle to deny that the co-operation and mutual trustfulness which it has called forth, no less than the physical energy itself, have been the fruitful source of economy of muscular labor and human drudgery. And as to the number of persons benefitted by accumulations of capital, if it were not an increasing number there can be no doubt that free and enlightened peoples would rise against the tendency of corporations to gather wealth. At present we regard hostility to capital, as manifested for example by Sand-lot politicians and Pittsburgh rioters, a characteristic of barbarism and ignorance. If the highest philanthropy and enlightenment are to declare for Kearney and his crew, we have yet to learn why.

SAFES AND THE ART OF SAFE BREAKING.*

BY PARK BENJAMIN, PH. D.

There is a wide-spread, though mistaken, notion, that almost any iron chest with thick walls and an imposing lock is a "safe," and consequently, that it is an efficient protection for valuables, not only against the effects of fire, but also against the attacks of burglars. If, however, the owner's knowledge extends to the fact that fire-proof and burglar-proof safes are entirely different affairs, he is apt to remain secure in the representation, confidently put forth by every safe maker, that *his* particular burglar-proof construction will baffle the most skillful "cracksman." The error, in either case, is usually discovered after a robbery.

Fire-proof safes are not intended as safeguards against burglary, unless, as is often the case, they contain a specially constructed burglar-proof box.

The problem involved in burglar-proof construction is, to build a solid wall of metal, which cannot be pierced by mechanical means within any period of time at the disposal of a burglar. No safe maker pretends to assert that his safe cannot be entered with proper tools, and in course of time. "What man can construct, man can destroy," is a maxim which he does not deny. He reasonably supposes, however, that a safe will not be left unguarded for any longer interval than from Saturday afternoon until Monday morning, and, in the forty hours or so intervening, he claims that no burglar can effect an entrance into it. He takes it also for granted that no tools driven by steam power will be used against his work, and that the safe will be so situated as to make the available room in which a burglar might operate as small and as inconvenient as possible. Such precautions as guards, when the safe is to be left for a long time, its disposition as above indicated, and a maintenance of a light near

* From *The American Machinist*.

it, will suggest themselves so readily to any one, that their omission can scarcely be regarded otherwise than as culpable negligence.

So far as picking the lock is concerned, the wonderfully ingenious construction of modern fastenings renders this undertaking almost certain to fail. The modern burglar seldom attempts it, and the safe builder feels secure as to that part of his work. There is no key hole, wherein to insert powder, and thus blow up the lock; and the shoulders made on the spindles of the knobs, which abut against the solid walls of the safe, effectually prevent the driving inward of these portions. Even such heroic expedients as eliciting combinations by a revolver held to the janitor's head, or a grilling of the cashier's feet, become disagreeably useless when the secret is known to two persons, neither of whom can use his knowledge without the aid of the other. The professional burglar, therefore, avoids the lock, and bestows his attention on the door and walls. And here his nefarious ingenuity grapples with the honest skill of the builder and inventor.

It is admitted by all makers that the perforation of a safe with a small hole, even if not more than half an inch in diameter, places it at the mercy of the thief. He has only to insert a cartridge of dynamite or other powerful explosive, capable of yielding a volume of gas, of about double the cubical contents of the safe, ignite the same by a fuse, and the door is torn from its bolts, or the bolts themselves give way. Even if the door is not blown clear off the safe, a few wrenches with the iron bar or jimmy completes the job.

Drilling the safe wall, although the most common mode of attack, is usually not tried until the possibility of easier means is negated. The burglar will attempt to rip the door off bodily, and without the aid of explosives. Here he meets the skill of the maker in nice fitting. If the door does not fit in its place with an absolutely tight joint, a thin steel wedge is inserted in the crack. The latter thus slightly expanded admits a larger wedge; then another wedge still larger is inserted; and finally an opening is made of sufficient size to enable the jimmy to be put in. The jimmy is simply a bar of finely tempered steel, having a bent and flattened end. It can be lengthened by screwing on sections, and, with the powerful leverage gained, a door is often easily torn from its place, despite its bolts.

If the original crack is of fair size, resort is had to a still shorter process. With soft putty, the joint is carefully stopped entirely around the door, except for a space four or five inches above, and the same beneath. Over the upper orifice thus left, a tin box is placed, the flanged edges of which are closely puttied to the safe. Leading from this box is a rubber tube which connects with a small portable air-pump. While one burglar works the pump, and so exhausts the air from within the safe, a second holds a card edgewise to the lower crack, and slowly sprinkles fine mealed powder therein. The powder is at once drawn in and distributed between the door and the body of the safe. It simply remains to ignite the explosive and the door is either torn off, or so far sprung outward as to allow the jimmy to enter. Ingenious tongues on the door, dove-tail arrangements of the flanges, and a rubber-packed front, now found in the best safes, frustrate such efforts as that last described, and the burglar is now restricted to drilling the safe, or tearing it apart, and in its successful opposition to such attacks as these lies the efficacy of the system of construction.

Although the expression "solid wall" has been used in referring to

burglar-proof safes, in contradistinction to those especially fire-proof it is not to be understood that safe walls are masses of homogeneous metal—some safes, it is true, are so made. One maker casts iron directly around a basket-work of the wrought metal. Another makes a safe of solid franklinite—a peculiar variety of iron to which particular reference is made further on; and other examples might be given. Special advantages are claimed for this mode of construction over “built-up” safes; but, at least in the light of the experiments quoted elsewhere in this article, it is doubtful if they are so great as is asserted.

All prominent safe builders build their safes in combinations of iron and steel, the differences lying in the nature of the materials, and modes of uniting them. The frame, for example, may be of heavy welded hoops or solid angle iron. The plates attached to this frame may be of steel, wrought iron, or case-hardened cast iron. Different grades of steel may be welded together, or steel and wrought iron may thus be combined. Quite a variety of modes of fastening plates or sets of plates together, exist. One maker rivets adjacent plates; another joins several plates at once, by conical bolts; another uses heavy screws, and so on. In all cases there is much ingenuity expended, for the connecting pieces must be so made, and put in, that the burglar cannot pull them out; and care is even taken to make them of the same material as the layers through which they pass, so that their location cannot be discovered by the difference of the sound emitted on striking them, as compared with that given forth by the main portion of the safe. In the manner thus outlined, hard metals are used to prevent drilling, and strong fastenings to prevent tearing asunder of the plates.

The writer was recently instructed, by a well-known safe-building firm of this city, to submit their safe to the most severe tests that could be desired—entire liberty being given him to fix the nature of the trials—the only stipulations made being that the total time of actual attack on the safe should not exceed twenty-four hours, and that only such tools as might easily be carried by two or three burglars should be used. The writer associated with him Mr. Richard H. Buel, C. E., and under the immediate personal supervision of that gentleman the trials were conducted.

The system of burglar-proof construction tested differs materially from all other combinations in its embodying a layer of Franklinite iron. This iron is obtained from an exceedingly hard mineral, composed of peroxide of iron, oxide of zinc, and oxide of manganese, and found in Sussex County, New Jersey. It is hard enough to cut glass, which it resembles in many of its properties, crystallizes beautifully, and in safe construction is cast around a grating of wrought iron rods. The representative plate on which the tests were made consisted of layers in thickness as follows: hard and soft steel, welded together, 2.6 inches; Franklinite, 2.1 inches; and finally a lining of soft iron, 0.42 inch—the total thickness being 5.12 inches.

It was recognized that, in a large number of trials previously made on this safe, the pressure applied to the drills had rarely exceeded 2,000 pounds. It was therefore determined to use the greatest pressure the drills would stand. The drills, made of steel hard enough to cut glass, soon penetrated, with a hole $1\frac{1}{2}$ inches in diameter, the outer layer of soft steel; but broke when the following stratum of hard steel was reached. Recourse was then had to the flame of the compound blow-pipe to “draw the temper,” and so soften the metal, and with this help and new drills, progress inward was resumed.

Some nine hours were occupied in piercing the steel. Then the Franklinite was touched, and again the drills flew to pieces. Drill after drill broke. The first impression on the intensely hard metal was made under a pressure of two tons, and this was increased at times to *six tons*. The drills, refusing to cut, simply ground their way onward—screeching loudly enough to arouse the most somnolent watchman, for to use oil was impossible. It was simply the abrasion of metal on metal, and a question of which would wear away, hard steel or Franklinite.

The men at the lever became tired, and reliefs were supplied, and thus the work continued. Finally, after eight attempts, lasting from three to five hours' each on consecutive days, and aggregating in all twenty-six hours' actual working time, the effort was abandoned. The outer steel layer had been pierced, but over a quarter of an inch of Franklinite and the iron behind it was intact. Yet 125 of the best drills that could be procured, specially made for the work, had been destroyed, and the stipulated time exceeded by two hours' actual drilling and by over six hours of total labor on the sample.

It is hardly necessary to point out that this test was far more severe than any attack which a burglar could have made, under the most favorable circumstances. No two or three men could have worked the drill lever continuously for twenty-four hours, nor would they have any such facilities for manipulating the work as here existed.

It is entirely within the power of any corporation or concern purchasing an expensive safe or vault door, to insist on competitors submitting their samples to as severe a trial as may be desired before considering any claims. Such a course would promptly eliminate cheap and inferior safes, for their makers are intensely averse to experiments of any sort calculated to show up their wares; while the honestly-built safes would be judged strictly according to relative merit, and with regard to their special adaptability to the purpose for which they were required.

GOVERNMENT LIFE INSURANCE.

The British Government has a system, established in 1866, of issuing through the Post Office Department, insurances on lives. To the end of 1878, there had been insured the sum of £ 460,759; the premiums received had amounted to £ 92,998; and the insurance forfeited by the default of insurers, aggregated £ 50,583. Upon these figures the London *Economist*, of March 20, observes: "This, it must be confessed, is a miserable result to show as the outcome of twelve years' operations. The Government system, in short, as it is at present conducted, is a practical failure, and it has failed not from any inherent defects, but simply because it has never been worked in a businesslike way. The Government agents are the postmasters, a class of public servants in whose case the principle of the largest possible amount of work for the smallest possible remuneration has been carried to perfection. For their services as insurance agents, we believe, no extra payment is made. They are expected to do the work as a part of their ordinary duty, and it is idle to expect that they will be zealous in extending a business which brings them nothing but extra trouble. Indeed, in many cases, it would be a loss for them to push the Government insurances. A great many of

them are agents for private insurance companies, from whom they receive a commission on business done; and every premium that went to the Government, and which could be secured for the private office, would represent so much out of the agent's pocket. Not content, however, with giving their agents no personal incentive to push their insurance business, the Government have further placed a number of petty obstacles in the way of the insurer who might wish to approach the agent. For example, a charge of *2d.* to *5d.* is made for copies of the tables showing the premiums to be paid for life insurance or for immediate or deferred annuities, and the deterrent effect of such a charge, small though it is, cannot easily be overestimated. Private offices know better than to make any such demand upon their possible clients. They seek rather by every possible means to bring their schemes under the notice of the public, and if the Government were to work their insurance business on the same common-sense principles that guide the operations of private offices, there is little doubt that they could make it a great success instead of a regrettable and somewhat discreditable failure."

BANK CLERKS' MUTUAL BENEFIT ASSOCIATION OF PROVIDENCE, R. I.

The tenth annual meeting of the Association was held on Wednesday, April 21st, 1880. The report of the Board of Management shows that at the close of the ninth year of its existence, the Association finds itself in a prosperous financial condition. Each year has increased its strength, and the last is no exception. \$1,757 have been added to the assets, which now amounts to \$12,502.62. From this there is to be paid a loss of \$500 incurred by the death of a member. The expenses during the year have been \$14.25. The present number of members is ninety-three; double membership thirteen; total 106. The Treasurer reports the membership fund to be \$10,548.11. The number of membership being 106, the fund is within \$52 of the point at which, by the provisions of the constitution, it shall be declared "Established." We quote the sections relating to the change referred to:

ART. II, 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.

ART. V, 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 payment 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.

ART. VI, Sec. 4. After the establishment of the fund as provided in Art. V, Sec. 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 Sec. 1.

The report says: "It is believed that the social relations of the members were never more pleasant than now, and that the influence of the Association is constantly, though quietly, promoting friendship and mutual esteem. We would record our hearty thanks to the National Bank of North America, and the Manufacturers' National Bank, for a donation to our fund of \$ 50 each. We should be glad to receive from other banking institutions or friends, similar tokens of their appreciation of the objects we have in view, viz.: assistance to the families of members removed by death."

CURRENT EVENTS AND COMMENTS.

IMMIGRATION.

During April, there arrived at New York from foreign countries, 49,413 passengers. Of these 46,821 were immigrants, of whom there were from England, 5,030; Scotland, 1,230; Wales, 109; Ireland, 11,241; Germany, 13,116; Austria, 1,115; Sweden, 7,316; Norway, 1,347; Denmark, 1,393; France, 405; Switzerland, 1,351; Italy, 1,457; Holland, 576; Russia, 307; Hungary, 289; Poland, 249; Belgium, 113; Spain, 48; Portugal, 7; China, 9; Nova Scotia, 15; Cuba, 24; all other countries, 74.

THE IRON INDUSTRY.

According to statistics collected and published by J. M. Swank, Secretary of the American Steel and Iron Association, there were, March 1, 697 completed blast furnaces at work, with a capacity equal to the production of 6,500,000 tons of pig iron annually. There are, besides, forty-four blast furnaces in course of construction. At the same date there were at work 380 rolling mills, with an annual capacity of 4,000,000 tons of finished iron and of 2,150,000 tons in heavy rails. There were twenty-two completed Bessemer converters, and ten in course of construction, with an annual capacity in ingots of 1,750,000 tons. Also, twenty-two completed open-hearth steel works and three being built; and thirty-three open-hearth furnaces completed and six being built, having an annual capacity in ingots of 275,000 tons, with a long list of other works and contrivances for the production of iron in its varied forms, among which are 4,152 nail machines.

AMERICAN DAIRY PRODUCTS.

According to the *American Dairyman*, the dairy industry of the United States represents an investment of over \$ 1,300,000,000, and an annual production of butter and cheese of over \$ 350,000,000 in value; which is \$ 50,000,000 more than the wheat crop of the country, one-seventh more than the hay crop; three times more than the oat crop, one-third more than the cotton crop, and but one-fifth less than the corn crop. Over 350,000,000 pounds of cheese and 1,500,000,000 pounds of butter are made annually. Of the total amount of butter made in the United States, New York produces 140,000,000 pounds yearly, and 100,000,000 pounds of cheese.

MICHIGAN SALT.

The growth of the salt industry in Michigan is noteworthy. It is now claimed that the Saginaw District is the second largest salt-producing section in the Union. There were 169 wells in operation in 1879, producing 2,055,040 barrels, of an average of 12,160 barrels to each well, and fifty-four new wells will be in use this year. The product has increased from 1,027,000 barrels in 1874 to 1,561,000 barrels in 1877, and probably 2,700,000 barrels in 1880.

WESTERN MANUFACTURES.

The San Francisco *Commercial Herald* says: "The manufacturing industry is a pretty new thing in even the oldest manufacturing districts in this country, and it seems strange to think of it as extending clear back into the Western States that were, half a century since, purely agricultural. The West now possesses five out of the eleven Bessemer steel works, and the State of Illinois alone is making more rails every year than were made in the United States in any one year prior to 1860. This extensive industry, second to that of Pennsylvania, has grown up, based on the relations between the Lake Superior iron regions and the vast bituminous coal fields of Illinois and Indiana. There are said to be 994,512 persons engaged in manufacturing in the States of Michigan, Illinois, Indiana, Wisconsin, Minnesota, Iowa, Missouri, Kansas and Nebraska. Thirty years ago only 58,947 persons were similarly employed in those States."

THE BLACK HILLS.

The discovery of a six-and-a-half-foot coal seam is reported on the grounds of the Philadelphia Company.

Within three years from the time of the erection of the first stamp mill in the Black hills, the aggregate number of mills has increased to fifty odd, and the total number of stamps to fully 1,400.

The Black Hills *Pioneer* is unable to restrain the following burst of enthusiasm: "Gold, silver, copper, iron, lead, gypsum, coal, salt, and petroleum, abound in our quartz-ribbed hills, and all our valleys unfold an Eden of pasture and farming lands. Think of valleys that will produce eight hundred bushels of potatoes to the acre, hemmed in by mountains of solid golden ore that will yield from five to five hundred dollars to the ton."

CANADA RAILWAYS.

Railway construction in Canada is proceeding steadily, but at a much less rapid rate than in the United States. The official statistics for the year ending June 30, 1879, just issued, show 6,484 miles in operation, an increase of 341 miles over the previous year, and 1,537 miles under construction.

FIRE INSURANCE.

The Committee on Statistics, of the National Board of Underwriters, are able this year to present the fullest and most complete record of fires that has ever been given. It embraces the whole country. The report will be issued to those entitled to receive it, and will give for the year 1879, the statistics of over 20,000 fires, divided among 300 classes of hazards which have been charged to the several hazards that they belong to, and showing an aggregate loss of nearly \$72,000,000.

The committee ascribe to incendiarism 5,000 of the fires, causing a loss of \$ 5,000,000.

NORTHERN PACIFIC RAILROAD.

In a report, made May 7, upon the importance to the Government of the progress of this road, Gen. W. T. Sherman says:

"In a military sense, the immediate extension of this railroad from Bismarck to the Yellowstone and up the valley of that river as high as the mouth of the Big Horn, will be beyond any estimate the Quartermaster-General can make, because this railroad will transport men and supplies for ten, if not twelve, months of the year, while the Missouri River and Yellowstone are barely navigable by light-draft boats for two, or at most three, months. This part of the Northern Pacific Railroad will stimulate the immigrants to occupy the line of the Yellowstone, east and west, to such an extent as to form a barrier to the nomadic Indians, who have heretofore gone back and forth from the Sioux Reservation south to the British Territory north, and will enable us in a very few years to give up Forts Keogh and Custer, each requiring for garrison a full regiment of infantry and four companies of cavalry. These could then be moved north to the British line, our permanent frontier.

THE NEW NORTH-WEST.

The *Pioneer-Press*, in referring to the unprecedented influx of emigrants along the line of the Northern-Pacific, says: "The records of the St. Paul office of the land department of the Northern-Pacific Railroad show the amount of land sold in the different divisions of the road during the month of March to be 10,553 acres. There have been 1,636 immigrants who purchased tickets at the office, besides many who have provided themselves before coming here, or who have gone through without taking advantage of the special rates given settlers. Nine-tenths of these immigrants have proceeded directly to Dakota, and the balance have stopped at points along the line between Brainerd and Fargo. Government land to the amount of 48,500 acres was taken within the limits of the company's land grant in Minnesota during the quarter ending March 31, and 114,500 acres were taken in Dakota at the Fargo land office."

THE IRON TRADE.

The *London Times*, of April 14, says: "In America, the number of furnaces blown in between July and December last is ascertained by the *Iron Age* to have been 127, bringing up the total number in use to 384, or a larger number than was found working at any time during the preceding seven years. These 384 furnaces are equal to producing four and a quarter million tons of pig iron per annum, which is nearly a million and a half tons more than America has yet produced in any one year.

"Statistics collected within the last fortnight show that in the United Kingdom 141 furnaces have been blown in since the 1st of November. Of that number, ninety-seven are in England, twenty-two in Scotland, and seventeen in Wales. These 141 furnaces are equal to producing 2,099,600 tons of pig iron per annum—a quantity exceeding the whole annual production of France, and almost equal to that of Germany. Cleveland alone is now turning out pig iron at the rate of 2,270,800 tons a year, equal to an increase of more than a quarter of a million tons on the production of 1879. When we add the increased ratio of production in England and America together, we find that they aggregate about three and a half million tons. No such increase as this has ever before occurred. It is calculated that between 1871 and 1872 the production of pig iron

throughout the world increased from 12,565,000 to 14,445,000 tons. but of this increase Great Britain only contributed 114,000 tons, and the United States 740,000 tons, the remainder having been supplied by Germany, Luxembourg, Belgium, France, etc. All of these countries, as well as our own, have now been stimulated by the prospect of remunerative prices to develop their production, although there are not available for them the same exact figures as those quoted for the United States and England."

THE GERMAN FREE CITIES.

The Berlin correspondent of the London *News* says that the days of the free towns in Germany are numbered, for proceedings are now being begun against Bremen which threaten to deprive that town entirely of its rights as a free port. The correspondent says he supposes Lubeck will shortly receive its death warrant. This new and determined policy on the part of Prussia must be regarded with the utmost interest by many English and American merchants, whom it will materially affect.

A correspondent, explaining the effect on Hamburg of incorporating St. Pauls in the Zollverein, says: "The daily average of foot passengers through St. Pauls to and from Hamburg is 117,220; of vehicles laden with goods, 2,991; of omnibusses and tram-cars, 921, and of carriages, hacks, etc., 938. The establishment of a customs line would subject all these to stoppage and search. Prussia has also given notice of the abrogation of the facilities hitherto granted to the Hamburg cattle market, which is situated in St. Pauls, for the transit of cattle going to the Zollverein and for the abolition of the Zollverein's *entrepot* in Hamburg, where goods are stored after the payment of duty, until it is convenient for merchants or manufacturers to ship them across the frontier." The correspondent adds: "Hamburg is threatened literally with a customs siege, and it has no power to resist." For the present, the matter has been arranged by a compromise.

BRITISH SHIPBUILDING IN CHINA.

A correspondent at Shanghai writing to the London *Times*, says: "The latest additions to the British fleet on the Yangtze have been made in Shanghai by an enterprising firm of Scotch shipbuilders, who have created here in the course of the past sixteen years a shipbuilding and ship repairing industry of the first magnitude, where iron steamers and marine steam engines of the largest size can now be produced. All the 1,100 workmen employed are Chinese; and this is a significant sign of the times which ought to be borne in mind by our shipwrights on the Clyde and the Tyne."

BRITISH INDIA FINANCES.

The London *Standard*, of May 5, admits the truth of the rumors for some time current that a glaring discrepancy exists between the financial results actually realized in India, and those promised in the budget statement published in February. The difference is variously estimated at from £ 3,000,000 to £ 5,000,000, originating in the fact that the financial member of the Viceroy's Council grossly underestimated the expenses of the Afghan war.

The Indian Government have sent a dispatch to the Marquis of Hartington, Secretary of State for India, showing that the cost of the Afghan war will probably exceed the estimates by the sum of £ 4,000,000. The dispatch declares that the Military Department is solely blameable for the mistake.

STOLEN NEGOTIABLE BILLS OF LADING.

SUPREME COURT OF THE UNITED STATES—OCTOBER TERM, 1879.

Shaw et al., Plaintiffs in error, vs. *Merchants' National Bank of St. Louis.*

A statute declaring that bills of lading "shall be negotiable and may be transferred by indorsement and delivery," or declaring "that they shall be negotiable by written indorsement thereon, and delivery in the same manner as bills of exchange and promissory notes," does not put bills of lading in all respects on the footing of bills of exchange, and other instruments which are the representatives of money. Accordingly, when an indorsed bill of lading was stolen from the owner without his negligence, *held*, that a purchaser for value, without notice from the thief, would not acquire title thereto or to the goods represented thereby, against the owner. No statute is to be construed as altering the common law farther than its words import.

In error to the Circuit Court of the United States for the Eastern District of Pennsylvania. The opinion states the case.

STRONG, J. The defendants below, now plaintiffs in error, bought the cotton from Miller & Brother by sample, through a cotton broker. No bill of lading or other written evidence of title in their vendors was exhibited to them. Hence, they can have no other or better title than their vendors had.

The inquiry, therefore, is, what title had Miller & Brother as against the bank, which confessedly was the owner, and which is still the owner, unless it has lost its ownership by the fraudulent act of Kuhn & Brother? The cotton was represented by the bill of lading given to Norvill & Co., at St. Louis, and by them indorsed to the bank, to secure the payment of an accompanying discounted time-draft. That indorsement vested the title to the cotton, as well as to the contract, in the bank. While it there continued, and during the transit of the cotton from St. Louis to Philadelphia, the indorsed bill of lading was stolen by one of the firm of Kuhn & Brother, and by them indorsed over to Miller & Brother, for an advance of \$8,500. The jury has found, however, that there was no negligence of the bank, or of its agents, in parting with the possession of the bill of lading, and that Miller & Brother knew facts from which they had reason to believe it was held to secure the payment of an outstanding draft; in other words, that Kuhn & Brother were not the lawful owners of it, and had no right to dispose of it.

It is therefore to be determined whether Miller & Brother, by taking the bill of lading from Kuhn & Brother under these circumstances, acquired thereby a good title to the cotton as against the bank.

In considering this question it does not appear to us necessary to inquire whether the effect of the bill of lading in the hands of Miller & Brother is to be determined by the law of Missouri, where the bill was given, or by the law of Pennsylvania, where the cotton was delivered. The statutes of both States enact that bills of lading shall be negotiable by indorsement and delivery. The statute of Pennsylvania declares simply, they "shall be negotiable and may be transferred by indorsement and delivery;" while that of Missouri enacts that "they shall be negotiable by written indorsement thereon and delivery, *in the same manner* as bills of exchange and promissory notes." There is no material difference between these provisions. Both statutes prescribe the manner of negotiation, *i. e.*, by indorsement and delivery. Neither undertakes to define the effect of such a transfer.

We must, therefore, look outside of the statutes to learn what they mean by declaring such instruments negotiable. What is negotiability? It is a technical term derived from the usage of merchants and bankers, in transferring, primarily, bills of exchange and, afterward, promissory notes. At common law no contract was assignable, so as to give to an assignee a right to enforce

it by suit in his own name. To this rule bills of exchange and promissory notes, payable to order or bearer, have been admitted exceptions, made such by adoption of the law merchant. They may be transferred by indorsement and delivery, and such a transfer is called negotiation. It is a mercantile business transaction, and the capability of being thus transferred, so as to give to the indorsee the right to sue on the contract in his own name, is what constitutes negotiability. The term negotiable expresses, at least primarily, this mode and effect of a transfer.

In regard to bills and notes, certain other consequences generally, though not always, follow. Such as a liability of the indorser, if demand be duly made of the acceptor or maker, and reasonable notice of his default be given. So if the indorsement be made before the maturity of the bill or note, in due course of business, and be made for value to a *bona fide* holder, the maker or acceptor cannot set up against the indorsee any defense which he might have set up against the payee, had the bill or note remained in his hands.

So also if a note, or bill of exchange, be indorsed in blank, if payable to order, or if it be payable to bearer, and therefore negotiable by delivery alone, and then be lost or stolen, a *bona fide* purchaser for value paid acquires title to it, even as against the true owner. This is an exception from the ordinary rule respecting personal property. But none of these consequences are necessary attendants or constituents of negotiability, or negotiation. That may exist without them. A bill or a note past due is negotiable, if it be payable to order, or bearer, but its indorsement or delivery does not cut off the defense of the maker or acceptor against it, or create such a contract as results from an indorsement before maturity, and does not give to the purchaser of a lost or stolen bill the rights of the real owner.

It does not necessarily follow, therefore, that because a statute has made bills of lading negotiable by indorsement and delivery, all these consequences of an indorsement and delivery of bills and notes before maturity ensue or are intended to result from such negotiation.

Bills of exchange and promissory notes are exceptional in their character. They are representatives of money, circulating in the commercial world as evidence of money, "of which any person in lawful possession may avail himself to pay debts or make purchases or make remittances of money from one country to another, or to remote places in the same country. Hence, as said by Story, J., it has become a general rule of the commercial world to hold bills of exchange as in some sort sacred instruments in favor of *bona fide* holders for a valuable consideration without notice." Without such a holding they could not perform their peculiar functions. It is for this reason it is held that if a bill or note, indorsed in blank or payable to bearer, be lost or stolen, and be purchased from the finder or thief, without any knowledge of want of ownership in the vendor, the *bona fide* purchaser may hold it against the true owner. He may hold it though he took it negligently, and when there were suspicious circumstances attending the transfer. Nothing short of actual or constructive notice that the instrument is not the property of the person who offers to sell it, that is, nothing short of *mala fides* will defeat his right. The rule is the same as that which protects the *bona fide* indorser of a bill or note purchased for value from the true owner. The purchaser is not bound to look beyond the instrument. *Goodman vs. Harvey*, 4 Ad. & Ellis 873; *Goodman vs. Simons*, 20 How. 343; *Murray vs. Lardner*, 2 Wall. 110; *Mathews vs. Poythress*, 4 Ga. 287. The rule was first applied to the case of a lost bank note, (*Miller vs. Race*, 1 Burrows, 452), and put upon the ground that the interest of trade, the usual course of business, and the fact that bank notes pass from hand to hand as coin, require it. It was subsequently held applicable to merchants' drafts, and in *Peacock vs. Rhodes*. 2 Doug. 633, to bills and notes, as coming within the same reason.

The reason can have no application to the case of a lost or stolen bill of lading. The function of that instrument is entirely different from that of a bill or note. It is not a representative of money, used for transmission of money, or for the payment of debts or for purchases. It does not pass from hand to hand as bank notes or coin. It is a contract for the performance of a certain

duty. True, it is a symbol of ownership of the goods covered by it—a representative of those goods. But if the goods themselves be lost or stolen, no sale of them by the finder or thief, though to a *bona fide* purchaser for value, will divest the ownership of the person who lost them, or from whom they were stolen. Why then should the sale of the symbol or mere representative of the goods have such an effect? It may be that the true owner by his negligence or carelessness may have put it in the power of a finder or thief to occupy ostensibly the position of a true owner, and his carelessness may estop him from asserting that his right against a purchaser who has been misled to his hurt by that carelessness. But the present is no such case. It is established by the verdict of the jury that the bank did not lose its possession of the bill of lading negligently. There is no estoppel, therefore, against the bank's right.

Bills of lading are regarded as so much cotton, grain, iron, or other articles of merchandise. The merchandise is very often sold or pledged by the transfer of the bills which cover it. They are, in commerce, a very different thing from bills of exchange and promissory notes, answering a different purpose and performing different functions. It cannot be, therefore, that the statute which made them negotiable by indorsement and delivery, or negotiable in the same manner as bills of exchange and promissory notes are negotiable, intended to change totally their character, put them in all respects on the footing of instruments which are the representatives of money, and charge the negotiation of them with all the consequences which usually attend or follow the negotiation of bills and notes. Some of these consequences would be very strange if not impossible. Such as the liability of indorsers, the duty of demand *ad diem*, notice of non-delivery by the carrier, etc., or the loss of the owner's property by the fraudulent assignment of a thief. If these were intended, surely the statute would have said something more than merely make them negotiable by indorsement. No statute is to be construed as altering the common law, farther than its words import. It is not to be construed as making any innovation upon the common law which it does not fairly express. Especially is so great an innovation, as would be placing bills of lading on the same footing in all respects with bills of exchange, not to be inferred from words that can be fully satisfied without it. The law has most carefully protected the ownership of personal property, other than money, against misappropriation by others than the owner, even when it is out of his possession. This protection would be largely withdrawn if the misappropriation of its symbol or representative could avail to defeat the ownership, even when the person who claims under a misappropriation had reason to believe that the person from whom he took the property had no right to it.

We think, therefore, that the rule asserted in *Goodman vs. Harvey*, *Goodman vs. Simonds*, *Murray vs. Lardner*, *supra*, and in *Phelan vs. Moss*, 67 Penn. St. 59, is not applicable to a stolen bill of lading. At least the purchaser of such a bill, with reason to believe that his vendor was not the owner of the bill, or that it was held to secure the payment of an outstanding draft, is not a *bona fide* purchaser, and he is not entitled to hold the merchandise covered by the bill against its true owner. In the present case there was more than mere negligence on the part of Miller & Brother, more than mere reason for suspicion. There was reason to believe Kuhn & Brother had no right to negotiate the bill. This falls very little, if any, short of knowledge. It may fairly be assumed that one who has reason to believe a fact exists, knows it exists. Certainly, if he be a reasonable being.

This disposes of the principal objections urged against the charge given to the jury. They are not sustained. The other assignments of error are of little importance. We cannot say there was no evidence in the case to justify a submission to the jury of the question whether Miller & Brother knew any fact or facts from which they had reason to believe that the bill of lading was held to secure payment of an outstanding draft. It does not appear that we have before us all the evidence that was given, but if we have there is enough to warrant a submission of that question.

The exceptions to the admission of testimony, and to the cross-examination of

Andrew H. Miller, are not of sufficient importance, even if they could be sustained, to justify our reversing the judgment. Nor are we convinced that they exhibit any error.

There was undoubtedly a mistake in entering the verdict. It was a mistake of the clerk in using a superfluous word. The jury found a general verdict for the plaintiff. But they found the value of the goods "eloigned" to have been \$7,015.97. The word *eloigned* was inadvertently used, and it might have been stricken out. It should have been and it may be here. The judgment was entered properly. As the verdict was amendable in the court below, we will regard the amendment as made. It would be quite inadmissible to send the case back for another trial because of such a verbal mistake.

The judgment of the Circuit Court is affirmed.

PENALTY OF USURY BY NATIONAL BANKS.

UNITED STATES CIRCUIT COURT, W. D. OF PENNSYLVANIA.

First National Bank of Uniontown vs. Stauffer.

This was *assumpsit*, brought by the First National Bank of Uniontown, Pa., against John T. Stauffer, indorser for the accommodation of Samuel Detwiler (the maker) of a promissory note, dated February 28th, 1876, at four months, for \$4,000, which was discounted by the plaintiff for the latter, at a rate of interest exceeding six per cent. per annum.

MCKENNAN, Cir. J.—Motion for a new trial.

This case was tried before the late Judge Ketcham, and, under his instructions a verdict was rendered in favor of the plaintiff for the amount of the note in suit, with interest from its maturity to the date of the verdict. A motion for a new trial was made by the defendant, for the reason that, under the circumstances, no interest was recoverable upon the note, and that it was error in the judge to instruct the jury otherwise.

It is admitted that more than the legal rate of interest was charged and received by the plaintiff for the period which elapsed between the date and maturity of the note, and the question is, whether this subjects the plaintiff to a forfeiture of the interest which accrued afterwards.

The National Currency Act furnishes a clear answer to this question. After fixing the rate of interest to be taken by National banks at that allowed by the local law, the 30th section of that Act (Rev. Stat. § 5198), enacts: "And the knowingly taking, receiving, reserving or charging a rate of interest greater than aforesaid, shall be held and adjudged to be a forfeiture of the entire interest which the note, bill or other evidence of debt carries with it, or which has been agreed to be paid thereon," and it is further provided, that where excessive interest has been paid, twice the amount may be recovered by an action commenced within two years.

The "entire" interest which the note "carries with it" is forfeited, and, if this means all the interest which accrues upon it, as I think it clearly does, it is difficult to understand how any part of it is recoverable. By the operation of the Act, a usurious contract is inherently vicious, so that it cannot "carry" any interest "with it;" hence it would inadequately effectuate the intent of the Act to hold that such a contract is purged of its taint and is invested with a capacity denied to it before, by the failure of the debtor to pay the debt evidenced by it at maturity.

This view of the effect of the Act of Congress is not inconsistent with the opinion of the Court in *Barnet vs. The Nat. Bank*, 8 Otto, 555, as was urged in the argument, but is in entire harmony with it. There it was sought to set off usurious interest paid upon a series of renewed bills, and also twice the amount of such interest, and it was held that the only remedy of the debtor was a penal action as provided by the last clause of section 30. In expounding this section, the Court says: "Two categories are thus defined, and the consequences denounced:

"1. Where illegal interest has been knowingly stipulated for, but not paid, there only the sum lent, without interest, can be recovered.

"2. Where such illegal interest has been paid, then twice the amount so paid can be recovered in a penal action of debt or suit in the nature of such action against the offending bank."

It is thus declared that the effect of a mere stipulation for illegal interest by a National bank, is to deprive it of the right to recover more than "the sum lent without interest," but surely the "receiving" of illegal interest in furtherance of a stipulation to that effect cannot place the bank upon any better footing. It will undoubtedly preclude the recovery, by the debtor, of the penalty for a usurious payment, by way of set-off against his debt, but it cannot invest the creditor with the right to recover what the law declares he shall forfeit by reason of his unlawful agreement.

In this case it was agreed that usurious interest should be paid, and was paid to the plaintiff, and the jury should have been instructed that this worked a forfeiture of all the interest upon the note, and that the plaintiff was entitled to recover only its face amount. A new trial will, therefore, be ordered, unless the plaintiff within ten days, shall remit the excess of the amount found due by the jury on the principal of the debt. Upon the entry of such remittitur, judgment will be entered on the verdict for the amount so rendered.

THE LAW OF NEGOTIABLE SECURITIES.

The present state of the law regarding negotiable securities, under which general term bonds, shares, stock, and the coupons affixed to these are classed, has of late attracted attention; and a short time ago some of the points were discussed at a meeting of the Bankers' Institute in London. In Berlin, Amsterdam and Frankfort-on-the-Maine, the question has also attracted considerable notice, the importance of the inquiry being increased by the fact, now known to the public, that a very large amount of capital is absorbed by these securities; the total of quoted values in the different stock exchanges of Europe and America being estimated at seven thousand millions sterling, and by some authorities even at a higher figure—which total is rapidly being increased as the needs of Government or joint-stock enterprises compel men to go to the public for money.

There are three points regarding these instruments on which it is conceived uniformity of the law is of the greatest importance to investors—(1) Negotiability; (2) the effect of mortgaging a property; (3) registration. Bankers insist that, at all events, as regards these points some common rule ought to be adopted. Take for instance the negotiability of an instrument as the law stands now. The utmost uncertainty prevails. The system of signing a blank transfer, although frequently resorted to, is an unsatisfactory way of rendering a document, otherwise unnegotiable, transferable like an ordinary promissory note. In the case of loss of a security the gravest questions frequently arise as to the rights acquired by an innocent purchaser, who acquires the debenture or share warrant without the taint of notice of the wrongful holding by his vender. Thus, in Belgium, a *titre au porteur*, or an instrument indorsed in blank, which has the same transferable legal character, is deemed personal property, and the owner may follow it whenever and wherever found. In Holland sale by a banker or on the Stock Exchange is needed to protect the purchaser; so also in France, Italy and Spain, with the exception of Rentes, which were made *insaisissable* (unattachable) by Napoleon III. In Germany, England and the United States the principle of absolute negotiability is more or less recognized—even in the case of foreign paper, as happened in the well-known instance of Goodwin and Robarts, where the negotiability of Russian provisional scrip came into question. Considering how these securities pass from hand to hand, and from country to country, it is surprising that the irksomeness of the diversity of rules regulating their transfer has not attracted

greater attention. The system much in use on the continent of making *titres au porteur* unnegotiable by writing across the face of the instrument the words "not negotiable," or "not transferable," is one of great utility, and largely resorted to by trustees and public bodies; but the rules regulating this usage are ill-defined, and often lead to vexed questions of law. With us this practice is unknown, and even should it be resorted to, it is more than doubtful whether a purchaser would be obliged to notice the words limiting the negotiability of the instrument. There are several other points arising out of the practice in force on the continent regarding lost or stolen securities which may occasionally prove very troublesome. In France a lost or stolen security is advertised in the *Bulletin Officiel*. After publication all the world is deemed to have notice, and its negotiability by delivery by indorsement is destroyed. No mention is made of the probable case of such securities being held by owners in distant countries; and unless the telegraph is used it would be impossible to warn purchasers in time to prevent losses being incurred. Another somewhat curious mode of preventing the negotiation of a security lost or stolen is what is termed "amortization"—a court of law after a certain lapse of time, annulling by decree the lost or stolen security, and authorizing the issue of a duplicate. This practice would be very useful in the case of the physical destruction of the instrument, but as it now works it has been productive of great inconvenience, and frequent losses are incurred, as in the case of a Frankfort banker, who stated at the Guildhall meeting of the International Law Association that he had advanced money on Swiss securities which had been amortized only a few days prior to his parting with his money. Beyond doubt law, practice and custom, as it now stands, is not satisfactory.

As we go further into the question of the legal character of these securities, the first consideration that presents itself is that of the charge or mortgage granted to secure a loan. Matters of difference between a borrowing government and its creditors are necessarily referred to the Foreign Office. They belong to diplomatic ground; and even in the most flagrant instances of wrong, such as are charged against the Peruvian Government, bondholders are to all intents and purposes powerless. Where, however, private companies seek money by placing mortgage bonds on the market, the very first question that is asked is as to the value of the security; and this depends on the mortgage charge, admitting that the subject matter has intrinsic value. As is well known, in some countries, only the tolls of a railway company are chargeable; in others, such as is the case in Germany, a *prioritatis obligation* partakes of the character of our debenture stock. In Switzerland and Austria the recent laws require registration, and in Germany it is understood that a similar rule is likely to be adopted. The railways of the United States of America, as they pass through different States, are governed by varying laws, and it is generally admitted that the greatest uncertainty prevails as to the real character of a mortgage charge in America. In view of all these endless difficulties, bankers, the public and lawyers, have alike come to the conclusion that, at all events as far as concerns the continent of Europe registration should be universally adopted, and every possible and needed information supplied to the registration office, so that whatever difference there may be between different systems of law in regard to mortgages of public works and realty, on which advances are sought, the investing public should have at all events the fullest opportunity of obtaining information.

The time has, it is thought, arrived when these questions, which so seriously affect the pockets of capitalists, ought to meet with the attention they deserve.—*Economist* (London).

FRENCH RENTE.—During the first quarter of 1880 the Receivers-General in the interior departments of France sold *rentes* to the amount of 110 million francs and purchased to the amount of fifty-two millions, showing an absorption by the rural classes of fifty-eight millions of Government stocks. It is the continued demand from that quarter which steadily sustains French public credit.

THE DEPOSIT OF BONDS BY NATIONAL BANKS.

OPINION OF THE ATTORNEY-GENERAL OF THE UNITED STATES.

DEPARTMENT OF JUSTICE,
Washington, April 30th, 1880.)*The Secretary of the Treasury.*

SIR: Yours of the 5th instant, addressed to the Attorney-General, asks whether the Fourth Section of the Act of June 30th, 1874 (18 Stats. 124) which provides that the amount of bonds required to be deposited with the Treasurer of the United States, by National Banks, *shall not be reduced below \$50,000*, is for all purposes connected therewith repugnant to the previous statutory provision (Rev. Stats., §§ 5159, 5160) that such banks shall at all times keep on deposit with the Treasurer bonds *to the amount of at least one-third of their capital stock*.

Upon consideration, I answer in the affirmative.

A principal purpose of the act of 1874, as shown by its title, was to re-distribute the National bank currency. In this respect it revises and amends the provisions for the same end, contained in Section 6 of the act of 1870, ch. 252 (16 Stat. 253.)

These provisions were, in substance, that \$25,000,000 of circulation should be withdrawn from banks in those States which had more than their share of circulation, and be transferred to like institutions in States having less than their share.

The method of withdrawal was that the Comptroller of the Currency should begin by making requisitions upon such banks as had a circulation exceeding \$1,000,000, until reduced to that amount, and then should proceed in the same way with banks having a circulation exceeding \$300,000.

If any bank failed to respond to such requisition, the Comptroller was to sell at public auction "an amount of bonds deposited by such association as security for said circulation, equal to the circulation to be withdrawn from said association," and with the proceeds reduce the notes of the association to the amount required.

It seems plain that the Legislature had given its attention to the manner in which this plan would operate, and was aware that the bond deposit of each of the twenty banks then having a circulation of over \$300,000, and liable to requisition, would be reduced to about one *sixth* instead of one-third of its capital stock.

An extract from the books of the Comptroller of the Currency, with which I have been furnished, shows this to have been the condition of things at that time, and the peculiar character of the legislation renders it most improbable that Congress was not cognizant thereof.

It is a matter of no importance in this connection that the provisions of the above section were never carried into effect.

What is important to consider is the theory upon which it was enacted.

These provisions remained in force for four years, failing within that time of practical effect, because of a decision, immaterial, here as to the operation of a proviso. By the above act of 1874, the Legislature expressly repealed this proviso, and increased the amount of circulation to be withdrawn to \$55,000,000. The other details of section six of the act of 1870 were substantially retained: Requisitions were to be made upon the same classes of banks in the same order and to the same extent, and failure to respond was to lead to the same method of compulsion. See Sections 7 and 8.

Another extract from the books of the Comptroller shows that the details of the operation of these provisions would have been very much the same with those of the act of 1870. They are subject, therefore, to the remarks just made above, with the addition that the scrutiny which the previous statute

must in the meantime have undergone, shows that the change of policy as to the bond deposit in the classes of banks affected was *deliberate*.

But in addition to the above provisions, the act of 1874 contained another, intended to *facilitate* (see Rev. Stat., sec. 5160) the voluntary reduction of National bank circulation. It was as follows:

"Any association organized under this act, or any of the acts of which this is an amendment, desiring to withdraw its circulating notes in whole or in part may, upon the deposit of lawful money with the Treasurer of the United States in sums of not less than nine thousand dollars, take up the bonds which said association has on deposit with the Treasurer for the security of such circulating notes, which bonds shall be assigned to the bank in the manner specified in the nineteenth section of the National Bank Act; and the outstanding notes of said association, to an amount equal to the legal-tender notes deposited shall be redeemed at the Treasury of the United States, and destroyed as now provided by law;

"*Provided*, That the amount of the bonds on deposit for circulation shall not be reduced below fifty thousand dollars."

It is upon this section that the question under consideration has arisen. In the light of what has already been said that question is, whether the Legislature which in the same act treats the bond deposits of a class of banks, not separated from the ones under consideration by anything material to this discussion, as important only in *securing circulation*, and disregards the original policy of maintaining a constant proportion between that deposit and the bank *capital*, irrespective of circulation, does not in like manner disregard that policy in the section above quoted.

The state of the argument upon this point may be summed up thus:—Section 4 of the act of 1874, taken alone, indicates that the legislature intended to allow National banks to reduce their bond deposit to \$50,000 *absolutely*; however, when read in connection with section 5160, of the Revised Statutes, there appears to be no absolute repugnance betwixt the two, and it may be by this latter provision the Legislature intended to provide only, that in *no class* of National banks (*ex. ga.* that with capital less than \$150,000) should the deposit be reduced below \$50,000, leaving section 5160 still to cover the class of banks having a larger capital than that; in other words, that the reduction authorized by the body of section 4 is a reduction only so far as the deposit might be required to secure *circulation*, and leaves the claim of *capital stock* to a rate of deposit untouched. The reply is, that in other important and deliberate features of the act, the Legislature treated the one-third policy as no longer existing, and even *compelled* certain banks to reduce their bond deposit below that proportion.

I may add that it is significant of the understanding of the Legislature in 1870 and 1874 as to the purpose of this bond deposit by National banks—a purpose, I believe, nowhere *specifically* defined—that in both of the acts it is referred to as *security for circulation*. This, I think, confirms the theory that in both acts the reduction of circulation was to be made the exact measure of the reduction of the deposit. To the same purpose is the hint given by the *nine* thousand dollars specified in the section quoted above from the act of 1874, that hint (which has always been acted upon by the Treasury Department) is that the *whole amount* of the deposit made in exchange for such circulation, and not merely an equal amount thereof, is to be returned upon a surrender of the corresponding circulation. This goes to show that the Legislature did not regard the *ten* or other per-cent. of deposit beyond the amount of circulation, as of any practical value to the creditors other than bank-note holders, and therefore that when these were otherwise secured, there was no occasion for its retention.

Upon the whole, I am of opinion, that taken with its context, section 4 of the act of 1874, is for all purposes connected therewith repugnant to section 5160 of the Revised Statutes, and all other previous legislation that requires National banks to have and maintain in the Treasury of the United States a bond deposit to the amount of one-third of their capital.

There is enough in the case to render that official vigilance, which has

raised and made it necessary to decide the question, highly commendable, but even if the question were more doubtful, great weight would have to be attributed to the contemporaneous understanding by all practically concerned as to the operation of the provision before me, in consequence of which, without demur from any one, the provisions of section 5160 have been disregarded by many officials and other citizens of more than ordinary intelligence and character, in immense transactions occurring from day to day during more than five years.

Very respectfully,

S. F. PHILLIPS, *Solicitor-General*.

Approved ;

CHARLES DEVENS, *Attorney-General*.

SUBSIDIARY SILVER COINS.

It is officially stated that the subsidiary silver coins in the United States Treasury, March 30, 1880, were as follows:

Half dollars.....	\$ 13,357,673
Quarter dollars.....	6,746,337
Twenty-cent pieces.....	24,620
Dimes.....	1,517,382
Total.....	<u>\$ 21,646,012</u>

On the 1st of May this total had increased to \$ 22,767,672.

On the 26th of April, Hon. A. J. Warner, of Ohio, in behalf of the House Committee on Coinage, Weights and Measures, submitted the following report upon a resolution relating to the subject, which had been referred to them :

"Fractional currency tends, naturally, in its course of circulation to flow or drift from the retail trade of the country to the larger trade centers. In this way there is a constant tendency to a depletion of small change in the country and a scarcity for retail trade, while an undue accumulation takes place in large centers. If it is a legal tender for only a small sum, or below the standard in weight, if coin, it will become depreciated at the points where it accumulates. A depreciation slightly below the cost of returning it to the country, however, is pressure enough, usually, to send it back through the ordinary business channels through which it flowed to points of accumulation.

But under the act of 1879, the Secretary of the Treasury is required to redeem subsidiary silver coins at the Treasury, or any sub-treasury of the United States, when presented in sums of \$ 20. Under this law, instead of being returned through ordinary business channels to the country, the subsidiary coin, as fast as it gathers in the principal cities where there are sub-treasuries, is taken to a sub-treasury and exchanged for lawful money. In consequence of these operations there is now accumulated in the Treasury of the United States over \$ 21,000,000 in subsidiary silver coin, while there is a depletion of change in many parts of the country.

"The joint resolution accompanying this report authorizes the Secretary of the Treasury to cause this subsidiary silver to be sent from the Treasury, or any sub-treasury, in exchange for lawful money, to any one applying for it, through the mails as third-class matter, but in registered packages, and at the risk of the applicant.

"The Secretary of the Treasury and the Treasurer concur with your committee on the necessity of some such measure, in order to secure the return of this currency to the country where it is needed, and your committee do therefore recommend that the joint resolution be passed."

FINANCIAL MATTERS. AT WASHINGTON.

On the 28th of April, Mr. Price, of Iowa, obtained the unanimous consent of the Banking and Currency Committee, to move, in behalf of the committee, to suspend the rules and pass the bill to abolish the two-cent tax on bank checks. This committee also directed the chairman to report adversely on the De La Matyr proposition to investigate the National banks. The committee decided that it was impracticable.

On the 10th of May, in the House, Mr. Lounsbury, of New York, introduced a bill repealing section 5,176 of the *Revised Statutes*, and amending section 5,171 so as to read as follows:

"Upon the deposit of bonds as described by sections 5,159 and 5,160, the associations 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 hereafter provided, equal in amount to ninety per cent. of the current market value of the United States bonds so transferred and delivered, but not exceeding ninety per cent. of the bonds at the par value thereof, and at no time shall the total amount of such notes issued to any such association exceed the amount at such time paid in of its capital stock."

During the evening session of the House, May 10, devoted to general discussion, speeches were made by:

Mr. Bland, of Missouri, in favor of the free coinage of silver.

Mr. Buckner, of Missouri, in opposition to refunding that part of the public debt becoming redeemable in 1881, and in favor of converting it into short securities with a view to early payment.

Mr. Murch, of Maine, against any further refunding, and in favor of a steady reduction and final payment of the entire debt.

Mr. Carpenter, of Iowa, in favor of the refunding bill reported by the Committee of Ways and Means, in favor of the National bank system, against withdrawing the greenbacks until the interest-bearing debt is fully paid, and against an attempt by the United States to establish bi-metallism except in concert with other nations.

In the Senate, May 17, a communication was received from the Secretary of the Treasury, in respect to the 3.65 District of Columbia bonds, which are guaranteed by the United States. The Secretary gave it as his opinion that the payment of interest and sinking fund on the funded debt of the District is wholly dependent on annual appropriations by Congress.

In the House, May 17, the following bills, etc., were introduced and referred:

By Mr. Young, of Ohio, to tax and regulate the manufacture and sale of glucose or grape sugar. It amends section 3,254 of the *Revised Statutes* so as to provide that manufacturers of glucose shall pay \$100 and dealers \$50.

By Mr. O. Turner, of Kentucky, proposing a constitutional amendment prohibiting Congress from passing a bill appropriating more than \$10,000 except by a vote of a majority of the members elected.

The River and Harbor Appropriation bill was passed by a vote of 179 to 47.

A motion to suspend the rules and pass the bill authorizing National banks to make loans on real estate was lost, only thirty-five members voting in favor of it.

In the House of Representatives, March 18, Mr. Bland, from the Committee on Coinage, reported a bill to establish an assay office at St. Louis, and it was referred to the Committee of the Whole House on the State of the Union.

Mr. Loring, of Massachusetts, introduced a bill to abrogate the Fishery Treaty with Great Britain.

In the House, May 19, the majority of the Banking Committee reported the evidence as to the conduct of the receiver of the Ocean National Bank of New York. The majority report is signed by Messrs. Buckner, Lounsbury, Ewing, Davis of North Carolina, Young of Tennessee, Ladd, and Lewis. They think that the receiver of the bank was actuated by corrupt and improper motives, and of intentional wrong. A minority report signed by Messrs. Crapo and Chittenden, characterizes the conduct of the receiver as unwise and in violation of law, but dissents from the charge of improper or corrupt motives.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I.—RESPONSIBILITY FOR A COLLECTION.

A party gives a check on a bank, and before the check is presented pays the holder for it. The holder has not the check with him, and agrees to deliver it to the drawer but neglects to do so. The drawer stops payment of the check. Eleven months afterwards, the check is sent from a bank in another town for collection to a different bank from the one upon which it was drawn. The bank to which it is sent remits the amount without presenting the check to the bank on which it was drawn. The sending bank upon receipt of the remittance pays the amount to the person depositing the check for collection, who is irresponsible. Who is the loser?

REPLY.—The bank which, receiving the check for collection, remitted the amount of it before presenting it to the bank upon which it was drawn. The fact that the check was eleven months old (making it a "stale check") was sufficient to put the receiving bank upon its guard; and it is too late, after the sending bank has paid over the money to its depositor, to ask the sending bank to refund the money. The receiving bank was plainly guilty of negligence, and, as between it and the sending bank, must suffer the consequence.

II.—SIGNERS AS INDORSERS.

We enclose a note *signed* as follows: *Samuel Smith,*
John Smith, Indorser.

Is John Smith liable as maker or as indorser? Will parole proof be admitted to decide the point?

REPLY.—This question is not free from doubt, but, in our opinion, John Smith is liable as indorser; or more strictly, he is a joint maker with the rights of an indorser. If it were not for the addition of the word "Indorser" John Smith would be a joint maker. It has been expressly decided that the addition of the word "surety," in such a case, gives one, who would otherwise be a mere joint maker, as against the holder of the note, all the rights of a surety; and we do not see why John Smith may not, in this form, secure to himself the rights of an indorser, viz., that the note shall be presented upon the day it falls due, and that notice shall be given to him of its dishonor. We think that John Smith's liability must be settled according to the words he has used, and that parole evidence is not admissible to explain or vary the writing.

MICHIGAN IRON—The entire output of iron ores of the upper peninsula of Michigan for the year 1879 was 1,415,182 gross tons, with an estimated value of \$6,423,539.50. The pig metal output amounted to 39,583 gross tons, with an estimated value of \$989,575. Nearly all the mines are in a position to enlarge their product this year, and as the demand is likely to be without limit, it is evident that the output will be very largely increased. While the product of last year was larger by 256,803 tons than the year 1873, the value of the product in 1873 was larger by nearly \$4,000,000, the price during that year being very much larger. The prospects are, however, that the total value of the output this year will be greatly increased.

BANKING AND FINANCIAL ITEMS.

NATIONAL BANK NOTE REDEMPTION.—Statement of the National Bank Redemption Agency for the month, and ten months, ended April 30th, as compared with the corresponding periods of last year :

<i>National bank notes disposed of.</i>	<i>For the month.</i>	<i>For 10 months.</i>
Notes fit for circulation, assorted and returned to the banks of issue.....	\$ 558,600	\$ 20,153,700
Notes unfit for circulation, assorted and delivered to the Comptroller of the Currency for destruction and replacement with new notes.....	2,072,400	21,734,300
Notes of failed, liquidating, and reducing banks deposited in the Treasury.....	469,800	4,483,700
Totals for 1880.....	\$ 3,100,800	\$ 46,371,700
Totals for 1879.....	9,436,900	131,800,850
Decrease.....	\$ 6,336,100	\$ 85,429,150

UNITED STATES CURRENCY OUTSTANDING.—The following is a statement of United States currency outstanding April 30th :

Old demand notes.....	\$ 61,090
Legal-tender notes, new issue.....	15,613,217
Legal-tender notes, series of 1869.....	94,375,854
Legal-tender notes, series of 1874.....	22,513,671
Legal-tender notes, series of 1875.....	103,931,651
Legal-tender notes, series of 1878.....	109,049,737
Legal-tender notes, series of 1879.....	1,196,886
One-year notes of 1863.....	47,155
Two-year notes of 1863.....	13,000
Two-year coupon notes of 1863.....	23,350
Compound-interest notes.....	247,340
Fractional currency :	
First issue.....	4,284,168
Second issue.....	3,109,099
Third issue.....	2,996,163
Fourth issue, first series.....	2,811,242
Fourth issue, second series.....	681,225
Fourth issue, third series.....	274,606
Fifth issue.....	1,448,124
Total.....	\$ 362,677,542

CALIFORNIA.—The Stock Board of Equalization in California has fixed the value, for the purposes of taxation, of the 2,023 miles of railroad in the State at \$ 31,174,140.

The Sacramento Savings Bank has voted to wind up its affairs on account of the new California constitution, which is described as taxing depositors individually for the amount of their deposits, and also the bank itself on its investments. The particular institution referred to re-organizes under the general law as the Sacramento Bank, the same persons continuing as managers, and to be conducted on the following plan, as described in the *Sacramento Record Union*: "The bank will receive the money of its customers and will make the investments direct for them and in their names, merely acting as their agent, agreeing to guarantee the security and the repayment of principal and interest, and charging a reasonable commission for so doing. In this way the mortgages will be assessed direct to the customer, . . . the bank merely acting as any real estate agent would do."

KANSAS.—The Kansas State Board of Agriculture estimates the products of farms in that State in 1879 at \$ 81,060,725.

THE GROSS YIELD OF BULLION, as ascertained for purposes of taxation, of the mines in Storey County, Nevada, in which the Comstock lode is situated, during the quarter ending March 31, was \$1,615,816, the aggregate expenses were \$1,437,959, and the aggregate taxes were \$15,044. For the corresponding quarter of 1879 the gross yield of bullion was \$2,372,200. For the corresponding quarter of 1878 it was \$10,358,900.

The yield of gold in the ten principal mines at the Black Hills during March was \$297,000.

THE LAND SALES from June, 1879, to April, 1880, of the St. Paul. Minneapolis and Manitoba Railroad were 226,108 acres, of which three-fifths were in the valley of the Red River.

NEW YORK.—Gov. Cornell has signed the bill allowing citizens of the State of New York to sue repudiating States in the name of the Attorney-General. A similar bill passed last year, but was vetoed by Gov. Robinson.

CHARGES AGAINST BANK OFFICERS.—In the case of B. F. Allen, ex-President of the defunct Cook County (Ill.) National Bank, who was charged with embezzlement, the jury, on May 5th, returned a verdict of not guilty, after they had been out fifty-one hours.

A thorough investigation into the affairs of the First National Bank of Augusta, Me., revealed the fact that the late Cashier, Israel Boothby, who committed suicide February 3, was a defaulter for over \$30,000. The bank has a large reserve fund and is financially all right.

John S. Leake and Stephen H. Richards, Cashiers of the former First National and Commercial National banks, of Saratoga, have been indicted for embezzlement. Jacob H. Farrington, a Director of the old First National Bank and a partner of Leake, was also indicted.

SYSTEMATIC FRAUD.—About a year ago, S. C. Carl was introduced to the Bank of the Metropolis by his brother, formerly treasurer of Queens County, who had long been a dealer with the bank, and was allowed to open an account. Subsequently he applied for some loans upon Government bonds, which were made. These were gradually increased, the collaterals offered in each instance being Government bonds of different issues, until they reached the sum of forty thousand dollars. There was nothing in the transactions to suggest inquiry, all the transfers being duly executed and acknowledged before the proper officers at the Sub-Treasury; yet, for abundant caution, application was made to the Treasury Department at Washington to verify the genuineness of the collaterals, all of which were in the form of bonds registered in Carl's name. These inquiries disclosed the fact that, although the bonds were all genuine issues and the signatures of the Government officers were true signatures, yet they were all of them stolen bonds, from which the names of the real owners had been skillfully erased and Carl's name substituted in their places. Nothing but an application such as was made to the Treasury Department could have led to the detection of the fraud, and even the most vigilant of lenders might have been deceived in like manner. The bank is in no wise impaired, it still having a large surplus beyond its capital. Proceedings were promptly instituted against Carl, who has been arrested, and is now in jail awaiting further action by the United States authorities.

THE OLD PUBLIC DEBT.—The Boston *Advertiser* notes some interesting facts as to that part of the National debt, which is classed as "debts not bearing interest since maturity," and which consists principally of bonds "called" within the last nine months. Some small proportion of them will doubtless never be presented for payment. The *Advertiser* says: "The oldest debt in the list of called bonds, the 5-20's of 1862, began to be called in 1871. The last of them disappeared from the category of "debt bearing interest in coin" in October, 1875. One year later, at the end of September, 1876, there were still outstanding of this class bonds to the amount of \$844,050; at the same date in 1877 there were \$528,450; reduced in 1878 to \$419,150; in 1879 to \$400,100, and now to \$393,800. One bond for \$100 has been paid off during the month of April. The 5-20's of March, 1864, were only \$946,600

in all. They were called in 1875, and within a year had all been presented and paid. The 5-20's of June, 1864, were nearly 47 millions. They began to be called in August, 1875, and interest ceased upon the last of them in February, 1876. One year later only \$333,500 were still outstanding. In April, 1879, they were reduced to \$73,450, and in the past year only \$5,000 have been presented for payment. Of the 5-20's of 1865, of which more than 150 millions were issued, only \$117,050 remain to be paid, although the last of them ceased to bear interest less than three years ago. The other classes of called debt are steadily diminishing at the rate of a million dollars a month in the aggregate. It is fair to expect that before the close of the present year the present total of \$7,614,750 will be reduced to not more than a million and a half.

"The other items, those relating to much older debt, are more interesting to study. There are still unredeemed \$82,525.35 in Treasury notes issued before 1846. In June, 1877, there were presented \$50 in one or more of these old notes, on which two dollars and a half interest was collected. The bounty land scrip, authorized in 1847, originally amounted to \$233,075. Ten years ago there were still outstanding \$3,400 of this loan which matured in 1849. Two payments have since been made,—one of which, of \$25 with thirty-three cents interest, was made only last November."

CANADA.—The Merchants' Bank has declared a dividend of three per cent. for the current half year. The net earnings for this period are reported to reach \$291,000, or more than five per cent. on the capital; while the losses on the half year's business are under \$20,000. The management is to be congratulated on the steady recovery of the institution, as evidenced in the price of its stock (95@96). It is intended, we understand, to make considerable addition to the Rest this year.

At a recent meeting of the Banking and Commerce Committee, the Bill to provide for the winding up of La Banque Ville Marie was passed with amendments.

The Ontario Bank has declared its forty-sixth dividend. It is at the rate of three per cent. for the current half-yearly period. Dividend No. 48 of the Bank of Toronto is announced for the current term, at the yearly rate of seven per cent. The Bank of Hamilton has declared its fifteenth dividend at the half-yearly rate of four per cent.—*Toronto Monetary Times*.

In the Canadian House of Commons Sir Leonard Tilley, Finance Minister, introduced the following monetary resolutions on the 26th of April:

That the amount of Dominion notes issued and outstanding at any one time may be increased to \$20,000,000, provided that the Finance Minister shall always hold for the redemption of such notes, an amount in gold, or in gold and Dominion securities guaranteed by the Government of the United Kingdom, equal to but not less than twenty-five per centum of the total amount of such notes then outstanding; and that at least fifteen per centum of the total amount of such outstanding notes shall be so held in gold; and that the statements to be published by the Finance Minister under the 8th section of Act 31 Victoria, chap. 46, shall show distinctly the amount so held by him in gold and guaranteed securities, respectively. The Finance Minister said the Government proposes to increase the issue of Dominion notes from \$12,000,000 to \$20,000,000. The whole increase of \$8,000,000 would not be floated at once, but to the amount of \$4,000,000 per annum for two successive years. The Government will hold as security for this increase gold to the extent of one-fourth and Government securities for the balance.

Sir R. J. Cartwright, ex-Finance Minister, warned the Government of the danger in thus conciliating irredeemable currency advocates. He said the experience of the United States should be a warning to Canada not to adopt such a currency.

A long discussion followed, after which the resolutions were carried, and a bill founded on the same introduced.

Sir Edward Tilley then introduced his banking resolutions, which are in effect that the act respecting banks and banking shall be extended to July 1, 1891; that on and after July 1, 1881, banks shall not issue any note for a less sum than \$5; that from and after the same date banks shall pay in Dominion

notes, if requested to do so by persons demanding payment; and that of the cash reserves held by the banks, forty per cent. shall be required to be held in Dominion notes, instead of $33\frac{1}{2}$ per cent. as at present.

Mr. Wallace, of Norfolk, moved an amendment that the power to issue currency be taken from the banks. This, after discussion, was negatived, and the resolutions were passed.

In respect to the recent repeal of the Canadian Bankrupt Law, the *Toronto Montary Times* of April 30, says:

"The beauties of being without an insolvent law are already commencing to show themselves. At Ottawa, the other day, a couple of creditors of a trader frightened him into selling out his business and paying over the proceeds to them, leaving the other creditors out in the cold. Something of the same kind has been done in another case in Wroxeter. In Orangeville a trader has been sold out by the sheriff at the instance of a brother-in-law, while the other creditors look on without any redress. And now we hear of another firm in difficulties, who, when asked to assign their effects to a trustee for the benefit of their creditors, insist first on paying their neighbors in full. Some of these cases would have been remedied to a certain extent by the Creditors Relief Act, if in force; other cases it will entirely fail to reach. It is evident this is only the beginning of sorrows; and it will be strange if by the end of a twelve-month, this country does not wake up to a realization of the mistake that has been made by the total repeal of the Bankrupt Law.

OBITUARY.

CALEB BARSTOW, for many years a leading merchant of this city, died at his residence in Brooklyn, May 20th, in the eighty-sixth year of his age. Mr. Barstow was born in the village of Mattapoisett, Massachusetts, on the 8th of March, 1795. He came to New York in 1810. On May 1, 1856, he was elected President of the St. Nicholas Bank, a position which he held until December 1, 1864, and under his able management the condition of the bank was greatly improved.

As a member of the Chamber of Commerce Mr. Barstow became widely known to mercantile circles and the public. He was the oldest surviving member of the Chamber, except one. He was for ten years chairman of the Finance Committee and was especially active in endeavoring to secure the abolition of the Usury law.

Mr. Barstow's deeds of charity were many and unostentatious. To his great benevolence and his kindness to friends is due the fact that he became financially embarrassed in his old age, and eventually lost all of the property which he had so honorably accumulated.

The Hon. DE WITT PARSHALL, President of the Lyons (N. Y.) National Bank, died suddenly at his home in that town on May 12th, in his sixty-eighth year. Mr. Parshall was born in Palmyra, N. Y., in 1812. A successful man in all his business enterprises, as banker, lawyer, and large owner of real estate, he did not seek in the mere pursuit of wealth and position the main object of life. His character is well sketched in the following extract from the *Lyons Republican*:

"Few men have presented a better example of strict personal attention to business—meeting every obligation with promptitude and filling every engagement with punctuality—though never becoming so engrossed by business as to forget the claims of society and humanity. Having worked his way from poverty to wealth by his own exertions, he had always a kindly word and a helping hand for young men who were struggling upward through the same difficulties which he had himself surmounted; and good counsel, friendly encouragement and efficient aid were cheerfully rendered to such as claimed and deserved them. Those who knew him best and shared his companionship could best appreciate his many excellent qualities; and in his death they feel that they have lost a genial, affectionate, sincere friend and companion."

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

INTEREST BEARING DEBT.

	<i>April 1, 1880.</i>	<i>May 1, 1880.</i>
Bonds at six per cent.....	\$ 256,887,700 ..	\$ 249,061,300
Bonds at five per cent.....	458,962,900 ..	492,889,300
Bonds at four and a half per cent.....	250,000,000 ..	250,000,000
Bonds at four per cent.....	739,017,350 ..	739,322,850
Refunding certificates.....	1,830,450 ..	1,524,950
Navy pension fund.....	14,000,000 ..	14,000,000
Total principal.....	\$ 1,760,698,400 ..	\$ 1,747,698,400
Interest.....	18,980,960 ..	18,064,918
DEBT ON WHICH INTEREST HAS CEASED.....	9,922,965 ..	8,877,635
Interest.....	881,566 ..	849,404

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes.....	\$ 346,742,211 ..	\$ 346,742,106
Certificates of deposit.....	8,495,000 ..	8,760,000
Fractional currency.....	15,625,297 ..	15,604,587
Gold and silver certificates.....	20,145,420 ..	20,274,320
Total principal.....	\$ 391,007,928 ..	\$ 391,381,013
Unclaimed Pacific Railroad interest.....	7,987 ..	7,777
Total debt.....	\$ 2,161,629,293 ..	\$ 2,147,957,048
Interest.....	19,870,513 ..	19,822,099
TOTAL DEBT, principal and interest.....	\$ 2,181,499,807 ..	\$ 2,167,779,147
Total Cash in the Treasury.....	201,106,983 ..	199,464,393
Debt, less Cash in the Treasury at date.....	\$ 1,980,392,824 ..	\$ 1,968,314,753
Decrease of debt during the month.....	14,719,396 ..	12,078,070
Decrease of debt since June 30, 1879.....	46,814,432 ..	58,892,502

CURRENT LIABILITIES.

Interest due and unpaid.....	\$ 2,518,642 ..	\$ 3,320,083
Debt on which interest has ceased.....	9,922,965 ..	8,877,635
Interest thereon.....	881,566 ..	849,404
Gold and silver certificates.....	20,145,420 ..	20,274,320
U. S. notes held to redeem certificates of deposit..	8,495,000 ..	8,760,000
Cash balance available at date.....	159,143,388 ..	157,382,931
	<u>\$ 201,106,983 ..</u>	<u>\$ 199,464,393</u>

AVAILABLE ASSETS.

Cash in the Treasury.....	\$ 201,106,983 ..	\$ 199,464,393
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BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES.

Principal outstanding.....	\$ 64,623,512 ..	\$ 64,623,512
Interest accrued and not yet paid.....	969,352 ..	1,292,470
Interest paid by the United States.....	45,651,155 ..	45,651,155
Interest repaid by transportation of mails, etc.....	12,983,707 ..	13,084,619
By cash payments five per cent. net earnings.....	32,012,249 ..	655,19
Balance of interest paid by the United States....	655,198 ..	31,911,33.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from May No., page 904.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid
2475	Farmers' National Bank.... Vergennes, Vt.	Walter Scranton..... D. H. Lewis.	\$ 50,000	\$ 50,000
2476	First National Bank..... Fort Benton, MONT.	William G. Conrad..... Edgar G. Maclay.	50,000	50,000
2477	First National Bank..... Weatherford, TEXAS.	Samuel H. Milliken..... C. H. Milliken.	50,000	40,000
2478	First National Bank..... Reno, NEVADA.	D. A. Bender..... Charles J. Bender.	50,000	—

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from May No., page 905.)

NEW YORK CITY.....	Produce Bank; removed to 59 Barclay St., cor. College Place.
" " ".....	Blake Bros. & Co.; removed to 18 Wall Street.
" " ".....	Chase & Atkins; dissolved. Now Kissam, Whitney & Co.
" " ".....	Hess Bros. & Co.; removed to 100 Broadway.
" " ".....	A. M. Kidder & Co.; removed to 18 Wall Street.
" " ".....	Kountze Brothers; removed to 120 Broadway.
" " ".....	Laidlaw & Co.; removed to 18 Wall Street.
" " ".....	George Opdyke & Co.; removed to 12 Pine Street.
" " ".....	C. J. Osborn & Co.; admit A. King.
" " ".....	Sand, Hamilton & Co.; now Sand Bros. & Co.
" " ".....	Wood & Davis; new firm. Same style.
ILL.....	Buda..... Benedict, Berkstresser & Co.; now J. Berkstresser & Son.
" ..	Walnut..... Reeve, Phillips & Co.; suc. by Walnut B'k (Ferris & Knight.)
" ..	Woodhull..... Higgins & Dyson; succeeded by Howell, Woods & Co.
IOWA... Fort Dodge....	McBane, Grant & Co.; now William M. Grant.
" ..	Mount Ayr..... Walter Dunning & Co.; succeeded by J. T. Merrill & Co.
KANSAS. Jewell Centre..	Case, Vance & Co.; now Case, Bishop & Co. Post office changed to Mankato.
KY.....	Caverna..... Name changed to Horse Cave.
MO.....	Louisiana..... Commercial Bank; now Mercantile Bank. Same President and New York correspondent.
" ..	Rocheport..... Rocheport Bank; now Wm. S. Woods & Co.
N. Y... Greenwich.....	George E. Dorr; receives time deposits, collections, etc.
OHIO... Martin's Ferry.	Ohio City B'k; now Exchange B'k. Same officers and corr.
TEXAS.. Weatherford...	Samuel H. Milliken; succeeded by First National Bank.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from May No., page 905.)

ALA....	Gadsden..... R. B. Kyle; not banker. Does not make collections.
IND....	Fremont..... C. T. Gilbert; not in banking business now.
KANSAS. Clyde.....	J. S. Maury & Co.; out of banking business.
MICH... Detroit.....	Bratshaw, Black & Co.; out of business.
" ..	Alma..... Ball, Barton & Co.; dissolved and out of business.
PENN... Mifflinburg....	First National Bank; closed. Officers are now of Commercial National Bank, Reading.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from May No., page 904.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
ARIZ...	Tombstone.....	Pima County B'k (Branch,)	.....
ARK....	Texarkana	Bank of Texarkana (W. H. Hakes)	.....
COLO...	Del Norte.....	H. Schiffer & Co.....	Kountze Brothers-
	.. Gunnison.....	Bank of Gunnison.....	Chase National Bank.
	.. Rico.....	Bank of Rico.....	.....
	.. Silverton	San Juan Co. B'k (Heffron & Johnson)	Com. N. B., Chicago.
DAKOTA	Valley City	Valley City Bank (Herbert Root.)	Kountze Brothers.
FLA....	Gainesville.....	H. F. Dutton & Co.....	National Citizens' Bank.
IND	Fowler.....	Bank of Fowler.....	Union National Bank, Chicago.
		(Baldwin & Spencer.)	W. H. Dague, Cas.
IOWA... Ames.....	Greeley & Rainbolt.....		Imp. & Tra. Nat'l Bank.
	.. Lewis.....	B'k of Lewis (L. O. Reinig.)	National Citizens' Bank.
	.. Marengo.....	Marengo Savings Bank....	.....
		N. B. Holbrook, Pr.	J. B. Haddock, Cas.
	.. Nevada.....	Otis Briggs.....	Com. Nat'l Bank, Chicago.
KANSAS.	Burr Oak.....	Bank of Burr Oak (Spears Bros.)	Fourth National Bank.
	.. Clyde.....	B'k of Clyde (C. C. Minton.)	First National Bank.
KANSAS.	Lindsborg.....	Bank of Lindsborg (W. S. Birch.)	Can. B'k of Com., Chic.
	.. Mankato.....	Case, Bishop & Co.....	Metropolitan National Bank.
	.. Oswego.....	Marley & Marley.....	Donnell, Lawson & Simpson.
	.. Paola.....	S. G. Bigelow, Jr.....	National Park Bank.
KY.....	Midway.....	Citizens' Bank.....	.....
	.. Princeton.....	L. M. Longshaw.....	Latham, Alexander & Co.
LA.....	New Orleans.....	W. B. Merchant.....	.....
MICH... Cass City.....	Wilsey & McPhail.....		Detroit Sav. Bank, Mich.
MINN... Bird Island.....	Renville County Bank.....		.....
		M. Donohue, Pr.	T. M. Paine, Cas.
	.. Grand Meadow.....	Greening & Warner.....	.....
	.. St. Vincent.....	Bank of St. Vincent.....	Amer. Exch. Nat'l Bank.
		Edward L. Baker, Pr.	John H. Rich, Cas.
MO.....	St. Louis.....	William C. Little & Co....	Clark, Dodge & Co-
	.. Burl'gton Junc..	Commercial Bank.....	Donnell, Lawson & Simpson-
		John H. Ware, Sen. Pr.	John H. Ware, Jr., Cas.
	.. Louisiana.....	Mercantile Bank.....	.....
	.. Stanberry.....	A. L. Tomblin.....	Preston, Kean & Co., Chic.
	.. Waverly.....	Corder Savings Bank.....	.....
		\$ 10,000 William J. Catron, Pr.	H. J. Galbraith, Cas.
MONT... Fort Benton.....	First National Bank.....		.....
		\$ 50,000 William G. Conrad, Pr.	Edgar G. Maclay, Cas.
NEB.... Blue Springs.....	Blue Springs Bank.....		First National Bank.
		\$ 5,000 John E. Smith, Pr.	Joel C. Williams, Cas.
	.. Columbus.....	A. Henry.....	.....
	.. Falls City.....	Richardson County Bank..	Kountze Brothers.
		B. L. Harding, Pr.	G. W. Holland, Cas.
	.. Osceola.....	S. C. Langworthy & Co....	.....
	.. Seward.....	Johnson, Perry & Co.....	.....
	.. Tekamah.....	Burt County Bank (J. P. Latta.)	Chemical Nat'l Bank.
NEVADA	Reno.....	First National Bank.....	Amer. Exch. Nat'l Bank.
		\$ 50,000 D. A. Bender, Pr.	Charles T. Bender, Cas.
N. Y.... Syracuse.....	The Robert Gere Bank.....		Amer. Exch. Nat'l Bank-
		\$ 100,000 J. J. Belden, Pr.	F. W. Barker, Cas.
OHIO... Conneaut.....	Lake, Thayer & Smith.....		.....
	.. Millersburg.....	Commercial Bank.....	.....
	.. Prospect.....	Prospect Bank (Wm. Henry Mohr.)	Fourth National Bank.
	.. Toledo.....	C. H. Coy & Co.....	Kountze Brothers.

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
PENN...	York	Schall, Danner & Sperry...	Trask & Francis.
S. C....	Darl'gton C. H. Dargan & Hewitt.....		J. H. Parker & Co., <i>Charleston.</i>
TEXAS..	Weatherford... First National Bank.....		Donnell, Lawson & Simpson.
	\$ 40,000 Samuel H. Milliken, <i>Pr.</i>		C. H. Milliken, <i>Cas.</i>
VT.....	Vergennes..... Farmers' National Bank.....		
	\$ 50,000 Walter Scranton, <i>Pr.</i>		D. H. Lewis, <i>Cas.</i>
WIS....	Edgerton	Bank of Edgerton	Amer. Exch. Nat'l Bank*
	\$ 25,000	Silas Hurd, <i>Pr.</i>	Thomas Hutson, <i>Cas.</i>
" ..	Lindon.....	Bank of Lindon.....	Merch. Nat'l Bank, <i>Chic.</i>
		J. W. Taylor, <i>Pr.</i>	Joseph Osborne, <i>Cas.</i>

CHANGES OF PRESIDENT AND CASHIER.

(*Monthly List, continued from May No., page 906.*)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY.	Produce Bank	A. T. Post, <i>Pr.</i>	J. F. Satterthwaite.
COL....	First National Bank, Boulder..	W. H. Thompson, <i>V. P.</i>
ILL....	Mattoon Nat'l Bank, Mattoon..	Jonathan Richmond, <i>Pr.</i>	J. H. Clark.
IOWA ..	Cass County Bank, Atlantic....	John P. Gerberich, <i>Cas.</i>	W. Waddell.
" ..	Benton County Bank, } Blairstown. }	Robert Slee, <i>Pr.</i>	J. K. Williams.*
		Samuel Rickert, <i>V. P.</i>
KY.....	First National Bank, Newport..	H. Gunkel, <i>Pr.</i>	W. Robson.
MD....	Nat'l Exchange B'k, Baltimore..	William T. Dixon, <i>Pr.</i> ...	J. Hurst.*
" ..	Western Nat'l Bank, " ..	J. G. Harvey, <i>Pr. protem.</i>	C. Brooks.*
MASS... First National Bank, Fall River.	Charles E. Hendrickson, <i>Cas.</i>	H. A. Brayton.	
MICH... First National B'k, Marquette..	Peter White, <i>Pr.</i>	C. H. Call.	
" .. Nat'l Bank of Mich., Marshall..	Charles E. Gill, <i>Cas.</i>	W. Powell.	
" .. First National B'k, Sturgis... }	Nelson I. Packard, <i>Pr.</i> ...	W. Allman.	
	Bracey Tobey, <i>V. P.</i>	N. I. Packard.	
MINN... North-Western Nat'l Bank, } Minneapolis }	S. A. Harris, <i>Cas.</i>	S. E. Neiler.	
" .. First National Bank, St. Paul }	Henry P. Upham, <i>Pr.</i>	H. Thompson.*	
	Charles G. Gilfillan, <i>V. P.</i>	L. E. Reed.	
	E. H. Bailey, <i>Cas.</i>	H. P. Upham.	
MISS... Bank of Oxford.....	Bem Price, <i>Cas.</i>	W. A. West.	
MO.... Hermann Sav. Bank, Hermann.	Robert Robyn, <i>Cas.</i>	P. Weber.*	
" .. Armour Bros. Banking Co., } Kansas City }	W. H. Winants, <i>Acting Cas.</i>	C. H. Prescott.	
N. J.... Amwell Nat'l B'k, Lambertville.	John A. Anderson, <i>Pr.</i> ...	S. Lilly.	
N. Y. .. Merchants' Nat'l B'k, Albany }	J. W. Tillinghast, <i>Pr.</i>	R. Van Rensselaer.*	
	N. D. Wendell, <i>V. P.</i>....	.....
" .. Bank of Skaneateles.....	J. Irving Wendell, <i>Cas.</i> ...	N. D. Wendell.	
	B. F. Petheram, <i>Cas.</i>	H. T. Webb.	
OHIO... Commercial Bank, Columbus..	W. H. Albery, <i>Cas.</i>	J. A. Jeffrey.	
" .. Wayne Co. Nat'l B'k, Wooster.	Jacob Frick, <i>Pr.</i>	E. M. Quinby.	
VT. National Bank of Vermont, } Vergennes }	Andrew Ross, <i>Cas.</i>	D. H. Lewis.	
	C. H. Strong, <i>A. C.</i>.....	.....

* Deceased.

COUNTERFEITS.—The London *Economist* notices a report that forged Government notes for five marks (\$ 1.25) are circulating in Germany, and observes that "a small currency of this description affords great openings for fraud, especially when it circulates freely among the lower and more ignorant classes." The experience of the United States, after an eighteen years' use on a large scale of \$ 1 and \$ 2 greenbacks, does not corroborate that view of the subject.

NOTES ON THE MONEY MARKET.

NEW YORK, APRIL 26, 1880.

Exchange on London at sixty days' sight, 4.87 a 4.90 in gold.

The rates for loans on call are three to five per cent. and the supply of capital is abundant. Exceptional transactions are quoted at lower and higher rates. Mercantile paper is quoted at 5@5½. The monetary situation is regarded with less solicitude and uncertainty than has prevailed of late. The improvement in the interior exchanges, with other circumstances, promises a solution of some of the problems that have complicated and enhanced the labors of forecasting the early future of the loan market. The return of currency from the interior has augmented the surplus reserve of the New York banks to \$13,919,975. From the statistics given below it will be seen that our banks now hold \$21,669,500 of greenbacks, which is a larger aggregate than has been reported since November last, when the banks began to accumulate their surplus reserves in specie, and thus to compensate for the active drain of greenbacks to the West and South. The specie reserves of our Clearing-House banks are now \$56,831,900, showing an accumulation of nearly twenty-seven millions since November 1st, 1879; and the total surplus reserves have increased fourteen millions in the same period. Several questions are suggested by these changes. First, as to the prospects of the fall money market which are now attracting much attention, the fear has prevailed that considerable stringency might be developed in the autumn money market, in consequence of the scanty proportions of the greenback reserves in the banks of New York and other central cities. It was argued that our reserves would be so low that when the demand next October for money to move the crops was developed as usual, our New York bank reserves might be unable to respond without an amount of pressure which would produce serious perturbation in the movements of the loan market. This apprehension and many other like predictions of trouble in the fall money market were based upon the theory, that the enormous drain which has absorbed sixty millions of currency from our banks and the Sub-Treasury, and sent it to the interior during the last seven or eight months, would not cease, and that the currency would not return, but would remain in the channels of active circulation so as to be unavailable for our bank reserves. The flow of greenbacks into bank has, however, commenced, and as the above theory is no longer tenable, in face of the return movement, the argument as to the autumn stringency is deprived of much of its force. Still,

the Western exchanges are watched with considerable anxiety, and while the monetary ease of the next few months is regarded as probable the public confidence has been somewhat shaken by various circumstances, and the stability of the financial situation is by no means firm. Indeed there are not a few of our bankers and merchants who predict a tight money market in the fall, while others think the stringency, though sure to come, will be deferred till next spring.

Among the disturbing forces from which the money market has suffered, a prominent place may be claimed by the attempts of the New York Legislature to tax the capital and the deposits of the banks. These institutions are willing to pay a fair proportion of the taxes imposed upon the people for the support of the municipal and State Governments; but for many years the policy has been adopted of levying oppressive and inequitable taxation which has weakened our banking system in many ways, as we have often showed, and especially by driving capital away from the banking business. Several bills to regulate and augment bank taxation have been proposed in the State Legislature, and the effects of the agitation on this subject will not soon disappear; even if, as is expected, the bills imposing new taxes on the banking business should fail to pass. Another set of disturbing causes complained of in the money market are connected with the anticipated export of gold. Temporarily the foreign exchanges have been running adversely of late to a certain extent, and it is gratifying to find that the shipment of gold, if it should occur, is not likely to threaten the reserves of our banks. The surplus of greenback reserves accumulating in the banks is quite likely to keep pace with any probable drain upon them for specie export or otherwise. Subjoined are the aggregates of the New York Clearing-House banks for several weeks past. It will be seen that the circulation of our city banks is increasing, while the average deposits and loans reflect the heavy liquidation in the speculative markets which has been effected during the last six weeks:

1880.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
May 3.....	\$ 280,436,300	\$ 49,406,500	\$ 17,014,000	\$ 20,646,200	\$ 252,572,200	\$ 3,277,450
" 10.....	281,137,700	53,391,500	17,257,100	20,572,900	258,323,000	6,067,850
" 17.....	278,574,200	56,278,000	19,229,300	20,498,400	261,075,900	10,238,325
" 24.....	272,250,800	56,831,900	21,669,500	20,304,000	258,325,700	13,919,975

The Boston bank statement for the past four weeks is as follows:

1880.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
May 3.....	\$ 138,815,300	\$ 6,670,700	\$ 1,983,100	\$ 54,217,800	\$ 31,175,200
" 10.....	140,185,100	6,944,300	1,757,500	54,400,100	31,123,100
" 17.....	140,242,500	6,733,700	1,688,000	55,151,300	31,093,100
" 24.....	138,924,000	6,766,300	1,880,600	54,324,200	31,001,900

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

1880.	Loans.	Reserves.	Deposits.	Circulation.
May 3.....	\$ 69,515,412	\$ 15,627,222	\$ 56,848,122	\$ 12,124,531
" 10.....	68,870,718	16,210,332	56,644,388	12,119,305
" 17.....	68,448,002	16,389,658	57,002,521	12,118,364
" 24.....	68,089,060	16,248,330	56,751,958	12,103,209

Wall street has been irregularly agitated by the troubles incident to the collapse in Reading, a detailed account of which will be found elsewhere. The

area of perturbation is restricted, however, within narrow limits; and the general effect is expected to be wholesome and good in many respects. At the Stock Exchange, Government bonds are firm, as the sinking-fund purchases of the Treasury keep up a demand for the chief descriptions, while the investment demand is good, and the monetary ease which prevails encourages holders to keep their bonds. Besides, there is no prospect that the Funding bill will be passed at this session of Congress. In fives and sixes, the transactions, however, are limited, and some of the banks which had been purchasing in anticipation that the Attorney-General's decision, published on page 973 of this issue, might have been unfavorable, are said to be at present selling their bonds. By some persons, a supply of Government securities from the banks is now expected to feed the market to a limited extent, as the policy is finally settled of interpreting the banking law so as to allow the banks to give up their currency and reduce their deposit of bonds at Washington at pleasure, subject to the wholesome restrictions established by the department in conformity with the statutes as explained by the Attorney-General. The quotations since January 1, and the amount of each description of Government bonds outstanding compare as follows:

	Quotations since Jan. 1, 1880.—				Amount May 1, 1880.—	
	Lowest.	Highest.	Registered.	Coupon.		
6s, 1880.....coup.	102¾	Jan. 13 .. 105	May 24 ..	\$ 13,469,000	..	\$ 3,244,000
6s, 1881.....coup.	104¼	Jan. 7 .. 107	May 24 ..	173,493,550	..	59,000,800
5s, 1881.....coup.	102¾	May 5 .. 104¾	Apr. 28 ..	299,379,800	..	202,509,500
4½s, 1894.....coup.	106¾	Jan. 2 .. 109¾	May 21 ..	170,246,800	..	79,753,200
4s, 1907.....coup.	103	Jan. 2 .. 107¾	May 24 ..	525,900,250	..	213,422,600
6s, currency.....reg.	125	Apr. 21 .. 126¾	Feb. 17 ..	64,623,512	..	—

At the London Stock Exchange the quotations yesterday compare with those previously current as follows:

Quotations in London.	May 7.				May 14.				May 21.				May 24.				Range since Jan. 1, 1880.—	
	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.		
U. S. 5s of 1881.....	105	.. 105	.. 105¾	.. 105	.. 104½	Apr. 15 ..	106¾	Jan. 12										
U. S. 4½s of 1891.....	111¼	.. 110¾	.. 111	.. 110¾	.. 109¾	Jan. 2 ..	111¾	Apr. 10										
U. S. 4s of 1907.....	109½	.. 109½	.. 109¾	.. 109¾	.. 106¼	Jan. 2 ..	109¾	Feb. 19										

State stocks are fairly active and the best descriptions are in demand for investment. Virginias close firm; Louisiana bonds are steady and are offering more freely; new North Carolinas and South Carolina consols are strong. Railroad bonds are irregular, but the investment classes of these securities are steady. Those of a more speculative character are feverish and weak. Railroad shares have fluctuated considerably under the trouble caused by the break in Reading. Last Thursday when the announcement of the suspension was made about noon, Reading shares fell from forty-six to thirty, and subsequently to twenty and one-quarter, which is the lowest price yet reached. The other coal stocks sympathized to some extent, but the general impression is that no serious outbreak of immediate trouble is to be apprehended, except, perhaps, a further decline followed by a series of spasmodic and irregular movements of prices. One cause of anxiety is that foreign investors are naturally showing more distrust of our railroad and other bonds, and this distrust has caused them to cancel orders for the purchase of American securities as well as to sell part of their former holdings. To this cause in part is ascribed the rise in foreign exchange. Subjoined are our usual quotations:

QUOTATIONS:	April 27.	May 4.	May 11.	May 18.	May 24.
U. S. 6s, 1881, Coup...	106½ ..	106½ ..	106½ ..	106½ ..	104½
U. S. 4½s, 1891, Coup.	108½ ..	108¾ ..	109 ..	109½ ..	109½
U. S. 4s, 1907, Coup...	107½ ..	107½ ..	107½ ..	107½ ..	107¾
West. Union Tel. Co.	106¾ ..	104¾ ..	101½ ..	98 ..	95¾
N. Y. C. & Hudson R.	131¾ ..	128¾ ..	126 ..	124¾ ..	124½
Lake Shore.....	108¾ ..	104¾ ..	103¾ ..	101¾ ..	101½
Chicago & Rock Island	188 ..	189 ..	184 ..	188¾ ..	192
New Jersey Central...	77¾ ..	74¼ ..	69¾ ..	63¾ ..	62½
Del., Lack. & West....	87¾ ..	84¾ ..	79¾ ..	77¾ ..	74¾
Reading	65½ ..	58¾ ..	46½ ..	45¾ ..	20½
Delaware & Hudson..	81 ..	78¾ ..	73¾ ..	70¾ ..	70¾
North Western.....	94 ..	91¾ ..	90¾ ..	89¾ ..	90¾
Pacific Mail.....	42¾ ..	39¾ ..	36¾ ..	30 ..	31¾
Erie.....	42¾ ..	41¾ ..	37 ..	35½ ..	35½
Discounts.....	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 5½
Call Loans.....	5 @ 6 ..	5 @ 6 ..	4 @ 5 ..	4 @ 5 ..	3 @ 5
Bills on London.....	4.84¼-4.87½ ..	4.85-4.88 ..	4.85¼-4.88¾ ..	4.86-4.89 ..	4.86-4.89
Treasury balances, cur.	\$ 6,778,225 ..	\$ 6,541,476 ..	\$ 7,218,523 ..	\$ 7,565,471 ..	\$ 8,149,297
Do. do. coin.	\$ 101,664,792 ..	\$ 98,235,519 ..	\$ 94,888,038 ..	\$ 94,717,892 ..	\$ 92,645,317

The principal financial event of May was the failure, May 21, of the Philadelphia & Reading Railroad, and the Philadelphia & Reading Coal & Iron Co., which are substantially one concern. From the statements made for the year ending November 30, 1879, it appears that the combined capital stock of the two companies was then \$42,278,175, their combined bonded indebtedness \$132,987,625, and their combined floating and other indebtedness \$19,307,349. Probably half of the shares and debts are held in England. The situation of the companies has been long known to be precarious, but the failure at this particular time seems, nevertheless, to have been a surprise. No event since the failure of Jay Cooke, in 1873, has produced so great an excitement in Philadelphia. Opinions differ as to the effect of it upon the future course of the coal trade. The bankruptcy of the companies is conceded, and Judge McKenna of the United States Circuit Court has appointed as receivers Mr. Gowen, the President of the Reading Railroad, Edwin M. Lewis, who wound up the Jay Cooke estate, and Stephen A. Caldwell, President of the Fidelity Trust Company.

Mr. Gowen is reported to have said that the bulk of its floating debt was held in London and New York. The amount in New York is said to be from \$1,500,000 to \$2,000,000, but it is believed to be well covered by collaterals.

Chicago City four-and-a-half-per-cent. sewer bonds, \$490,000 in amount, have been taken by the Corn Exchange Bank of Chicago at \$2.03 per hundred premium.

During the ten years ending with 1879, the ordinary expenses of the United States Government were \$1,553,821,358, and the interest paid on the public debt was \$1,092,330,558.

During April the exports from the United States of provisions and tallow were \$12,913,611, as compared with \$8,488,057 in April, 1879.

On Wednesday, April 28, there were twelve offers of bonds for the sinking fund, aggregating \$7,835,400, at the following prices: 6s of 1880, 104.45@104.62; 6s of 1881, 106@106.64; 5s of 1881, 104@104.25. The Secretary accepted \$3,000,000 as follows: \$273,000 6s of 1880 at 104.45@104.62, \$1,578,400 6s of 1881 at 106@106.50, \$1,148,600 5s of 1881 at 104@104.17½.

A city contemporary, the *Journal of Commerce*, says: "Since the beginning of the year about \$50,000,000 bonds have been purchased by the Treasury, and those who have sold these securities have bought them from parties who held them for investment. The money paid for them has doubtless been largely re-invested in stocks and railroad bonds, . . . and the withdrawal of these shares and mortgages from the market has materially lessened the supply. This will account for the comparative firmness of the dividend stocks."

On Wednesday, May 5, there were sixteen offers of bonds, aggregating \$6,808,400, at the following prices: 6s of 1880, 104.59@104 $\frac{3}{8}$; 6s of 1881, 106.47@106.73, and 5s of 1881, 102.84@103.25. The Secretary accepted \$3,000,000 as follows: \$20,000 6s of 1880 at 104.59, \$2,030,000 6s of 1881 at from 106.47 to 106.57, and \$950,000 5s of 1881 at from 102.84 to 102.90.

On Wednesday, May 12, there were fifteen offers of bonds, aggregating \$8,784,500, at the following prices: 6s of 1880, 104.58@104.70; 6s of 1881, 106.54@107.10, and 5s of 1881, 102.95@103.25. The Secretary accepted \$3,000,000 as follows: \$327,000 6s of 1880 at 104.58@104.70; \$1,371,600 6s of 1881 at 106.54@106 $\frac{3}{8}$; \$1,302,000 5s of 1881 at 102.90@103.02 $\frac{1}{2}$.

On Wednesday, May 19, there were fourteen offers of bonds, amounting to \$4,273,000, of which the Secretary accepted \$3,000,000 as follows, viz.: \$60,000 6s of 1880 at from 104.70 to 104.83; \$2,300,000 6s of 1881 at from 106.75 to 106.90 $\frac{3}{8}$, and \$640,000 5s of 1881 at from 103.15 to 103.22 $\frac{1}{2}$.

As late as the end of March the imaginary balance of trade against the United States, which has alarmed so many persons, had not manifested itself. The full returns for March, as published by the Bureau of Statistics, show that the merchandise exports for that month exceeded the imports by \$6,447,362. This makes an aggregate favorable balance of \$22,562,658 for the three months ending March 31.

At the end of April the outstanding sixes payable December 1, 1880, amounted to \$16,713,000.

At the end of April the called bonds not presented for payment were:

5-205 of 1862.....	\$ 193,800
" " 1864.....	68,350
" " 1865.....	758,450
" " 1867.....	2,684,400
" " 1868.....	968,500
10-408.....	3,306,450

For the first four months of this year the silver shipments from San Francisco to China and Hong Kong were \$519,480 in bars, \$540,222 in Mexican dollars and \$1,000 in trade dollars.

On the 4th of May \$520,165 in Mexican dollars was shipped from San Francisco to Japan and China.

The exports of breadstuffs from the United States in April were of the value of \$21,679,115, as compared with \$14,168,630 in April, 1879.

The imports of iron and steel of all kinds from Great Britain into the United States were 201,748 tons in March, as compared with 20,763 tons in March, 1879. The increase had been proportionally as great in January and February as compared with the same months of 1879.

For the three months ending March 31, 1880, the imports of bullion were \$4,998,674 and the exports \$4,562,748, showing an excess of imports of \$453,926. It is impossible that such a state of things can exist much longer

The normal condition of a country like the United States, producing eighty millions annually of the precious metals, and probably on the eve of producing more than that, is to be an exporter, not an importer, of bullion.

During the week ending April 29, the payments made in silver certificates into the New York Custom House aggregated \$955,000.

On the 27th of February the National banks of the city of New York held Government bonds to the amount of \$9,221,300, in addition to those deposited as security for circulation. This amount has been since reduced, but on the 23d of April it was still large, being then \$6,260,300.

The reported loans and discounts of the National banks were as follows at the various dates named :

	<i>Millions of Dollars.</i>
1879. April 4.....	814
“ June 14.....	835
“ Oct. 2.....	878
“ Dec. 12.....	929
1880. Feb. 21.....	969

There were deficiencies of \$9,000,000 in the appropriations for pensions for the current fiscal year. Payments on that account will largely reduce the surplus of revenue for the month of June.

The German creditors of the Western Railway of Austria have compromised their claim to have their coupons paid in gold, by agreeing to accept eighty-six florins in gold for 100 due on their coupons. The controversy has been going on for three or four years, and this compromise will probably be adopted by the German creditors of other Austrian companies.

During the year 1879 the Berlin Discounting Company, with a capital of sixty million marks, or \$15,000,000, made a profit of 9,900,000 marks, or, after deducting 720,000 marks for expenses of administration, a profit of 9,180,000 marks. This seems to prove that the business of lending money is a very gainful one at the German capital.

At a meeting (May 5) of the proprietors of the London and North-Western Railway Company, it was voted to create additional stock to the amount of £5,752,500 for various improvements, of which the chief is the construction of four tracks on the main line.

A Norwegian loan of £1,156,000, bearing four-per-cent. interest and having fifty-three years to run, has been put on the London market at 97½. The proceeds are to be applied to redeeming an outstanding 4½-per-cent. loan, and partly for other purposes, including a proposed Government assistance to the Norwegian Mortgage Bank. This is, on a small scale, an extreme illustration of the madness of European financiering. After a Government foreign loan for the purpose of getting means wherewith to tempt people into mortgaging their estates, what is to come next?

It has been reported that this loan was to be redeemed by annual drawings in fifty-two years. It seems that while Norway agrees to redeem it within that time, it reserves the right to redeem it in 1891. The *London Times* says: “The loan is to be redeemed in fifty-two years by an accumulative sinking fund, commencing on October 15, 1882, which will be applied by purchases so long as they can be effected under par; when the price is at or over par the bonds will be drawn and paid off at par, the Government reserving to itself the right, after January 1, 1891, to increase the sinking

fund, or to pay off the whole balance of the loan then outstanding on giving six months' notice."

The gross receipts of thirty-six railroads in April were twenty-five per cent. greater than in April of last year.

The British Board-of-Trade returns show that the value of the imports for the four months ending April 30, has increased £25,654,656, and of the exports £14,170,513, as compared with that of the same period in 1879.

During January, February, March and the first half of April, the India Council drafts sold in London were for 66,500,000 rupees, producing at the average price of 20½ pence per rupee, the sum of £5,500,000. During the corresponding periods of last year the Council drafts were for 49,850,000 rupees, and produced at the average rate of nineteen pence per rupee, the sum of £3,950,000. The great amount of Council drafts thus sold during the first three and one-half months of this year may have been a financial necessity, but the effect was necessarily very depressing upon the gold price of silver in London. When so many Council drafts were on the market, there was so much less need of silver as a remittance to India. More recently the quantities of Council drafts sold have been diminished.

The Boston *Economist* says of the public debt: "Unless Congress makes some extraordinary appropriations, or unwisely tampers with the revenue, the debt redeemable in May and July, 1881, will be reduced to about \$675,000,000, which, in the absence of any unforeseen misfortune, can be easily paid off in ten years."

Adams county (Miss.) which is buying up its own seven-per-cent. bonds, is now obliged to pay four per cent. premium for them.

Commenting upon the suggestion that National banks should be allowed to loan on real estate *America* makes the different proposition, that special institutions should be established for that purpose, on the general model of the French *Credit Foncier*

The South Australian four-per-cent. loan recently placed on the London market was for £3,294,600, the minimum price being £92 10s. for £100. The bids amounted to £14,996,700. The bids at and above £93 17s. 6d. received allotments in full, and those at £93 17s. received allotments at thirty-five per cent. of the amount bid for.

DEATHS.

At BALTIMORE, Maryland, on Tuesday, May 18, aged eighty-seven years, CHAUNCEY BROOKS, President of the Western National Bank of Baltimore.

At BROOKVILLE, Indiana, on Monday, May 3d, aged sixty years, Dr. JOHN R. GOODWIN, President of the Brookville Bank.

At LYONS, New York, on Wednesday May 12, aged sixty-eight years, Hon. D. W. PARSHALL, President of the Lyons National Bank.

At SHULLSBURG, Wisconsin, on Sunday, April 4, aged fifty-seven years, JOHN K. WILLIAMS, President of the Benton County Bank of Blairstown, Iowa.

